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Senate

The Senate met at 10 a.m. and was called to order by the Honorable ROBERT MENENDEZ, a Senator from the State of New Jersey.

PRAYER

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

Let us pray.

Most holy and gracious God, who turns the shadow of night into the glory of morning, shower our lawmakers with Your mercy this day. Calm troubled thoughts, and guide their feet in the way of peace.

Let Your strength be more than sufficient to meet and manage their weaknesses. Make them instruments of Your grace and goodness, as You renew in them the joy of belonging to You. Let Your eyes rest upon our Senators, and keep Your ears open to their prayers.

Guard their feet so that they will not deviate from the path of unwavering integrity. Give them fresh opportunities to discover Your unlimited power. We pray in Your blessed Name. Amen.

PLEDGE OF ALLEGIANCE

The Honorable ROBERT MENENDEZ 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. BYRD).

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, March 27, 2007.

To the Senate:

Under the provisions of rule I, paragraph 3, of the Standing Rules of the Senate, I hereby appoint the Honorable ROBERT MENENDEZ, a Senator from the State of New Jersey, to perform the duties of the Chair.

ROBERT C. BYRD,
President pro tempore.

Mr. MENENDEZ 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. REID. Mr. President, we are going to proceed to a period of morning business now. It will be for 60 minutes. The time is divided between both the majority and the minority. The Republicans are controlling the first 30 minutes. Following morning business, the Senate will resume consideration of H.R. 1591, which is the supplemental appropriations bill. We will interrupt consideration of the supplemental at 11:50 in order to debate a judicial nomination. A vote on confirmation of the nomination of George Wu to be a U.S. district judge will occur around 12:10 or thereabouts. The vote will be the first vote today. After that vote, we will recess until 2:15 p.m. in order to permit the regular Tuesday meeting of the respective party conferences.

As a reminder, cloture was filed last evening on the supplemental appropriations bill. Members have until 2:30 today to file first-degree amendments.

We are conferring with the Republicans—Senator MCCONNELL and I have spoken on a number of occasions, not this morning yet but yesterday—to try to arrange votes on a number of amendments, one of which is the one filed by Senator COCHRAN. We are going to try to work out an orderly process to go to an amendment relating to minimum wage. There are, perhaps, some other amendments the Republicans want to do dealing with strikes, dealing with the funding of this bill. There is an issue which is important to both Democrats and Republicans dealing with county payments and payment in lieu of taxes.

At this stage, that is the universe of the matters we will work on and try to get time agreements to proceed to the cloture vote, which will occur in the morning. Hopefully, we can work toward that end and get a lot of it done today.

We all recognize the importance of this legislation, not only from the aspect of the military, but there are other matters in the bill that are extremely important.

RECOGNITION OF THE MINORITY LEADER

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

VOTES

Mr. MCCONNELL. Mr. President, let me just note the remarks of the majority leader that there are at least three amendments, hopefully, we can vote on today: the pending Cochran amendment; there will be a minimum wage amendment, on which Senator GRASSLEY and Senator BAUCUS are working; and the so-called county payments amendment, which also has bipartisan support, which was referred to by Senator REID. It would be my hope that we could vote on all of those today. We have, as the majority leader indicated, the cloture motion vote in the morning, so I think it would be good to dispose of those three for sure today, if not others.

Mr. President, I yield the floor.

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

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RESERVATION OF LEADER TIME

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

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of morning business for up to 60 minutes, with Senators permitted to speak therein for up to 10 minutes each, with the first 30 minutes under the control of the Republicans and the final 30 minutes under the control of the majority.

IRAQ SUPPLEMENTAL

Mr. THOMAS. Mr. President, I think this is certainly one of the most important bills we have had before us and one, frankly, that is the most time-constrained of any we have had before us. Normally, we have a good deal of time to talk about bills and we have budget bills that won't go into effect until next year, but the fact is, this bill, which is for the funding of troops, these dollars need to be available within the next couple of weeks, as we understand it, of course. So it is important that we recognize that and that we understand the purpose of this bill is to fund our troops.

Whether you agree with the troops being there, the troops are there, and the fact is that it is up to us to provide the support they need and the dollars which are necessary to provide them the support they need in the position they are in. If there were ever a bill that should be recognized as having a unique purpose and should not be attached to other kinds of nonpertinent issues, I believe this is one. We are going to have the opportunity to decide whether we want to attach other issues to this bill and extend it, whether we want to have a situation where there is a veto and all those time-consuming things or whether we indeed want to have a clean bill that provides for the support of our troops who are now in Iraq and Afghanistan.

For weeks now, the President has repeatedly said he will veto the bill if it ties the hands of the generals on the ground. What he is saying is he and the generals have a plan, and the fact is the plan seems to be making more advances and accomplishments than we have had in the past, so we need to allow that to continue to work. We have all said the President needs a different plan. The President now has a different plan. There is new leadership in Iraq.

So I think we need to understand where we are with respect to this bill because we certainly have been on notice and are well aware of the looming veto. That veto would simply take more time and keep this money from getting where it needs to be to support the troops.

Not passing this legislation, of course, would only delay the critical resources and the necessary equipment and training for our soldiers who are getting ready to deploy or have, in fact, deployed. Secretary of Defense Gates has warned the Congress that if we delay emergency spending for our troops already deployed, many will not be able to come home. This is a very serious statement, and we need to pay attention to it.

I don't want to portray the President's plan in Iraq as being a success so far, but our commanders on the ground are reporting good news and that we are making progress, and that is what it is all about, of course. We need to be there until we have completed our task. I understand that explaining what the completion of the task is may not be easy, and people have different views about what that should be, but it is pretty clear we need to be able to get the Iraqis in a position to govern themselves before we can return. I am for returning as soon as possible, but I think setting an artificial definition for when they return is not appropriate anywhere and particularly not appropriate on this bill.

I just do not understand how Members on the other side can say one thing in their States and then stand and do the opposite thing—stand for supporting their troops in their States and then come here and have exactly the opposite position in Washington. At this point, we are where we are, and we need to have funding for our troops in the field, no question. Nobody would argue that, and I think no one would dispute that is a time sensitive issue as well.

We are going to be here this week on this bill. We are going to be gone next week. If the bill were to be vetoed, then we would have to go through that whole process. One can see that if we are going to get this done by the date which we have all heard, which is April 15, it is important we take off these kinds of things that are holding it up. We should not play political one-upmanship when it comes to funding our men and women who are in theater or are ready to deploy—I don't think there is any question about that—nor should we attempt to move legislation by buying votes for things that would be at the expense of our troops.

Unfortunately, the emergency legislation we have before us has been larded up with all manner of non-emergency spending and extraneous measures. Not only are we attempting to tie the President's hands by micromanaging the war, but we are trying to push through pet projects at the expense of our troops. I understand the politics of this place. When someone has something they would like very much to have done, the greatest thing to do is to put it on the bill that has to pass, and even though it is inappropriate, even though it is not a part of the purpose of the bill, of course, I understand that helps get it done. But the request submitted to the Congress was to have $100 billion for troops and hurricane relief. The bill we are considering contains an additional $20 billion—$20 billion—for individual Member requests, a minimum wage increase, and small tax packages. The last time I checked, none of these is an emergency, so they do not qualify for this bill. I understand the merits of many of these things, and they should be considered. But, again, in terms of how we do things here, this is an emergency bill, and things that are in here ought to qualify as emergencies or else not be on the bill.

So we have to say: Do they have merit? Of course they have merit. There is no question that many of them do and should be individually addressed in the normal legislative process. They should be considered because they have merit and, indeed, are worth consideration. However, we are also faced with the question that the majority has said we must get our fiscal house in order. That is what we have been hearing, but that is not what we have been doing. It is easy to say that, but it is hard to do it.

We do need to take a look at spending. This is an emergency bill—this is outside the budget—and so it is a wonderful place to pen on a lot of things that are additional spending that really aren't within the limits of spending, which all of us seem to be so proud to be putting on in this Congress. So I think we have to take a look at all those things. Almost to a person, everyone has come to the floor and promised the American public that future spending would be paid for. These things that are added are not paid for. So we are not keeping that promise that has been made.

I think this week the majority will have an opportunity to stand by their words. We must keep Federal spending under control and accountable. To add things that are inappropriate, that do not fit on the bill, that are outside the budget—to use this opportunity is not being accountable. To add projects to emergency spending, which by definition is outside the normal budget process, is not the right way to accomplish this goal.

It is going to be tough. We are going to have projects that everyone on both sides of the aisle thinks: Oh, that is good for my State—whether it is shrimp or spinach or whatever. So there will be support for those things. But the fact is, they do not belong on this emergency bill.

I remind my colleagues of the budget resolution for 2007 which explicitly defines what constitutes an emergency. It says all of the five following criteria must be satisfied in order for something to be considered an emergency: No. 1, is necessary, essential, or vital; No. 2, sudden, quickly coming into being, and not building up over time; No. 3, a pressing and compelling urgent need requiring immediate action; No. 4, an unforeseeable, unpredictable, and

unanticipated issue; and, finally, not permanent but temporary in nature.

The Senate has to establish the criteria, and I think we ought to follow it in this budget area. I know we cannot fix the problems in just 1 week. There should be an effort to remove all the extraneous and nondefense spending. I look forward to bringing an important question before us, privatizing these things. The American people will soon learn whether the Members of the Senate have committed themselves to getting their financial house in order, whether they will back their words with action.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Texas.

Mr. CORNYN. Mr. President, I join my distinguished colleague from Wyoming in addressing the pending business of the Senate, which is the emergency supplemental to help fund our troops who are serving in harm's way. The problem with this particular legislation is it does more than that. In fact, contrary to its advertised purpose of supporting the troops, it undermines the ability of our commanders on the ground to actually succeed in the goal they volunteered to achieve and which we have asked them to do because it sets artificial timelines and attempts to micromanage the fighting of the war on the ground.

It ultimately jeopardizes the ability to get funds for the troops, to provide the necessary equipment, to provide the replenishment of used-up resources that are necessary as we rotate troops who are in the battlefield today. It would ultimately make it more likely that troops who are already there—who sacrificed a lot, along with their families—are going to have to sacrifice even more because the troops necessary and the equipment necessary to actually rotate in and relieve them of their responsibilities will not be available.

The other thing that is so unseemly, to me, about this whole process is, because this is the train leaving the station and colleagues know that this bill needs to pass, or at least some version of it—emergency spending to support our troops—that the House, in particular, and now the Senate has joined in a similar manner in larding this appropriations bill with various pork projects.

My colleague from Wyoming has pointed out that the nature of emergency spending means this money goes straight to the deficit. In other words, the bill is passed on to the next generation and beyond and not paid for.

We just went through an elaborate process in passing a budget resolution. Time and time again, the new majority has said they want to engage in some budget and fiscal discipline, but that stated goal, to try to deal with taxpayer dollars responsibly, to find offsets for spending and have pay-as-you-go rules is completely belied by the actions reflected in this particular appropriations bill.

The fact is, we did debate this issue just 2 weeks ago with regard to artificial timelines and micromanaging the war. The Senate voted 48 to 50 not to approve cloture on S.J. Res. 9, which was an effort by our Democratic colleagues to micromanage and set artificial timelines. They lost that vote by 48 to 50. Now they are back again, trying it another time.

Giving the enemy a timetable when American troops will withdraw from Iraq without regard to conditions on the ground, without regard to the early signs of progress that we are making, only helps the enemy plan on how to establish and accomplish their goals, not our goals. Our focus should be on how to succeed in Iraq, not how to tie the hands of our troops, jeopardize the funding that is necessary for their success, and to micromanage something that we have no business micromanaging from the Halls of Congress, thousands of miles away from the battlefield.

The tragedy of this is it now represents 18 different proposals by the Democrats in Congress on how to lose in Iraq and not a single proposal on how to succeed. The chairman of the Senate Armed Services Committee on which I serve has pointed out that there are between 5,000 and 6,000 al-Qaida operatives now in Iraq. To pass legislation which sets an arbitrary deadline for withdrawing our combat forces without defeating al-Qaida makes no sense, no sense at all. It will create a power vacuum, much as Afghanistan was after the fall of the Soviet Union, which then gave rise to a failed state and a launching pad for terrorist attacks on the United States on September 11, 2001. We need to do everything in our power to prevent that from happening again and not forget the lessons of 9/11 and allow it to be repeated in Iraq.

The Iraqis know our commitment there is not open ended, and they understand the future of Iraq is in their hands. But to pass legislation that micromanages how our troops should fight the enemy and essentially allow the creation of safe havens for terrorists is the height of irresponsibility.

We pointed out before, but it is worth pointing out again, we unanimously confirmed General Petraeus, the architect of the counterinsurgency plan currently being carried out in Baghdad. He does not need the armchair generals in the Senate dictating military tactics to him. If the Members of this body really support the troops, we will provide, unencumbered, the resources necessary for our troops to accomplish the goals which they so valiantly and bravely volunteered to do, under the leadership of great generals such as GEN David Petraeus.

We all want our troops home as soon as possible. We all share that goal. But any decision to withdraw from Iraq before the Iraqis themselves are able to stabilize their country, with our help, to allow them to govern and defend themselves, will not heighten America's national security but, rather, will jeopardize it.

We have had 18 proposals to date from our colleagues on the other side of the aisle. Every attempt they have had to try to pass one of these proposals has failed. But as Yogi Berra said, ''It's deja vu all over again.'' Here we go again. We just voted last week 48 to 50 against legislation that would impose a deadline. I hope we will not have to continue to debate this over and over again and continue to send the message to our enemies: Yes, you are that much closer to breaking America's will in this contest of wills in something that is so important to our national security. We need to get this legislation passed and passed soon, so our troops do not have to guess whether the funding necessary to carry out their mission will be forthcoming.

Using the supplemental appropriations to play political games and to pay off domestic priorities, such as peanut subsidies and spinach subsidies, is not in the best interests of our men and women in uniform. That is why the President has threatened to veto this bill, due to the pork and the timelines that are included in it. I encourage my colleagues to think long and hard before moving forward in a way that would compromise the mission of our troops who are serving to protect all of us.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Alabama.

Mr. SHELBY. Mr. President, I rise today to speak on the amendment of Senator COCHRAN, the amendment to strike the language, of which I am a cosponsor. I raised this in the Appropriations Subcommittee on Defense last week. Senator COCHRAN indicated then that he would do as he has done; that is, to move to strike the language in the supplemental requiring the phased withdrawal of U.S. forces from Iraq in 120 days, 4 months—120 days.

Mr. President, as you heard—and you have been a party to—4 months is clearly not enough time for General Petraeus or the brave members of our Armed Forces to have a chance to see if a surge in troop numbers could turn the war. I don't know for sure. I had, as a lot of us did, a conversation with General Petraeus before he took command about the troop surge, about the 20,000 troops. I personally think we need 100,000 troops, but we don't have them. General Petraeus is a very smart man. He is a combat soldier. He is in control. I believe to put on an arbitrary timeline of 120 days is the wrong message at the wrong time, where they are beginning—just beginning—to secure some neighborhoods. Will they continue to do this? We hope so. But we should bring every bit of stability we can to the Baghdad area.

I have no illusion about sooner or later coming home. I would like to see our troops come home. I don't think that will be the end of the struggle

with Islamic fundamentalists by any stretch of the imagination, but I think if we are able to stabilize that area of Iraq to some degree, perhaps there can be some kind of diplomatic resolution because ultimately none of us ever envisioned staying in Iraq. We have been there 4 years. I wish we were not there today, but we are and we are heavily engaged.

I think we need to give our Armed Forces every opportunity to succeed. We should not send an ambiguous message to them: We are going to support you today and tomorrow we want you to withdraw, in 120 days, or begin to withdraw. I think that is the wrong message, and I think it would undermine the morale of our troops.

Congress should not be armchair generals. We should not try to micromanage what is going on on the ground. That is why I support the Cochran amendment. We need to give our commanders and our soldiers every chance to succeed in Iraq, to bring stability there, where diplomatic maneuvers then perhaps could begin to work. Sending ambiguous messages to our Armed Forces is not the right way. They need our support both morally and materially. I believe at the end of the day they are going to get it.

The President has already signaled if this language were to stay he would veto this bill. I believe what he says he is going to do. But we can strike this language today. We can move on and get this supplemental passed to make sure our troops are well funded and that they have what they need to succeed. And they will succeed.

The members of our Armed Forces are in harm's way every day. We know the horror stories about war. But they bravely face a sometimes unknown enemy and have done everything asked of them—sometimes two and three times, Mr. President, as you well know. Micromanaging the war from the Halls of Congress is not the right thing to do.

I urge my colleagues to support the Cochran amendment and strike this language from the supplemental bill.

I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BOND. I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. BOND. I ask unanimous consent to speak as in morning business. I know it is not our side's time. If there is no objection, I would appreciate using the time.

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

Mr. BOND. Mr. President, this is going to be a very busy day. I have comments that will relate to what will happen when we bring the bill up on the floor, but I thought I would take this time to talk about two things that are extremely important. First, with respect to the bill, I am the lead Republican cosponsor, with the Senators from North Dakota and South Dakota, on ag disaster. We have been 3 years without an agricultural disaster bill. We have had 3 years of agricultural disasters. Those of us from the Midwest know that we have been afflicted with droughts, tornadoes, tremendous losses by farmers, livestock producers, and others in agricultural production. I visited southwest Missouri this January and saw what some people described as countywide tornadoes. The ice storms were so severe they broke down trees, collapsed sheds, knocked out power, broke down fences, and put many livestock and poultry producers on the verge of financial disaster.

Similarly over the years, when drought has struck, the ag producers, livestock and poultry and crops, were hit severely. This ag disaster package is absolutely essential. I appreciate the lead of the chairman of the Appropriations Committee in including our request for ag disaster.

In addition, I am a very strong supporter of the amendment of the ranking minority member of the Appropriations Committee to strike the limitations on the ability of General Petraeus to conduct the war in Iraq. Let us remember that General Petraeus came before the committees to outline his new ideas, his new plan for moving forward in Iraq. People had been saying: We need a new plan. Yes, clearly, we need a new plan. The Bremer plan, debaathification, firing the Army, sending them home without pay and with their weapons, turns out to have been the absolute wrong thing to do. But General Petraeus, who was unanimously confirmed by this body, has gone back to Iraq with his new way of going forward.

They have made some significant changes in the rules of engagement. Now no longer are Shia death squads or militia off-limits. Moqtada al-Sadr has seen the light or felt the heat, and he has gone to Tehran. We are talking action against Jaysh al-Mahdi and others who are engaged in sectarian battles. We have a new plan of going in, holding, and clearing, the conventional and now-proven theory of dealing with insurgencies. You cannot just go in and wipe out people who are causing chaos and killing their political enemies. You have to stay there and maintain peace, security. That is what we are supporting the Iraqi forces doing. The Iraqi forces are there. They are the ones who are going to have to take over. The training of the Iraqi forces is the critical element for us to assure stability in the region.

Many of my colleagues on the other side of the aisle and on mine embraced the recommendations of the Iraq Study Group. For example, the distinguished majority whip on December 8 on CNN said:

> We ought to follow the Iraqi Study Group.

This new plan the President and General Petraeus have put forward is, by and large, the Iraq Study Group's plan. After receiving the report, when you look at the recommendations, they track with what we are doing now, from sending reinforcements to Baghdad to increasing the number of embedded American advisers, to holding the Iraqi Government responsible for specific security and political milestones. The differences between what we are doing now in Iraq and the Iraq Study Group recommendations are insignificant. Sending reinforcements to Baghdad, the principal tenet of the new plan General Petraeus has put forth, is referenced in general by the Iraq Study Group, which said it could support a short-term redeployment or surge of American combat forces to stabilize Baghdad, recognizing the level of violence in and around Baghdad has crippled the ability of both the al-Maliki Government and the U.S. military to restore basic services and establish a modicum of law and order. I quote:

> The ISG recognized, as does the U.S. military, that Baghdad is central to success or failure in Iraq. It is not surprising that more troops were added—the total number of which is still below 2005 levels.

There is one other very important point that is of concern to everybody in this body and all Americans. The Iraq Study Group said:

> The United States should not make an open-ended commitment to keep large numbers of American troops deployed in Iraq.

President Bush said of his plan and its implementation:

> I've made it clear to the Prime Minister and Iraq's other leaders that America's commitment is not open-ended. If the Iraqi government does not follow through on its promises, it will lose the support of the American people.

It is clear we have a new way forward. The language in the underlying legislation before us says we ought to set a timetable, a political timetable. We ought to determine in this body exactly the dates when we start removing troops from Baghdad, from Iraq, changing our policy.

I have a novel idea: Wars cannot be run from these hallowed and comfortable and sanctified chambers 10,000 miles away from the war zone. How about allowing the officers, the men, and the commanders in the field—who are engaged daily, risking their lives to bring peace and security to Iraq—to determine when and how we can best turn over to the Iraqi security forces the critical job—the critical job—of assuring security and a relatively peaceful country? Nobody is saying it is going to be a Jeffersonian democracy. What we are seeking is peace and security.

We had an open hearing with the leaders of the intelligence community in January before the Senate Intelligence Committee. The top leaders of that intelligence community said, unanimously, it would be very unwise to establish a short-term political timetable for withdrawal prior to the

time the Iraqi security forces take over.

If this body, in its ''wisdom''—an oxymoron in this case—says pull out on such-and-such date, and the Iraqi security forces are not ready to take over, what would happen? Three things—all of them bad.

No. 1, the killing, sectarian violence between Shia and Sunnis would escalate. You would see many more thousands killed, as we would no longer be there to serve as a buffer and as adviser to prevent that from happening.

No. 2, the goal of al-Qaida, as expressed by Osama bin Laden and his No. 2 man, Ayman al-Zawahiri, to achieve the headquarters of the caliphate in the ''land of the two rivers,'' i.e., Baghdad, would be achieved. They would have a safe haven. They would have a safe haven from which they could train, recruit, perhaps even get back to turning on the dual-use facilities Saddam Hussein set up for turning out chemical or biological weapons.

Now, the third thing that would happen, which is a true disaster, would be the neighboring countries would have to come in to back up their co-religionists. If the Sunnis are being oppressed by the Shia, then the Sunni states will be ready, and they will come in. If they come in, Iran and its Shia partners are all ready to come in.

What happens then? We have a conflagration in the Middle East bringing in many countries in a region-wide war that will draw, unfortunately, perhaps hundreds of thousands of American troops to prevent the disaster from spreading, to support our friends in Israel.

General Petraeus has promised, in his confirmation hearings, that he will tell us if the new plan, the new rules of engagement—putting the Iraqi security forces out front, with American advisers continuing to supply American troops to go after the high-value targets, the radical Salafist jihadists of al-Qaida and other entities—we will continue to hunt them down so they do not overwhelm the Iraqi security forces.

General Petraeus will tell us. He should know by this summer if it fails. If it fails, he said he will tell us, and I would trust he would begin making such changes as are necessary, without tipping off the enemy what they are planning to do. The important thing is not telling the enemy what our timetable is.

I think it is perhaps illustrative to share with you some comments from an e-mail I received from a marine who has been in Iraq and who is going back. He was commenting on a timetable. He said: I haven't polled all of them. I don't speak for all of them, but I can tell you, a lion's share think a timetable is a disastrous idea. I don't know what possible benefit you can assess that would come from a timetable. Where is the help toward mission accomplishment?

He said: Iraqis understand that progress is being made. I think the Iraqi forces are getting ready to take over and with our help should be able to do it sometime in 2007. But if we tell everyone exactly when that is going to be, it gets a lot easier for the merry mujahedin to claim victory, lay low, and then wreak havoc when the coalition packs up shop.

This particular marine said: I'm not wild about going back to Iraq, but I would sure as heck rather do that than essentially invalidate everything we've done to date by leaving too early and inviting chaos.

That is the choice. Does a political timetable give Members cover back here? Maybe. But I have even heard that ridiculed. I have heard that ridiculed. I ask this body to strike the language, let General Petraeus run the war, let him pursue every avenue to assure Iraq is stable and secure. He and the President have said, if it does not work, we will change policy. But let's give it a chance to work.

Mr. President, I appreciate the indulgence of my colleagues and yield the floor.

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Morning business is closed.

U.S. TROOP READINESS, VETERANS' HEALTH, AND IRAQ ACCOUNTABILITY ACT, 2007

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will resume consideration of H.R. 1591, which the clerk will report.

The bill clerk read as follows:

A bill (H.R. 1591) making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes.

Pending:

Cochran amendment No. 643 (to amendment No. 641), to strike language that would tie the hands of the Commander-in-Chief by imposing an arbitrary timetable for the withdrawal of U.S. forces from Iraq, thereby undermining the position of American Armed Forces and jeopardizing the successful conclusion of Operation Iraqi Freedom.

The ACTING PRESIDENT pro tempore. The Senator from North Dakota.

Mr. DORGAN. Mr. President, before my colleague from Missouri, Senator BOND, leaves the floor, I wonder if I might just engage him in a colloquy for just a moment.

Mr. BOND. Sure.

Mr. DORGAN. Mr. President, I came to the floor to speak about agriculture disaster provisions in the emergency supplemental bill. We had some people on the Senate floor yesterday questioning whether they are valid, whether they are necessary provisions to help family farmers. I noted the Senator from Missouri was a cosponsor of mine, as we worked together to put the agriculture disaster program in the emergency supplemental bill.

Let me make a point and then ask a question of my colleague from Missouri.

First of all, I appreciate very much his help. I know Missouri has been hit with a devastating drought and other weather-related disasters for family farmers. It has been the case in other parts of the country as well. We have been working for some long while just to reach out a helping hand to those farmers out there struggling who got hit with weather-related disasters to say: You are not alone. As is the tradition in this country when you get hit with a weather-related disaster and lose everything, this country wants to help you some. We help everyone around the world. It is time to take care of things at home. That is what this provision is about.

I ask the Senator from Missouri about his motivation for being a part of those of us who worked together to get this put in the emergency supplemental bill. I know he strongly supports it.

The ACTING PRESIDENT pro tempore. The Senator from Missouri.

Mr. BOND. Mr. President, I thank my colleague from the Dakotas. Before he arrived on the floor, I made the case for it. The Senator asked about the situation in Missouri. I told them about the devastating ice storms. We have had a historic drought. What we need is a comprehensive national policy to deal with the problems and not just for the Dakotas or Missouri but for Colorado, Texas, Nebraska, Kansas, California—throughout this country—where people have been devastated by extreme weather conditions.

We have livestock producers who were hit the hardest. There is no safety net in place for livestock producers. They are not protected by crop insurance, the farm bill, or disaster protection under the USDA since the standard is crop loss and there were no crops to be lost in the middle of the winter in an ice storm. But the devastation is there.

This body and this Government came to the rescue of people who were absolutely wiped out by Hurricane Katrina and other natural disasters. Well, the impact in the farm area is very severe. No, it is not the same as a hurricane, but the weather disasters have caused tremendous hardships and threaten to put many farmers under and destroy rural communities.

That is why I am very pleased to join with my colleague in urging this body to keep the agricultural disaster program, the relief we have not had for 3 years, in this bill.

I thank my colleague.

The ACTING PRESIDENT pro tempore. The Senator from North Dakota.

Mr. DORGAN. Mr. President, I thank the Senator from Missouri for his leadership on this issue as well.

Let me say that the Congress did help farmers in the gulf region who lost their crops. I understand we helped cities that were devastated and lost buildings and lives and so on. We also helped farmers who lost their crops.

My point is—and I think the point of the Senator from Missouri is—there is

no difference between a person who loses their entire crop in Missouri or North Dakota or in the gulf region because of a hurricane. We do not name droughts. We name hurricanes. But if Hurricane Katrina took your entire crop away, this Government would say: We want to help you. So, too, should we help in the case of a drought or ice storms, as the Senator from Missouri just described. I certainly appreciate his help on these matters.

I wanted to come to the floor because yesterday there was some discussion by several Members of the Senate referring to the agriculture disaster piece as pork. Now, our farmers know about pork, and they know you do not legislate pork, you eat pork. There is a big difference.

I am just curious, why is it every time you try to do something in this country to help people who need help, it is called pork. Well, if you invest, for example, in public policy, as we have, to say build a road in Iraq, that is national security. If you have a provision in an appropriations bill that says build a road in this country, it is pork. If you build a health clinic in Iraq, that is national security. If you build it here, it is pork. If you build a water project in Iraq, that is national security. If you build it here, it is pork.

Why is it, to someone in this Chamber, investing in this country is always pork, but as long as it is investing somewhere else in this world, that is just fine. Mr. President, $18.1 billion went out of this Chamber in unbelievable ways for reconstruction in Iraq. Let me tell you, any time someone is sending one-hundred-dollar bills out of the back of a pickup truck, you don't think there is going to be graft and fraud and corruption? You take a look at what has happened with respect to the taxpayers' money and the way it was spent in Iraq. I described some of that on the floor of the Senate previously.

We paid a corporation $220 million to reconstruct 142 health clinics in Iraq. Twenty got done. The rest—122—never got done. A courageous Iraqi doctor went to the Iraqi Health Minister and said: Well, can I see these Iraqi clinics that were supposed to have been rehabilitated with American taxpayer dollars?

The Iraqi Health Minister says: Well, those were ''imaginary clinics.''

The money was not imaginary. The American taxpayer got fleeced. The money is gone.

But why is it when we come to this Chamber and talk about investing in people's lives in this country—a farmer, his wife, and two kids, who live out under a yard light, who planted in the spring, trying to make a go of it, hoping it would not rain too much, hoping it would rain enough, hoping it would not hail or they would have crop disease or insects, hoping they would raise a crop. Finally, when they get a crop, they hope the price is sufficient so maybe they can make a living. Then, along comes a storm, an unbelievably devastating storm—perhaps an ice storm, perhaps a torrential rain—that wipes out their entire crop, washes it away. Or maybe it is a drought. All of a sudden, that farmer has nothing. Oh, they put the seeds in the ground, but nothing came up, or they put the seeds in the ground, and it washed away. The farmer ends up with nothing.

Look, the grand tradition in this Chamber has always been to provide some disaster aid to farmers who lose everything. Why? Because we want to maintain a network of family farms in this country. This is not new. We have been doing it for some long while. When we have devastating weather-related disasters hit family farmers, we help them with a disaster bill. It is only recently that has become controversial.

Twice I have run that disaster bill through the Appropriations Committee. Senator CONRAD, myself, and others put together a bipartisan bill. As an appropriator this year, I offered it with my colleague, Senator FEINSTEIN from California, and Senator BOND from Missouri—bipartisan. We offered it a third time. It is going to come to the floor now. It is in this bill, and we have people complaining about it. This is investing in our country's strength. This is the best notion of our country to say to family farmers: You had some trouble. It wasn't your fault. We want to help you through this difficult time.

Now, we have usually done this without great controversy. The controversy this time is because the last two times I got this through the Senate, I was a conferee and I went to the conference. The President was threatening to veto a bill that had agriculture disaster help in it for family farmers. So twice we went to conference and the U.S. House conferees, at the request of the then-Speaker of the House, Mr. HASTERT, blocked it on behalf of the President.

Well, it is here a third time and we will go to conference. This time I will be a conferee and my colleague Senator FEINSTEIN will be a conferee, Senator BOND will be a conferee, and there will be bipartisan support on the Senate side. The difference this time is we go to the conference and the House conferees will come to conference having passed their own disaster bill for family farmers. This time we are going to get this to the President's desk, at long last.

Some say: Well, why just farmers? Why family farmers? There is something unusual about those who produce from the land in this country. It goes back to the homestead days in sod huts out there, alone, trying to raise a family, raise a crop, make a living. We could do, I suppose, without family farmers, but it wouldn't be the same country. You could have corporate agri-factory farms from California to Maine, but it wouldn't be the same country. Once they control food production, then ask yourselves: What is going to be the cost of food in this country?

Someone once wrote, and I have mentioned him on the floor a few times—Rodney Nelson, in fact, a North Dakota rancher who wrote a piece of prose about ranching and farming. He asked this question, and I think it is important for the country. He said: What is it worth for a kid to know how to plow a furrow, how to teach a newborn calf to suck milk from a pail? What is it worth for a kid to know how to weld a seam? What is it worth for a kid to know how to build a door, to build a lean-to, to grease a combine, to pour cement? What is it worth for a kid to learn all of those things? There is only one university in America where you learn all of that, and that is the family farm, America's family farm. It is an unbelievable asset to this country.

We are asking for something very simple that has been done routinely prior to this President beginning to block it, and that is when trouble comes, when weather disasters wipe out an entire crop, we say to families living out there under the yardlight, trying to raise a family and raise a crop: You are not alone. This country wants to help. That is why we brought this in this bill to the floor of the Senate. It won't make anybody whole, but it does say to farmers: Maybe you will have a chance to keep going. They live on hope. How else could you plant a crop and do anything other than hope that things will work out?

This country has a rich tradition of supporting family farmers, because it is in this country's interests. The seedbed rolls from big cities to small towns and enriches and nourishes this country. We have always known that and we have always done the right thing.

Family farmers have been hard hit in the last couple of years with weather-related disasters. This Congress took action with respect to one facet of those weather-related disasters. We said farmers in the Gulf of Mexico who lost their entire crops due to a hurricane named Katrina, you are going to get some help. The rest of you, we are sorry. Well, listen. I was supportive of saying to those farmers we are going to give you some help. It doesn't matter to me whether it is a Katrina or a drought that doesn't have a name or an ice storm that is not named, weather-related disasters that destroy farmers' crops, in my judgment, ought to be responded to by this Congress to say to those family farmers: This has destroyed your crop, but not your hope. We want to give you hope to be able to continue farming. That is what this disaster piece is all about. I am proud to stand here and support it. Those who believe this is some kind of pork do not understand what essential investment in this country's strength is all about. An investment in America's family farming is a good investment in this country's future.

My colleague from California who worked with me in the Appropriations

Committee to get this done is on the floor, so let me yield the floor to her and thank her for her leadership in responding to these needs as well.

Mr. President, I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from California is recognized.

Mrs. FEINSTEIN. I thank the Senator very much. Thank you, Mr. President.

I very much commend the Senator from North Dakota. I think he said it well and in a very inspiring way. If I had to summarize it, it would be that we in America try to take care of our own—not only people in other nations, but people who have been the victims of real disaster in this country.

The fact is we haven't been doing it for 3 years, and the disasters have piled up: in 2005, 2006, and 2007. This package takes care of that problem. In my State, California, we suffered two devastating disasters in the last 2 years which have resulted in Federal disaster declarations: a heat wave and a freeze. We are currently suffering a drought. Governor Schwarzenegger has certified through March 13 a loss from the freeze of $1.397 billion. The total damage has yet to be figured.

I think people don't understand how big this was in California. We have losses in 35 out of 58 counties, many the most productive in the country, that produce more agricultural products than 22 other States, in 40 different types of crops. They include avocados, strawberries, grapes, walnuts, guavas, lettuce, broccoli, cauliflower, artichokes, asparagus, and celery.

The losses include $817 million in damage to California's citrus crops. Lemons, limes, mandarins, grapefruit, navel oranges, and Valencias are dead in the field. Here is what some of it looks like. This is one tree.

Now, most people know Florida has oranges, but those are the oranges we make juice out of. When you eat an orange, a tangerine, or a grapefruit, or you put a lemon in your ice tea, those fruits are from California. But not this year. We have lost at least 50 percent of the navel orange crop, 65 percent of the Valencia crop, and 65 percent of our mandarins. My farmers need this assistance.

Some of my colleagues are asking, why do we need to provide this funding? Farmers should have their own insurance. The answer is, in California most farmers already do have insurance, but here is the rub: It is not going to be nearly enough to cover the damage.

Let me provide an example. According to the Department of Agriculture's Risk Management Agency, citrus growers will be able to collect up to $311 million in crop insurance. Now, that sounds like a lot, but the farming costs for California's citrus industry for this year's operations alone total $560 million. What do I mean by farming costs? This is the amount farmers have spent to irrigate, spray, prune, everything that is necessary to prepare a crop for harvest. But this year, there is no harvest. Therefore, they absorb the $560 million.

They also have to begin to get ready for next year's harvest. They need to get their loans. That will also be an incurrence of $560 million in normal farming costs. That adds up to $1.2 billion in regular farming costs, and only $311 million—at most—in available insurance they can recoup. And they are not guaranteed a crop next year.

Add on to that the $100 million these growers spent in January on wind machines, irrigation, and other methods to protect their orchards from the freezing temperatures, plus the costs they are incurring now to remove the dead fruit and branches.

Now, 85 percent of citrus is grown by family farmers—that is just a fact—not the big agricultural combines. These are responsible farmers. In fact, 75 percent of the citrus acres in California are insured, but again, insurance alone will not cover the needs of my constituents. This is why we need this assistance.

When some people saw there was also an appropriation for dairy milk loss, some people actually laughed. I was offended, because in July of 2006, California experienced 2 weeks of blistering, triple digit temperatures. For 12 days the San Joaquin Valley, the most productive agricultural region of this country, had temperatures over 105 degrees.

What does this mean? Well, 20,552 milk cows died and 10,738 calves died. Those are counted animals—over 30,000 dead. That doesn't include our losses in poultry. There were so many dead carcasses, the rendering plants could not handle the load. The State temporarily lifted the ban on burying dead livestock in landfills, but that was still not enough. These cows died because of the heat. Even the cows that survived produced 25 percent less milk than is normal. So the death of these animals, plus the stress put on the ones still producing, resulted in more than $228 million in milk losses for my dairymen.

In addition, because regular breeding could not take place for a month because of the death of so many animals, my farmers will again face at least $228 million in losses for 2007. That is why my colleague, Senator BARBARA BOXER, has joined with me in helping us push for the addition of this relief into our emergency supplemental.

This is a total of $460 million in losses. We are asking for only $95 million, and that is in this supplemental. What is more, this funding can be accessed by dairymen on the gulf coast, including Mississippi, Louisiana, and Arkansas, who also suffered losses due to the hurricanes.

Let me conclude. This has not been easy, and I thank Senator BYRD, Senator DORGAN, Senator CONRAD, Senator KOHL, and Senator REID for their work on this Agricultural Disaster package, and also the Republican leadership on the Appropriations Committee who acceded to the request.

America is a great nation, and one of the reasons we are a great nation is we don't only care about others; we care about our own. If there is ever a time when we could help our own, it is in this supplemental appropriation. So what I say is: Hands off, please. We have worked hard to get where we are. The losses have been substantial. The disasters have been large. Families who can't pay their mortgages, who lose their boats if they are fishermen, lose their farms if they can't make the payments, can be helped by this assistance. So I hope it remains in. I hope we resist an effort to remove this from the supplemental package. Again, I thank those who have helped with this.

Mr. President, I yield the floor, and I note the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. DORGAN. Mr. President, we are considering the supplemental appropriations bill. I spoke earlier about the agricultural disaster piece in that bill. I believe other colleagues will be over to talk about that as well. My colleague, Senator FEINSTEIN from California, just finished discussing it. She was a major cosponsor of it. I have indicated previously that my colleague, Senator CONRAD, is coming. He worked to create a coalition of interest and support of the agricultural disaster piece. So when others come, I expect we will have more discussion about this important issue.

I wish to talk for a moment about the supplemental appropriations bill and the issue of Iraq. Earlier, one of my colleagues was describing the issue of Iraq and the controversy that the Congress might get involved and somehow interfere and that there cannot be 535 commanders in chief. I understand that. I wish to make a couple of points about Iraq, however.

The issue of Iraq, as you know, casts a shadow on virtually everything else in this country. We are spending, in terms of the lives of American soldiers and America's treasure, an unbelievable amount with respect to the war in Iraq. All of us want this country to succeed. There is nobody here who doesn't want America to succeed in whatever we are involved in.

I wish to make this point: The National Intelligence Estimate has just been completed. There is a classified and an unclassified version. The unclassified version tells all of us and the American people that what is happening in Iraq is largely sectarian violence. It is not a fight against the ''terrorists.'' It is sectarian violence—Shia

trying to kill Sunni, Sunni trying to kill Shia. That is a civil war by classic definition. That is what we face in Iraq. There is an al-Qaida presence in Al Anbar Province. We understand that. What is happening there is largely a civil war.

Now, the head of our intelligence services in this country testified twice. The former head, Mr. Negroponte, and the current head have testified within the last 2½ months. Both of them have said exactly the same thing. They have both said the greatest terrorist threat to this country is al-Qaida, its networks around the world, and its determination to strike us in our homeland. So the greatest threat to our homeland is from the terrorist group al-Qaida. Both have described al-Qaida as operating in a safe hideaway in northern Pakistan.

If the greatest threat to our country is al-Qaida, if the leadership of al-Qaida is directing threats against our homeland and they are in a secure hideaway in northern Pakistan, if that is the greatest threat to our homelend, and if, in fact, what is happening in Iraq, according to the National Intelligence Estimate, is a civil war, then I think the question is, What better protects our country? Is it beginning to extract from a civil war? After all, the Iraqi people have seen Saddam Hussein executed. They have seen the opportunity to vote for their own new Constitution. They have been given the opportunity to vote for their own new Government. The only question remaining is, Do those same people have the will to provide for their own security? So the question is, What better protects our country? Is it the opportunity to extract from a civil war at some point soon or is it the determination to ignore the presence of the al-Qaida leadership in northern Pakistan?

If we begin to withdraw and extract from a civil war in Iraq, do we then have a better capability to keep our eye on the ball, the greatest threat to our country, the leadership of al-Qaida and their network around the world? If that were the case, wouldn't this country wish to begin to take action against the greatest threat to our homeland and threat to our security, the leadership of al-Qaida?

That is not me describing that. That is from the National Intelligence Estimate, the combined judgment of the intelligence communities in our Government.

You can make a pretty strong case that Osama bin Laden, who boasted about murdering innocent Americans on 9/11/2001—he still speaks to us from time to time from a ''secure hideaway,'' as described by the head of our intelligence. Al-Zawahiri and Osama bin Laden, after all of these years having passed since 9/11, still exist. Their leadership apparently is still intact, according to the head of our national intelligence services. We generally know where they are. They are apparently in a country that is supposed to be cooperating with us—Pakistan.

The question is, Why have we not brought to justice the leadership of al-Qaida, if that is our greatest threat? The answer, I suppose, is because this country has 140,000-plus soldiers in Iraq prosecuting a war in the middle of what is now a civil war in Iraq.

We can debate forever, perhaps, the conditions that got us to this point—terrible intelligence, the most unbelievable intelligence failure, perhaps, in the history of this country. This country told the world that the country of Iraq possessed weapons of mass destruction that threatened America. Now it turns out, we understand, to take one example, that the issue of mobile chemical weapons laboratories—that intelligence was given to us by German authorities. That came from a fabricator who is now alleged to have been a drunk—a single source, perhaps drunk, fabricator persuades this country to tell the world Iraq has mobile chemical labs. But it turns out they didn't.

I could go on at great length about the intelligence failures. Whatever the intelligence failures were, we went to Iraq. This country went to Iraq, and a number of things have happened. We have unearthed mass graves. Several hundred thousand Iraqis were murdered by a brutal regime headed by Saddam Hussein. There are a number of brutal regimes in this world. We don't take it upon ourselves—unless it is in our national interest—to send troops to those brutal regimes. But Saddam Hussein was, in fact, a brutal dictator. He has been executed. The world is better for that. The country of Iraq has shed itself of a brutal dictator. His execution comes amid other opportunities for the people of Iraq. They have a constitution, a brandnew one; they wrote it and voted for it. They have a new government. They have created and voted for that government. And now we have tens and tens and tens of thousands of American soldiers in Iraq, in the middle of a civil war.

We have taken our eye off the ball because the issue really is the terrorist organizations that wish to commit acts of terror against our country. The head of our national intelligence says that al-Qaida is the greatest terrorist threat to our country. They are in secure hideaways in northern Pakistan. It seems to me that the ability to begin to extract ourselves from the middle of a civil war in Iraq gives us the opportunity to put pressure on and work with other countries to bring to justice the greatest terrorist threat to this country, the terrorist organization that murdered Americans on 9/11/2001. That ought to be our overriding goal. If that is the greatest terrorist threat, it seems to me our most important job is to eliminate that threat, and sooner rather than later.

So I end where I began. No one in this Chamber has a difference of opinion about whether we want our country to succeed. We love our country, and we want to succeed. We honor our soldiers, and we insist, when we send America's sons and daughters to war, that they have all the things they need and the support they need to do their job. But from a policy perspective, I believe this President has made very serious mistakes.

One of my colleagues, this morning, said the general will tell us whether things are going well. I cannot tell you how many briefings I have been in—top-secret briefings—month after month after month and year after year in which the top generals have come to us and said things are going really very well, when, in fact, that hasn't been the case. Only later have we discovered it was not the case; it never was the case.

It seems to me that this country has to evaluate what it can do at this point to begin to find a way to withdraw and extract from a civil war in Iraq. Perhaps there needs to be partitioning, I don't know. I know that is a tough subject to introduce these days. But if there are no alternatives, perhaps you have to partition the parties fighting each other, the Sunnis and Shias, and try to find another device to deal with the issue.

In any event, it seems to me it is in this country's best interest to keep our eye on the ball, and the ball here is, according to head of our intelligence, that the greatest terrorist threat to our country is the leadership of al-Qaida and their network. We have not, in my judgment, with respect to al-Qaida and the deepening problems of the Taliban in Afghanistan, kept our eye on the ball. That is one of the reasons there needs to be a change.

This notion of ''stay the course'' or ''cut and run,'' which was the slogan—there is the slogan of the week or the slogan of the month. The administration's slogan of the month last year was ''stay the course'' or ''cut and run.'' It was always a false choice that was never a substitute for thoughtful debate. It was a thoughtless chant of things that mattered very little.

What matters most to this country is that we are engaged in pursuits which will provide opportunity to strengthen this country, which do honor and justice to the efforts of our soldiers, and which relate to responding to the terrorist threat because the threat against this country is a very serious, abiding, long-term threat. All of us want to succeed in dealing with that threat.

Mr. President, one of my colleagues, Senator CONRAD, has arrived. I think he intends to speak on this agricultural disaster issue. Let me at this point yield the floor, and I think other colleagues will speak on the agricultural disaster piece I spoke on earlier.

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

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. CONRAD. 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. CONRAD. Mr. President, this week, the Senate will once again have the opportunity to demonstrate its support for America's family farmers and ranchers by improving emergency agricultural disaster assistance as part of the supplemental appropriations bill.

For over a year, I, along with Senate colleagues from both sides of the aisle, have attempted repeatedly to convince the Congress of the United States and this administration to provide desperately needed disaster assistance.

As part of the hurricane supplemental last year, the Senate approved an agricultural disaster package. That measure was dropped in conference as a result of opposition from the administration. The need for this legislation has only been made more compelling by the severe disasters that have hit California, Colorado, Kansas, Nebraska, New Mexico, and Oklahoma during the final weeks of 2006.

In my own home State of North Dakota, in 2005, we had a disaster that was devastating to thousands of farm and ranch families. This is what we saw across North Dakota—flooded lands, over a million acres of land that could not even be planted and another million acres of land that was drowned out. Then, irony of ironies, the next year we had a devastating drought—the third worst drought in this Nation's entire history, hitting not only North Dakota but right down the heartland of America.

This is a farm field near my home, in Burleigh County. I live in Bismarck. This is a farm field in that same county, and you can see almost nothing growing.

Here is the U.S. Drought Monitor, and they determine on a scientific basis the effect of drought across America. This is from July 25, 2006, and you can see drought right down the heartland of America—in our case, exceptional drought. That is the dark brown right on the border between North Dakota and South Dakota—exceptional drought. The next category going down the scale, extreme drought, an even broader area between the two States. We also see exceptional and extreme droughts in these parts of the country, and then severe drought. That is the tan. Virtually all of North Dakota had exceptional, extreme, and severe drought conditions. And, of course, not just North Dakota, it was right down the heartland of the country.

This is a headline from July 30, 2006, from the Grand Forks Herald: ''Dakotas the Epicenter of a Drought-Stricken Nation. More than 60 percent of the United States in drought.''

This has been an absolutely bizarre set of circumstances: One year, extreme flooding; the next year, extreme drought. But that is the reality of what we have confronted, and if assistance is not provided, thousands of farm families will be forced off the land.

The President's chief economic adviser was in my office to visit me on another matter at the same time there were independent bankers from my State there to talk to me about agricultural assistance—bankers talking to me about the desperate need for drought assistance. They told me and told the President's chief economic adviser that if assistance were not forthcoming, they would lose 5 to 10 percent of their clients. These are farm and ranch families who work hard, who love this country, who work the land, and who are some of the most independent people you would ever want to meet. The last thing they want is a government handout, but if they do not have a helping hand extended to them, they are going to be out of business. That shouldn't be the result. We should provide the very basic assistance we have provided in other times in other parts of the country to those who have been hard hit.

Let me make certain that people understand. To get any assistance, producers will need to demonstrate they have had a 35-percent loss, and they will get no help for that first 35 percent of loss. That is the floor. They have to have lost 35 percent before they get anything, and then the assistance will apply to the losses beyond 35 percent.

Nobody is getting rich on this program. Some have suggested this bill will result in farmers becoming more than whole because of crop insurance. That is simply incorrect. Under the provisions, a producer receiving disaster assistance cannot recover more than 95 percent of the expected value of the crop, after both crop insurance and the expected market income from the crop have been deducted.

This is desperately needed. It is done in a way that is fair and balanced and prevents abuse. I hope my colleagues will support it.

I thank the Chair, and I yield the floor.

EXECUTIVE SESSION

NOMINATION OF GEORGE H. WU TO BE UNITED STATES DISTRICT JUDGE

The PRESIDING OFFICER. Under the previous order, the Senate will proceed to executive session to consider the following nomination, which the clerk will report.

The legislative clerk read the nomination of George H. Wu, of California, to be United States District Judge for the Central District of California.

The PRESIDING OFFICER. Under the previous order, there will be 20 minutes for debate, equally divided between the chairman and ranking member of the Judiciary Committee.

The Chair recognizes the gentleman from Vermont.

Mr. LEAHY. Mr. President, with this confirmation—and I expect Mr. Wu will be confirmed—we will have confirmed 14 lifetime appointments to the Federal bench so far this year. This is March. I mention that because, when President Clinton was in office and the Republicans controlled the Senate, there were only 17 confirmations during the entire 1996 session of the Senate.

For those who think there is partisanship in the confirmation of judges, yes, there has been. Fortunately, it has been my friends on the other side.

Today the Senate continues, as we have since the beginning of this Congress, to make progress on judicial nominations. The Senate will consider and, I believe, confirm the nomination of George H. Wu to be a United States District Judge for the Central District of California.

With this confirmation, the Senate will have confirmed 14 lifetime appointments to the Federal bench so far this year. There were only 17 confirmations during the entire 1996 session of the Senate. I have worked cooperatively with Members from both sides of the aisle on our committee and in the Senate to move quickly to consider and confirm these judicial nominations so that we can fill vacancies and improve the administration of justice in our Nation's Federal courts.

The Administrative Office of the U.S. Courts lists 48 remaining judicial vacancies, yet the President has sent us only 27 nominations for these vacancies. Twenty-one of these vacancies—almost half—have no nominee. Of the 20 vacancies deemed by the Administrative Office to be judicial emergencies, the President has yet to send us nominees for 10 of them. That means half of the judicial emergency vacancies are without a nominee.

Judge Wu's nomination has the support of his home State Senators, and I thank Senators FEINSTEIN and BOXER for their support of this nomination.

Judge Wu has an extensive record of public service as a State trial judge, a Federal prosecutor, and a law professor. In his 14 years on the State trial bench, Judge Wu has served in the Los Angeles Municipal Court and in the Los Angeles Superior Court, handling an array of criminal and civil cases. Previously, Judge Wu worked on complex commercial matters in private practice for two Los Angeles law firms. Judge Wu has also served as a law professor at the University of Tennessee School of Law, and as an assistant U.S. attorney and later assistant division chief in the civil division of the U.S. Attorney's Office for the Central District of California.

I am pleased that the nominee before us is an Asian-Pacific American. I have urged, and will continue to urge, the President to nominate men and women to the Federal bench who reflect the diversity of America. Racial and cultural diversity remains a pillar of strength for our country and one of our greatest

natural resources. Diversity on the bench helps ensure that the words ''equal justice under law,'' inscribed in Vermont marble over the entrance to the Supreme Court, are a reality and that justice is rendered fairly and impartially. Judicial decisions should reflect insight and experiences as varied as America's citizenry. A more representative judiciary helps cultivate public confidence in the judiciary which strengthens the independence of our Federal courts.

There is still much work to be done. Out of the 875 seats on the Federal judiciary, there are only 5 active Asian-Pacific American judges on the Federal bench, less than 1 percent of all Federal judges. President Bush has nominated only two Asian-Pacific American candidates during his 6 years in office, neither to a seat on a Federal circuit court. With outstanding lawyers like Dean Harold Koh of Yale, Professor Goodwin Liu of Boalt Hall School of Law at the University of California at Berkeley, or attorneys Karen Narasaki, John Yang and Debra Yang, it is not as if there is a dearth of qualified candidates who would be universally endorsed.

Our Nation has highly qualified individuals of diverse heritages who would help to unify our Nation while adding to the diversity of our courts. I hope the President will send us more consensus nominees that reflect the rich diversity of our Nation.

I congratulate Judge Wu, and his family, on his confirmations today.

EMERGENCY SUPPLEMENTAL APPROPRIATIONS

Mr. President, this emergency supplemental bill that we are debating today has been long seen as our best chance of extricating ourselves from the quagmire in Iraq. As one of only 23 Senators who opposed the authorization of the use of military force, I have supported every credible proposal that has come before this body to bring our troops home.

The war in Iraq was not about September 11. It was not about al-Qaida. It was not about making our Nation safer. While no one can prove a negative, I believe the damage this war has done to our national security, our national interest, and our international standing has been incalculable. When we had a chance to capture Osama bin Laden, the master mind of 9/11, we let him get away because the administration, the Bush-Cheney administration, wanted to take our troops out of Afghanistan and send then to Iraq, a country that had absolutely nothing to do with 9/11. The injustices perpetrated at Abu Ghraib and Guantanamo have tarnished our national reputation and leadership, and the way Iraq has become a rallying cry for religious extremists has made the American people less safe.

For whatever misguided reasons, the President started a unilateral, preemptive war in Iraq which has cost us thousands of American lives and made us less safe. I think that historians will look back at this war as one of the most costly, reckless mistakes made by any administration in this history.

This supplemental contains another $96 billion to support U.S. military operations in Iraq and Afghanistan. I supported the use of military force to remove the Taliban from power, and I support the continued efforts of our military and NATO forces against the Taliban and al-Qaida in Afghanistan. But I did not, do not, and will not agree to the use of the U.S. military to continue putting our people in harm's way in the middle of a continuing civil war in Iraq.

This bill also contains money to help the people of Lebanon rebuild after the devastating war between Hezbollah and Israel last year, aid for refugees in Darfur, the Congo, Uganda, and other humanitarian crises, and to prevent the spread of avian influenza. It contains resources to help Kosovo as it moves toward independence, for Liberia to rebuild after their civil war, and to support the peace process in Nepal which finally has a chance to shed its feudal past.

It contains a provision I sponsored, with the support of both Republicans and Democrats, to fix the illogical and unfair provisions in the Immigration and Naturalization Act that have been used to prevent victims of terrorist groups or members of groups who fought alongside the United States from admission as refugees or from obtaining asylum.

As the chairman of the Senate's Subcommittee on State, Foreign Operations, and Related Programs, I am also pleased to report the bill includes, for the first time, benchmarks on a portion of the reconstruction assistance for Iraq. We are not going to continue to pour billions of dollars into no-bid contracts that have been plagued by rampant fraud and shoddy workmanship. It is about time we put an end to the practice of handing out American taxpayers' money with no strings attached. These benchmarks reflect what the Iraqi Government itself has pledged and what even President Bush acknowledged is necessary if the Iraqi Government is to succeed in bringing stability to that country.

So there is much in this bill that I support, but despite that, I do not support the funding to continue the military operations in Iraq, and I will vote against this bill unless it contains the provision relating to the withdrawal of our forces, which is similar to legislation which narrowly lost in the Senate last week. I voted for it then, and I will vote for it again.

The withdrawal provision in this bill is not, in some respects, as definitive as what passed the House by the slimmest of margins last Friday. Like many others, I would have written it differently. I wanted a deadline for commencement of the withdrawal of our forces but also for completing it within a target date. I have cosponsored legislation that contains such a deadline. But this provision represents a 90-degree change of course from the President's policy of escalation in the middle of a civil war. It is our best hope of obtaining the majority of votes needed to begin that process. So I am confident that once the withdrawal of our troops begins, there will be no turning back.

We have to remove our troops from the Iraq civil war. That argument has been made eloquently, including by former senior military officers whose credibility is unimpeachable. Retired LTG William Odom, in an op-ed piece of February 11 in the Washington Post, said it better than I ever could. It is the only way the Iraqis will make the difficult political compromises that can save their country from further destruction.

The President has threatened to veto this bill if the troop withdrawal provision is included. That is not surprising for a White House that has stubbornly refused to change course even in the face of dwindling support from the American people whose sons and daughters are dying. For more than 4 years, President Bush, Vice President CHENEY and former Secretary of Defense Rumsfeld, backed by a rubberstamp Congress, made one incompetent decision after another, arrogantly insisting they knew best and dismissing anyone who so much as questioned their policy for ''not supporting the troops.'' It has been reminiscent of the old ''soft on communism'' and ''soft on drugs'' refrains that were used, and still are used, for political purposes to justify failed policies.

None of us should be intimidated by these worn out arguments. If they want to show their support of the troops, they should do something about our VA system. Fix up Walter Reed and fix up the other facilities where we are not giving proper help to our wounded soldiers when they return from Iraq. We Democrats want to support those troops, too, and not just to be at the parades when they go over but to be there to help them when they come back. If this administration wants to support the troops, it should have given them the equipment, the training, and the armor they still don't get in a war that has lasted longer than World War II. And they should take care of the wounded whose bodies, minds and lives have been shattered.

None of us should have confidence in a failed war effort that has already wrought enormous toll in American blood, treasure, and credibility, not after the fiasco this White House has wrought. It is time for the Congress to act as the voice and the conscience of the American people.

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

The PRESIDING OFFICER. The senior Senator from Pennsylvania.

Mr. SPECTER. Mr. President, I have sought recognition to urge my colleagues to support the nomination of

Judge George H. Wu to be U.S. district judge for the Central District of California. Judge Wu currently serves as a judge on the Los Angeles Superior Court, where he has presided since 1996, and before that was a judge on the Los Angeles municipal court from 1993 to 1996.

He came to those judicial positions with an excellent academic background—a bachelor's degree from Pamona College in 1972 and a law degree from the University of Chicago in 1975. He has an outstanding record in the practice of law. He was assistant professor of law at the University of Tennessee College of Law from 1979 to 1982. He was an Assistant U.S. Attorney in the civil division of the Central District of California office in Los Angeles from 1982 to 1989. He later served as Assistant Division Chief in the U.S. Attorney's Office from 1991 to 1993. Judge Wu is very well qualified, rated so by the American Bar Association. They unanimously rated Judge Wu as ''well qualified.''

His nomination to the Federal bench is recognition of the contributions of lawyers from the Southern California Chinese Lawyers Association, where he was a member from 1984 until the present time.

I recently spoke at the convention of lawyers from the Asian-Pacific American Bar Association, who made the point to me that there ought to be more representation, more diversity for judges with a background from Asia and specifically from China. There are not very many judges representing that particular group. I think it is a good idea to have diversity on the Federal bench among people from all walks of life, all backgrounds, all national origins, all ethnic representations, and applaud his nomination from that point of view, in addition to the excellent credentials which I have cited.

I ask unanimous consent that the full text of his resume and background on two pages be printed in the CONGRESSIONAL RECORD.

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

GEORGE H. WU

UNITED STATES DISTRICT JUDGE FOR THE CENTRAL DISTRICT OF CALIFORNIA

Birth: November 3, 1950, New York, NY.

Legal Residence: California.

Education: B.A., Pomona College, 1972; J.D., University of Chicago Law School, 1975.

Employment: Associate, Latham & Watkins, Los Angeles, CA, 1975–1976, 1977–1978; Law Clerk, Hon. Stanley N. Barnes, U.S. Court of Appeals for the Ninth Circuit, 1976–1977 (and again for brief periods in 1979 and 1980); Associate, Latham & Watkins, Los Angeles, CA, 1977–1978; Assistant Professor of Law, University of Tennessee College of Law, 1979–1982; Assistant U.S. Attorney, U.S. Attorney's Office, Civil Division, Central District of California, 1982–1989; Associate, LaBoeuf, Lamb, Leiby & MacRae, Los Angeles, CA, 1989–1991; Assistant Division Chief, U.S. Attorney's Office, Civil Division, Central District of California, 1991–1993; Judge, Los Angeles Municipal Court, 1993–1996; Judge, Los Angeles Superior Court, 1996–Present.

Selected Activities: Member, Committee on Standard Jury Instructions (Criminal and Civil) of the Superior Court of Los Angeles County, California, 2000–2004; Member, Southern California Chinese Lawyers Association, 1984–Present; Member, Federal Bar Association, 1983–1986 (Member, Judicial Evaluation Committee, 1984–1985); Member, Los Angeles County Bar Association, 1983–1992 (Member, Committee on Federal Courts and Practice, 1984, 1985); Member, Barristers—Los Angeles County Bar Association, 1983–1986 (Co-Chairman, Government Attorneys Committee, 1985–1986).

Judge George Wu was nominated in the last Congress, but his nomination was not acted upon prior to its adjournment.

President Bush re-nominated Judge Wu on January 9, 2007. A hearing was held on his nomination on February 6 and the Judiciary Committee favorably reported him on March 1.

Judge Wu is a highly qualified nominee with a distinguished record.

In 1972, he earned his B.A. degree from Pomona College. In 1975, he earned his J.D. from the University of Chicago Law School.

After law school, Judge Wu became an associate at the firm of Latham & Watkins in Los Angeles from 1975 to 1976.

Judge Wu subsequently served as a judicial clerk for the Honorable Stanley N. Barnes on the U.S. Court of Appeals for the Ninth Circuit.

From 1979 to 1982 Judge Wu was an Assistant Professor of Law at the University of Tennessee College of Law in Knoxville, Tennessee, where his courses included civil procedure, torts, and labor law.

Judge Wu served as an Assistant U.S. Attorney in the Civil Division of the Central District of California office in Los Angeles from 1982 to 1989 and later served as Assistant Division Chief from 1991 to 1993.

From 1989 to 1991, Judge Wu returned to private practice, this time as an associate at LeBoeuf, Lamb, Leiby & MacRae in Los Angeles.

In 1993, Governor Pete Wilson appointed Judge Wu to the Los Angeles Municipal Court, which handles misdemeanor cases, preliminary felony hearings, and small civil actions. In 1996, Governor Wilson elevated Judge Wu to the Los Angeles Superior Court, which handles felony cases and larger civil suits.

The American Bar Association unanimously rated Judge Wu ''Well Qualified.''

ATTORNEY GENERAL GONZALES

Mr. SPECTER. I note we are scheduled to vote on Judge Wu at 12:10. As ranking member, I have the balance of the time until that period. I choose to use it to comment briefly on a letter which I received yesterday from John M. Dowd, who is an attorney for Ms. Monica Goodling, who was counsel to Attorney General Gonzales and White House liaison. In this letter, Mr. Dowd asserts the basis for having Ms. Goodling claim her constitutional rights under the fifth amendment, and privilege against self-incrimination, not to testify before the Judiciary Committee on our inquiry into the eight U.S. attorneys who were asked to resign. Mr. Dowd makes the point emphatically that in asserting this privilege against self-incrimination, Ms. Goodling is not saying she has done anything wrong and explicitly denies any wrongdoing but cites Supreme Court authority for the right of an individual to claim the privilege against self-incrimination, even those who are innocent, as well as those who might have something to hide. There is a firm assertion of her innocence by her attorney and her own affidavit.

I can understand the reasons for this claim of privilege and the reasons Ms. Goodling does not want to testify before the Judiciary Committee. In Mr. Dowd's letter, he references some of my prior statements and then says:

> Senator Schumer has no less than five times characterized the Department's testimony to date as ''false'' or ''a falsehood,'' and concluded that there have been misleading statement after misleading statement, deliberate misstatements.

If a false statement has been made to a congressional committee, that constitutes a crime under title 18 of the United States Code, section 1001. That was the basis on which the No. 2 man in the Interior Department entered a guilty plea during the course of the past week. Where there have already been characterizations, as cited by Mr. Dowd of Senator SCHUMER's statement that there are misleading statements which have been made, which I state is a crime, I can understand the sense of a potential witness in not wanting to be ensnared in that kind of proceeding where conclusions have already been reached by Senator SCHUMER who is in charge of the investigation.

Mr. Dowd's letter further goes on, citing comments which I had made earlier, ''that Senator SCHUMER is using the hearings''—this is Mr. Dowd's statement—''hearings to promote his political party. That is not a legitimate reason for the Judiciary Committee to conduct hearings.''

I have said in the Judiciary Committee hearings, in the presence of Senator SCHUMER, eyeball to eyeball, so to speak, that I thought there was a conflict of interest. In concluding there was a conflict of interest, I did not ask Senator SCHUMER to step aside. I said that was up to him.

But following the testimony of U.S. Attorney Iglesias, from New Mexico, the very next day the Web site of the Democratic Senatorial Campaign had Senator DOMENICI's picture on it, urging his defeat in the 2008 election. Then, shortly thereafter, there was a fundraising letter from the Democratic Senatorial Campaign Committee to raise money, saying the Democrats were elected to clean up Washington and this is an example of what needs to be cleaned up.

Any of us may be subject to comment in a political situation. Senator SCHUMER has a right to make political hay out of whatever he chooses. But I think it is inconsistent with leading an inquiry, and I can understand Ms. Goodling's decision not to testify in this context. I think it is very unfortunate,

because it is very important for the Judiciary Committee to get to the bottom of what has happened with the request for eight U.S. attorneys to resign. There is a cloud over U.S. attorneys, and I think it has had a distinctly chilling effect on all 93 U.S. attorneys, not knowing what will come next.

It is generally agreed that the President of the United States has the authority, standing, right to discharge U.S. attorneys for no reason at all. When President Clinton took office, in one fell swoop he replaced 93 U.S. attorneys and no one raised any question. But I think not if U.S. attorneys have been asked to resign and have been replaced for an improper reason, for a bad reason. Suggestion has been made that the U.S. attorney in San Diego, Ms. Lam, was replaced because she was hot on the trail of political operatives who may have been connected to former Congressman Duke Cunningham, who is now serving an 8-year sentence; or the allegation has been made—it has not been substantiated but it has been made—that New Mexican U.S. Attorney Iglesias was replaced for failure to prosecute a vote fraud case. An extended article in the New York Times a week ago Sunday gave extensive analysis, which might lead to the conclusion that there was justification for Mr. Iglesias's resignation, or perhaps there was not. But that is up to the Judiciary Committee to make a determination.

So it is unfortunate that you have a situation where witnesses are not coming forward. It is my hope we would not rush to judgment on this matter, that we would avoid conclusory statements, and that instead we would wait until we find out what the facts are. If these U.S. attorneys were asked to resign for improper reasons, I will be among the first to say so.

I yield the floor.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. LEAHY. Mr. President, it is true Ms. Goodling's attorney has said that she will take the fifth amendment. Now, as both a former defense attorney and a former prosecutor, I respect the right under our Constitution for anybody to take the fifth so they won't say something that might incriminate them and bring about criminal charges against them from their own statements. But it is a little bit odd that in a letter from Ms. Goodling's attorney, he speaks that she does not want to face the fate of Mr. Libby, or words to that effect. Scooter Libby was convicted of perjury. He was convicted of obstruction of justice. While I realize many believe he is going to be pardoned, those are the reasons he was convicted.

I would have assumed that Ms. Goodling—who has been a very high-ranking member of the Department of Justice, would come in and tell the truth. If she takes the fifth amendment, that's a more difficult thing. We won't hear from her. If she feels that what she has to tell us would subject her to criminal prosecution, well, that raises some serious questions. We hope that others will testify and that they will testify honestly. We'll continue to ask people. But it is very, very difficult to get the facts when you have key members of the Bush-Cheney administration taking the fifth.

Mr. President, have the yeas and nays been ordered on this?

The PRESIDING OFFICER. They have not.

Mr. LEAHY. If I have any further time, I yield it back and I request the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The question is, Will the Senate advise and consent to the nomination of George H. Wu, of California, to be a U.S. District Judge for the Central District of California. The clerk will call the roll.

The legislative clerk called the roll.

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

Mr. LOTT. The following Senators are necessarily absent: the Senator from Kansas (Mr. BROWNBACK), the Senator from Wyoming (Mr. ENZI), and the Senator from Arizona (Mr. MCCAIN).

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

The result was announced—yeas 95, nays 0, as follows:

[Rollcall Vote No. 115 Ex.]

YEAS—95

Akaka	Dorgan	Mikulski
Alexander	Durbin	Murkowski
Allard	Ensign	Murray
Baucus	Feingold	Nelson (FL)
Bayh	Feinstein	Nelson (NE)
Bennett	Graham	Obama
Bingaman	Grassley	Pryor
Bond	Gregg	Reed
Boxer	Hagel	Reid
Brown	Harkin	Roberts
Bunning	Hatch	Rockefeller
Burr	Hutchison	Salazar
Byrd	Inhofe	Sanders
Cantwell	Inouye	Schumer
Cardin	Isakson	Sessions
Carper	Kennedy	Shelby
Casey	Kerry	Smith
Chambliss	Klobuchar	Snowe
Clinton	Kohl	Specter
Coburn	Kyl	Stabenow
Cochran	Landrieu	Stevens
Coleman	Lautenberg	Sununu
Collins	Leahy	Tester
Conrad	Levin	Thomas
Corker	Lieberman	Thune
Cornyn	Lincoln	Vitter
Craig	Lott	Voinovich
Crapo	Lugar	Warner
DeMint	Martinez	Webb
Dodd	McCaskill	Whitehouse
Dole	McConnell	Wyden
Domenici	Menendez	

NOT VOTING—5

Biden	Enzi	McCain
Brownback	Johnson	

The nomination was confirmed.

The PRESIDING OFFICER. Under the previous order, the motion to reconsider is considered made and laid upon the table. The President will be immediately notified of the Senate's action.

LEGISLATIVE SESSION

The PRESIDING OFFICER. Under the previous order, the Senate will resume legislative session.

The majority leader.

UNANIMOUS-CONSENT AGREEMENT—H.R. 1591

Mr. REID. Mr. President, I ask unanimous consent that the vote with respect to the Cochran amendment No. 643 occur at 5 p.m. today; the time from 3:45 to 5 p.m. be for debate with respect to that amendment, with the time equally divided and controlled between the two leaders or their designees; that no amendments be in order to the amendment or the language proposed to be stricken; that the last 10 minutes prior to the vote be equally divided and controlled between the two leaders, with the majority leader controlling the last 5 minutes.

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

TONY SNOW

Mr. REID. Mr. President, on a matter of concern and seriousness, in my office this morning I had a newspaper clipping regarding Tony Snow. He had a tumor removed and the cancer had not returned, and I wrote a letter and signed it. A few minutes later, my secretary brought in a news clipping that Tony Snow's cancer has returned. I have known Tony Snow long before he became the spokesperson for the White House. My relations with him have always been superb. To me he has always been very fair. I have great respect for him and his family.

I want the record to reflect that I speak for everyone on this side of the aisle of our real concern. He has been a tremendously good representative for the President. He does an outstanding job dealing with some of the most serious issues any person could face. He has done a wonderful job. I hope and pray that Tony Snow will again be able to whip the cancer he has already whipped once. With the good thoughts and prayers from everyone in this body and the many friends he has in Washington and around the world, it will go a long way toward healing this man who certainly deserves it.

The PRESIDING OFFICER. The Republican leader.

Mr. MCCONNELL. Mr. President, let me join the majority leader in expressing our best wishes, hopes, and prayers for Tony Snow's speedy recovery. He has been a spectacular press secretary to the President. He enjoys widespread respect and admiration. We wish him well for a speedy recovery.

RECESS

The PRESIDING OFFICER. Under the previous order, the Senate stands in recess until 2:15 p.m.

Thereupon, at 12:41 p.m., the Senate recessed until 2:15 p.m. and reassembled when called to order by the Presiding Officer (Mr. CARPER).

U.S. TROOP READINESS, VETERANS' HEALTH, AND IRAQ ACCOUNTABILITY ACT, 2007—Continued

The PRESIDING OFFICER. The Senator from Indiana.

Mr. LUGAR. Mr. President, I send to the desk an updated version of an amendment I filed earlier today to H.R. 1591.

The PRESIDING OFFICER. Is there objection?

The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I want to cooperate with my friend and colleague. If the Senator would give us a few moments to go over that for the leadership to work that out. I do not do it as a matter of personal privilege but as speaking for our leader on this side. So if the Senator would withhold for a half an hour or so.

I would have to object to it. I do not personally object to it. I object for the leadership until it has an opportunity to examine the amendment.

The PRESIDING OFFICER. Objection is heard.

The Senator from Indiana.

Mr. LUGAR. Mr. President, may I raise a question. Will the distinguished Senator be able to respond that I have submitted the amendment, in other words, that I would not have to reappear to resubmit the amendment at that time or is the Senator in a position to give us that assurance?

Mr. President, I have already submitted the amendment, and I am submitting an updated version of the amendment.

Mr. KENNEDY. Mr. President, is the Senator trying to perfect his own amendment?

Mr. LUGAR. Yes, and I am attempting to file the amendment. It was requested I appear in person to do so.

Mr. KENNEDY. Mr. President, if the Senator is requesting to alter his amendment, I have no objection to him doing so.

Mr. LUGAR. I thank the Senator.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The Senator from Massachusetts.

AMENDMENT NO. 680

(Purpose: To provide for an increase in the Federal minimum wage, and for other purposes)

Mr. KENNEDY. Mr. President, amendment No. 680 is at the desk, and I ask for its immediate consideration.

The PRESIDING OFFICER. Is there objection?

Without objection, the pending amendment is set aside and the clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Massachusetts [Mr. KENNEDY], for himself, Mr. ENZI, Mr. BAUCUS, and Mr. GRASSLEY, proposes an amendment numbered 680.

(The amendment is printed in today's RECORD under ''Text of Amendments.'')

Mr. KENNEDY. Mr. President, for the benefit of the Members, as they remember, we passed the substance of this legislation, I believe, 97 to 3. That is what is effectively the substance of this legislation. The House of Representatives has passed its own minimum wage. Because of the parliamentary complexities, we were unable to get this issue resolved. The House has included a minimum wage provision in their proposal.

We offer this proposal, which is an expression of the Senate. It has broad bipartisan support—Republican and Democrat. This will mean both pieces of legislation—the supplemental—will have the minimum wage, and then the conferees will be able to make their judgment. But out of it will come an increase in the minimum wage. So it is in that spirit. I am delighted to debate the minimum wage, but I think we had a good debate. We had, I think, close to 7 days' debate on it in the last few weeks, so I do not think that is necessary.

That is the current situation. That is the reason that legislation is pending at this time. I very much appreciate the cooperation of the floor managers in letting us get this at least up before the Senate at this time.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. WYDEN. Mr. President, I ask unanimous consent to set aside the pending amendment—is the distinguished Senator from North Carolina intending to manage this legislation?

Mr. BURR. Mr. President, the Senator from North Carolina is not intending to manage this side. Our manager is not here right now. I would ask the Senator from Oregon if he would withhold setting the current amendment aside. If he wishes to talk on an amendment, feel free to, but at this time I would have to object to setting aside the pending amendment.

Mr. WYDEN. Mr. President, I would be happy to do that.

AMENDMENT NO. 709

Mr. President, I ask unanimous consent to speak on the bipartisan amendment I will be offering as soon as we have a manager on the other side to conduct business.

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

The Senator is recognized.

Mr. WYDEN. Mr. President, in a few minutes I will offer a bipartisan amendment to address the great needs of rural communities across this country. It is an amendment I will offer on behalf of myself, the distinguished Senate majority leader, the chairman of the Senate Finance Committee, the chairman of the Senate Energy Committee; my colleague from Oregon, Senator SMITH; Senator CRAIG of Idaho, Senator DOMENICI, and a large additional group of Senators of both political parties who wish to see reauthorized the Secure Rural Schools and Community Self-Determination Act which is also known as the County Payments Program.

Mr. President and colleagues, without this amendment, there is a very real prospect small counties in the rural West are going to fall into the Pacific Ocean. These small counties are now standing on the abyss because without county payments funding, they simply are not going to be able to pay for critical services such as law enforcement and rural education.

In Oregon, the sheriff of Grants Pass told me without county payments funding, he may have to call out the National Guard to protect public safety. The county commissioners of Curry County report that without county payments funding, they may have no choice but to dissolve their county altogether. Local officials in Coos County, just at the prospect of losing county payments funds, have already released prisoners from their jails. Local communities in many other States face similar hardships.

Some Senators may not yet be fully aware of what the county payments law is about, so I am going to give a brief explanation of how the program has come to be.

County payments are not welfare, but they are a more than 100-year-old Federal obligation that goes back to the creation of the Federal forest system. The deal was if Federal policy prevented local communities from maximizing their revenues from their forests, the Federal Government would provide a partial payment to these local communities so they could pay for essential services such as law enforcement and schools.

As environmental values changed in the 1990s, and these payments grew even smaller, Senator CRAIG of Idaho and I wrote the Secure Rural Schools and Community Self-Determination Act. That law compensated these rural communities for part of what they needed to pay for essential services. The act has worked extraordinarily well and expired at the end of last year.

In this amendment, our large bipartisan coalition—and I read only a number of the Senators from both political parties who are sponsoring this amendment—our large group seeks to put in place a new updated lifeline to small rural counties. County payments would be extended for 5 years and a new formula put in place to provide greater funding to more than 80 percent of the counties in our country. The formula is based on the current funding formula for county payments and the acreage of U.S. Forest Service and eligible Bureau of Land Management lands, along with a mechanism to focus support on those communities where there is greatest economic need.

In addition to the County Payments Program, this amendment also assists States with a similar program, the Payment in Lieu of Taxes Program. This is a program which compensates States for the loss of tax revenue from

Federal lands in their State. For the first time in modern history, this program will receive full funding, and it will result in additional support for each county with Federal land.

I note at this time, particularly, the exceptional work done by the chairman of the Senate Finance Committee, Senator BAUCUS, who, with Senator BINGAMAN and so many of our colleagues of both political parties, has been involved in these efforts. As a result of those combined efforts, this amendment is paid for with all funding beyond 2007 paid for by closing tax loopholes that have been identified by Senator BAUCUS, the chairman of the Senate Finance Committee.

This bipartisan amendment is supported by a diverse coalition, including the National Association of Counties, many labor organizations, and education advocates across the country. I urge the Senate this afternoon to recognize the exceptional urgency of this situation and to support the bipartisan effort to reauthorize the County Payments Program and to strengthen the Payment in Lieu of Taxes Program.

Rural communities across this country have been hit with a wrecking ball. With the change in environmental values, we have seen many of them, as they look to diversify their economies, reach out and find new industries, yet they have still had great difficulty in paying for essential services.

As they try to meet these challenges—and I am committed, as chairman of the Forestry Subcommittee, to work on finding new economic opportunities for these rural communities—the country should not turn its back on rural America as it looks to come up with vibrant, new economic prospects for the future.

These laws—the Secure Rural Schools and Community Self-Determination Act and the law that puts in place the Payment in Lieu of Taxes Program—provide essential funding and will be a lifeline as these communities work to transition into additional areas that make sense for resource-based economies.

Today, these small communities are asking the Senate to help them from falling into the abyss. The blow to rural communities, if they lose county payments, will be a crippling blow that, in my view, some rural counties simply will not be able to recover from.

Mr. President and colleagues, let us remember rural America as we consider this legislation. I hope Senators of both political parties will join the very large block of Democratic and Republican Senators who offer this amendment today.

Mr. President, we are waiting for a manager on the other side. A number of colleagues, particularly the Senator from Illinois, has been very gracious and very patient. I think what I wish to do is yield at this time. When a manager comes, we will resume deliberations.

I thank the Senator from Illinois for his patience.

The PRESIDING OFFICER. The Senator yields the floor.

Who seeks recognition?

The Senator from Illinois.

Mr. OBAMA. Mr. President, it is my understanding that at this point we cannot set aside the pending amendment because we are waiting for a floor manager.

The PRESIDING OFFICER. The Chair will advise the Senator from Illinois, unanimous consent needs to be sought and granted in order to proceed while the Cochran amendment is pending.

Mr. OBAMA. Mr. President, why don't I wait to find out whether it is possible for the Senator from Oregon to potentially call up his amendment. If not, then what I would like to do is speak on my amendment and find out when I can call up my amendment.

Mr. WYDEN. Mr. President, the Senator from Illinois has indicated he would speak very briefly. I ask unanimous consent that the Senator from Illinois could speak for his 5 minutes, and with the floor manager coming on to the floor, that we could then turn to the county payments legislation after the Senator from Illinois has spoken for 5 minutes.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered. The Senator from Illinois is recognized for 5 minutes.

Mr. OBAMA. Mr. President, I ask unanimous consent that after I speak, if the Senator from Oregon is able to call up his amendment, I be able to call up my amendment as well thereafter.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

AMENDMENT NO. 664

Mr. OBAMA. Mr. President, toward the end of World War II, Norman Rockwell created a cover for the Saturday Evening Post titled ''Homecoming GI.'' It is a picture of a soldier returning from war. He has a duffle bag clutched in his left hand. He is looking up at the back of a brick building with laundry hanging from the back porch. A woman in an apron sees him with outstretched arms, and a young child races down the stairs. Everyone sees that soldier—the neighbors' kids, the man fixing the roof, faces from another window—and everyone welcomes that soldier who has come home from war.

That is what our Nation did for the millions of servicemembers who returned from the Atlantic and the Pacific. We watched them come home in waves. Some were just as strong as their first day in battle; others limped. We saw them crowd Times Square. We saw them walk down Main Street and sit on stoops. My grandfather, who fought in Patton's army, would often speak about this time as America at its finest. That homecoming didn't just happen; we were ready for it.

Long before the beaches of Normandy were stormed and the last battle was fought, in 1943 President Roosevelt said:

> Among many other things, we are, today, laying plans for the return to civilian life of our gallant men and women in the armed services. They must not be demobilized into an environment of inflation and unemployment, to a place on a bread line, or on a corner selling apples. We must, this time, have plans ready instead of waiting to do a hasty, inefficient, and ill-considered job at the last moment.

These are the words of wisdom that we ignore at our peril.

Today we have more than 631,000 veterans from Iraq and Afghanistan and other parts of the global war on terror. According to a recent VA health care report, one-third—more than 205,000—have sought treatment at VA health facilities.

Even if the war in Iraq comes to an end soon—and I hope the Senate takes action this week to accomplish that goal—the war will live on with our servicemembers and their families for the rest of our lives.

Unfortunately, over the past month, we have all seen the disturbing pictures of neglect at Walter Reed. We have read about bats and bureaucratic redtape at the VA. We have seen too many stories about our veterans who have been forgotten—not greeted by the Nation that asked them to serve. The time has come for us to see this generation of veterans in all their valor and pain. We should provide them with a plan that is worthy of their courage and will help build back the military they love.

That is what Senator MCCASKILL and I are trying to do with the amendment we offer today.

First, we provide an additional $41 million to hire more caseworkers to assist servicemembers navigating the military's bureaucracy. The last thing a wounded servicemember should have to face when they return home is a front line of paperwork and delay. Right now, the caseworker-to-servicemember ratio at Walter Reed is 1 to 50. Caseworkers help recovering soldiers schedule appointments, take care of their everyday needs, and fill out paperwork. Military caseworkers are overwhelmed. I understand the Army is reducing the caseworker-to-servicemember ratio to 1 to 17, and I applaud this move. Our amendment would help the military achieve this goal at all military hospitals.

Our amendment also provides $30 million for the Armed Forces to create an Internet-based system for servicemembers to submit their paperwork electronically. No longer will amputees and servicemembers in wheelchairs have to go to countless offices to fill out duplicative forms only to learn that the forms have been lost in Government bureaucracy.

We also need to do more to increase the number of mental health crisis counselors available to assist recovering servicemembers and their families. Too many servicemembers are returning home with unmet mental health needs—stresses that are often experienced by their family members.

That is why our amendment provides $17 million for more mental health crisis counselors.

While we all praise how our country treated the servicemembers returning from World War II, we must remember the lessons after Vietnam. The landmark National Vietnam Veterans Readjustment Study was congressionally mandated in 1983, 15 years after the height of that war. The completed report showed the vast majority of Vietnam veterans had successfully acclimated to postwar life.

We can't wait 15 years to plan and prepare for the readjustment needs of the servicemembers returning from Iraq and Afghanistan. The average age of a servicemember deployed since September 11 is 27. The average age of our Guard and Reserves is 33. Sixty percent of those deployed have family responsibilities, and 47 percent of those who have died have left families. Mr. President, 160,000 women have been deployed, and 10 percent of those women are single mothers. These men and women are going to face real challenges in readjusting to normal life.

Our amendment would provide for a study by the National Academy of Sciences of the mental health and readjustment needs of returning servicemembers. This study will assist the Department of Defense, the Veterans' Administration, and Congress in planning for the long-term needs of our veterans.

Last week I met a woman at Walter Reed. She is one of the 160,000 women who have been deployed, and she suffers from post-traumatic stress disorder. Most of us associate PTSD with men in combat, but many of the women in theater face firsthand dangers in their combat support roles. Driving a truck in Baghdad is one of the most dangerous missions around, and it is considered a support role. Women are witnessing the horrors of improvised explosive devices and the horrors of losing fellow servicemembers, and too many are experiencing the trauma of sexual harassment or abuse.

This young woman was very scared, and she trembled as we spoke. I asked her what we could do to help. She said that she could not handle group therapy sessions; she could only tolerate one-on-one sessions with counselors. Her experience is shared by many women. Treatment for women with PTSD, especially sexual abuse victims, is very different from treatment for men.

That is why as part of our amendment we want to provide $15 million to address the unique mental health needs of women. This funding will ensure the development and implementation of a women's treatment program for mental health conditions, including PTSD. It will also include the hiring and training of sexual abuse counselors so that the servicemembers who suffer from this trauma do not have to suffer in silence. We can do this for the woman I met at Walter Reed and the thousands who suffer like her.

The total cost of our amendment is $103 million—less than one-tenth of 1 percent of the total cost of this bill. This is the least we can do for our servicemembers recovering at Walter Reed and other military hospitals.

I am proud that Veterans For America has endorsed our amendment, and I ask unanimous consent that their letter of endorsement be printed in the RECORD.

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

VETERANS FOR AMERICA,
March 27, 2007.

DEAR SENATOR OBAMA: Veterans for America commends you for fighting to ensure that the service-related needs are met of the one and a half million men and women who have been deployed in our wars in Iraq and Afghanistan. We commend you for fighting to enact an amendment—based primarily on the provisions of the Dignity for Wounded Warriors Act (S. 713)—to the current emergency supplemental appropriations bill (S. 965).

This is the most important piece of legislation offered since the start of our wars in Iraq and Afghanistan.

Today's military is drastically different from any other we have ever sent to war. Too many of our troops are returning to a system that completely ignores their most urgent service-related health and readjustment needs.

One fact is quite striking: of the tens of billions of dollars spent to meet the needs of America's veterans, less than one percent is spent on this generation.

We waited almost 15 years after the end of the Vietnam War to examine the specific needs of my generation through the National Vietnam Veterans Readjustment Study. We fought hard for this study, and while we waited for its completion, tens of thousands of lives were shattered.

We cannot wait that long this time. The study included in your amendment will prevent us from failing thousands upon thousands of our service members and veterans. We must stop throwing money at a broken system that does not address the most urgent unmet needs of today's service members and veterans.

I also want to commend your efforts to recognize the challenges faced by women service members and veterans. The needs of women troops are being effectively ignored. This is a national disgrace.

Again, you have my sincere thanks and the thanks of millions of others who have proudly served our country.

Sincerely,

BOBBY MULLER,
President.

Mr. OBAMA. I hope my colleagues will join me in supporting this amendment. At this point I turn the floor back to the Senator from Oregon, Mr. WYDEN, and I ask, if the floor managers are prepared, that I be able to call up this amendment after the Senator from Oregon does so with his amendment.

The PRESIDING OFFICER. Is there objection?

Mrs. MCCASKILL. Mr. President, I ask unanimous consent to speak to the Obama amendment and then go back to regular order.

The PRESIDING OFFICER. Is there objection?

Mr. OBAMA. Mr. President, I apologize. I should have allowed——

Mrs. MURRAY. Mr. President, if I could just clarify for all of us, could you tell us what the current unanimous consent agreement has in it?

The PRESIDING OFFICER. The pending amendment before the Senate is the Cochran amendment. The Senator from Illinois had asked unanimous consent to address the Senate for 5 minutes, and then when he completed, to yield back to Senator WYDEN to continue to discuss his amendment. There was no objection. Further, after the Wyden amendment was brought up, the next amendment to be offered would be that of the Senator from Illinois, Mr. OBAMA. There was no objection.

Mrs. MURRAY. Thank you, Mr. President.

The PRESIDING OFFICER. Without objection, the Senator from Missouri is recognized.

AMENDMENT NO. 664

Mrs. MCCASKILL. Mr. President, I rise to speak in favor of the amendment that will be offered by Senator OBAMA. Our amendment takes part of the legislation we have introduced, the Dignity for the Wounded Warriors Act, and moves it to the front of the line.

The question which has to be asked is, Why? Why is it important that this go into this bill at this time? There is a lot of talk about what should and shouldn't go into the supplemental. I think it is important we realize if we don't act immediately to begin to take the kind of care of our wounded they need to have, that they should have, that we are morally bound to give them, then we shouldn't be passing any more supplemental funding for any more activities in this war.

It is of primary importance to us that we take care of the men and women who have been wounded, who have given more than most Americans will ever give as it relates to this conflict in the Middle East.

I have to say, if you step back and look at this problem, it is not just the active military hospitals that this amendment deals with, but it is the entire system of medical care for our wounded and for our veterans.

I was struck last week when a report came out on all the veterans facilities around the country. This was an internal report done by the Veterans' Administration but contained in that report was a startling revelation. In that report they found there was a bat infestation in a veterans hospital in the State of the Senator from Oregon.

Now, one would think that if you found a bat infestation in a hospital alarms would go off, lights would signal, and the head of that hospital would step up and say: I failed. Oh, no. The head of that hospital said the bats had been helpful to the insect population. Understand that with this particular species of bat, there is more bacteria contained in an ounce of the droppings from this animal than any other species of bat. Microbiologists

yearn to study these droppings because of all of the bacteria that is contained in them.

Something is terribly wrong when we have a veterans hospital in this country that is putting up with an infestation of bats, and if we don't have it in us to fix this medical facility and all others like it in this country, then shame on us. Shame on our Nation that we can't do what we must do to take care of those who have taken care of us.

All the rhetoric about ''support the troops''—forget about it if we can't do basic medical care for those who are coming home who are wounded. We specifically deal with that in our amendment, with the additional funds in this supplemental that we have added to the President's budget to care for our veterans and veterans facilities.

There is no job we have here that is more important. I hope my colleagues will support this amendment and the addition of about $1.7 billion in funding to the supplemental for veterans care. They are both important. They are both moral imperatives. It is time we make that phrase—''support our troops''—more than a political phrase.

Mr. President, I yield to the Senator from Oregon, or to go back to regular order.

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. WYDEN. Mr. President, I ask unanimous consent to set aside the pending amendment, and I call up my bipartisan amendment on county payments and the payment in lieu of taxes.

Mr. COCHRAN. Mr. President, reserving the right to object, I do not intend to object but for the purpose of asking if there would be any objection to my offering an amendment on behalf of the Senator from Indiana, Mr. LUGAR, and then yielding to the Senator. We wouldn't have any debate, but we would just offer this amendment so it would be pending in the regular order.

Mr. WYDEN. I would be happy to proceed, but I recognize the manager on our side.

Mrs. MURRAY. Mr. President, if I could just clarify, is it amendment No. 690?

Mr. COCHRAN. It is amendment No. 690.

Mrs. MURRAY. Then we would not object.

AMENDMENT NO. 690

Mr. COCHRAN. Mr. President, I send to the desk an amendment on behalf of the Senator from Indiana, Mr. LUGAR.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Mississippi [Mr. COCHRAN], for Mr. LUGAR, proposes an amendment numbered 690.

The amendment is as follows:

AMENDMENT NO. 690

(Purpose: To provide that, of the funds appropriated by this Act under the headings ''DIPLOMATIC AND CONSULAR PROGRAMS'' and ''ECONOMIC SUPPORT FUND'' (except for the Community Action Program), up to $50,000,000 may be made available to support and maintain a civilian reserve corps)

On page 56, after line 18, insert the following:

CIVILIAN RESERVE CORPS

SEC. 1713. Of the funds appropriated by this Act under the headings ''DIPLOMATIC AND CONSULAR PROGRAMS'' and ''ECONOMIC SUPPORT FUND'' (except for the Community Action Program), up to $50,000,000 may be made available to support and maintain a civilian reserve corps. Funds made available under this section shall be subject to the regular notification procedures of the Committees on Appropriations.

Mr. COCHRAN. I thank the Chair, and I thank the distinguished Senator from Oregon.

AMENDMENT NO. 709

Mr. WYDEN. Mr. President, I ask unanimous consent to set aside the pending amendment and to call up our bipartisan amendment on County Payments and the Payments in Lieu of Taxes Program.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Oregon [Mr. WYDEN], for himself, Mr. REID, Mr. BAUCUS, Mr. BINGAMAN, Mr. SMITH, Ms. CANTWELL, Mr. DOMENICI, Mrs. BOXER, Mr. CRAIG, Mrs. MURRAY, Mr. CRAPO, Mr. TESTER, Mr. STEVENS, Mr. BENNETT, and Ms. MURKOWSKI, proposes an amendment numbered 709.

Mr. WYDEN. Mr. 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:

(The amendment is printed in today's RECORD under ''Text of Amendments.'')

Mr. WYDEN. Mr. President, a great many Senators of both political parties have signed on as cosponsors of this legislation: the distinguished Senate majority leader; the chairman of the Senate Finance Committee, Chairman BAUCUS; chairman of the Energy Committee, Senator BINGAMAN; Senators SMITH, DOMENICI, CRAIG, STEVENS, BENNETT, CANTWELL, BOXER, MURRAY, CRAPO, TESTER, and MURKOWSKI. A great many Senators have agreed to be cosponsors.

My understanding is that, perhaps, in a few minutes the Senate is going to be given a choice of two approaches on how to deal with this issue: the approach that I and a large bipartisan group of Senators are offering this afternoon or an approach that will be offered by the distinguished Senator from North Carolina, our colleague, Senator BURR, which, in my view, is very restrictive and, unfortunately, it is not in line with what Senator CRAIG and I sought to do on a bipartisan basis back in 2000.

Our law that was enacted at that time was called the Secure Rural Schools and Community Self-Determination Act. Unfortunately, as I understand it, the proposal offered by the distinguished Senator from North Carolina would, for example, make it very difficult for local law enforcement to get some of these essential dollars that have been absolutely critical to public safety for all these years.

My view is that, under our bipartisan proposal, local law enforcement would have at least a fair measure of the resources they need to fight methamphetamine in local communities across the country. Our colleague from North Carolina, in his approach, would not make that possible.

So I hope that, as colleagues consider this debate, they will vote in favor of the amendment I offer this afternoon, on behalf of the large group of Senators of both political parties who have been intimately involved in this program for many years.

Our amendment is fully paid for through the good work of the chairman of the Senate Finance Committee, and I hope our colleagues will vote for our amendment and will reject the amendment of the Senator from North Carolina, which is much more restrictive and, unfortunately, forgets the second part of the legislation that is so vital to rural communities and that is law enforcement and roads and other essential services.

I had a chance to speak on this earlier, so I will be brief. Other colleagues would like to speak as well. The reality in rural America and the rural West is that communities are about to fall off a financial cliff.

They are going to lose these essential funds that have been part of a Federal obligation for more than a hundred years. It is not a welfare program. It is not some kind of a handout that goes to rural communities in the West. These are communities where the Federal Government owns most of the land. The local community is not allowed to maximize its revenues on those lands because the Federal Government has essentially said we are not going to treat them as private property, where you generate a sale and revenue and you pay for essential services.

So the Federal Government entered into an agreement more than a hundred years ago to provide compensation to those local communities where the Federal Government owned most of the land. What our bipartisan group wants to do is update and modernize that obligation that was incurred more than a hundred years ago when the Federal forest system was established.

Our amendment would resolve the budget crisis that is confronting rural communities by fully funding the County Payments Program for 2007, and then we set in place a formula that was negotiated for many months through a large group of Senators.

I have the chart indicating the new formula that has been put into place. It makes it very clear that Senators understand this program, because of the

will of this body, ought to be modernized. That is what we have done. But in addition to that effort, we have made sure the Payment in Lieu of Taxes Program, which compensates States for the loss of tax revenue from Federal lands in that State, would receive support as well. And every county in our country with Federal land would benefit from this particular program. The emergency funding is what gets us over the first year of the program; it is a 5-year program. Senator BAUCUS has been willing because he feels strongly about making sure when the Federal Government steps in and goes to bat for rural communities, that it will be fully paid for. On the Senate Finance Committee, because of Chairman BAUCUS's leadership, we are going to raise those funds by closing tax loopholes.

I know my friend from North Carolina is going so speak in a moment. I wish to note, again, a number of colleagues on the other side of the aisle who are supporting this: Senators SMITH, DOMENICI, CRAIG, CRAPO, STEVENS, BENNETT, and MURKOWSKI. They have all said that this amendment is the way to go if you want to stand up for rural communities. But if you want to make a break with 100 years' worth of history and not even give rural communities the opportunity to get support, as they historically have, for local law enforcement, then Senators can vote for the amendment offered by our colleague from North Carolina, Senator BURR. I hope my colleagues will not do that.

We are going to have two votes. One will be on the amendment I offered with that large bipartisan group of Senators I listed. I hope Senators will vote in favor of that amendment.

There will be another amendment offered by the Senator from North Carolina. For the reasons I have described this afternoon, I hope Senators will vote against that. Keep in mind that under the amendment offered by the Senator from North Carolina, if you have people who are concerned about local law enforcement they are not, under the amendment of the Senator from North Carolina, going to be able to get support as it relates to law enforcement—the needed support to fight meth and to be able to protect public safety in their communities. That is why the large coalition I have described this afternoon is in favor of what I am proposing.

The Senator from North Carolina has come to the floor. I have enormous respect for him. He is going to be the ranking member on the subcommittee. We don't happen to see eye to eye on this issue. I point out that the predecessor of the Senator from North Carolina, Senator CRAIG, is a cosponsor of this amendment. He remembers the history from back in 2000, when we came together. It is my intent to allow the Senator from North Carolina time to offer his amendment as well, and then at that time I would like to respond to what the distinguished Senator from North Carolina said about his amendment.

The PRESIDING OFFICER. The Senator from Illinois is recognized.

Mr. OBAMA. Mr. President, is it possible for the Senator from Oregon to yield to me briefly so I could call up an amendment? I will call it up, would not discuss it and it can then be set aside and we can immediately go to the Senator from North Carolina.

Mr. WYDEN. I have no objection.

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

AMENDMENT NO. 664

Mr. OBAMA. Mr. President, I ask unanimous consent that the pending amendment be set aside so I may call up amendment No. 664.

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

The clerk will report.

The assistant legislative read as follows:

The Senator from Illinois [Mr. OBAMA], for himself, Mrs. MCCASKILL, Ms. MIKULSKI, Mr. HARKIN, Mr. KERRY, Ms. CANTWELL, Mr. BIDEN, Mr. BINGAMAN, Mr. CASEY, Mr. DURBIN, and Mr. BAUCUS, proposes an amendment numbered 664.

Mr. OBAMA. Mr. 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 appropriate an additional $58,000,000 for Defense Health program for additional mental health and related personnel, an additional $10,000,000 for operation and maintenance for each of the military departments for improved physical disability evaluations of members of the Armed Forces, and an additional $15,000,000 for Defense Health Program for women's mental health services)

At the end of chapter 3 of title I, add the following:

SEC. 1316. ADDITIONAL AMOUNT FOR DEFENSE HEALTH PROGRAM FOR ADDITIONAL MENTAL HEALTH AND RELATED PERSONNEL.

The amount appropriated or otherwise made available by this chapter under the heading ''DEFENSE HEALTH PROGRAM'' is hereby increased by $58,000,000, with the amount of the increase to be available for additional caseworkers at military medical treatment facilities and other military facilities housing patients to participate in, enhance, and assist the Physical Disability Evaluation System (PDES) process, and for additional mental health and mental crisis counselors at military medical treatment facilities and other military facilities housing patients for services for members of the Armed Forces and their families.

SEC. 1317. ADDITIONAL AMOUNTS FOR OPERATION AND MAINTENANCE FOR THE MILITARY DEPARTMENTS FOR IMPROVED PHYSICAL DISABILITY EVALUATIONS OF MEMBERS OF THE ARMED FORCES.

(a) ADDITIONAL AMOUNT FOR OPERATION AND MAINTENANCE, ARMY.—The amount appropriated or otherwise made available by this chapter under the heading ''OPERATION AND MAINTENANCE, ARMY'' is hereby increased by $10,000,000, with the amount of the increase to be available in accordance with subsection (d).

(b) ADDITIONAL AMOUNTS FOR OPERATION AND MAINTENANCE FOR DEPARTMENT OF THE NAVY.—The aggregate amount appropriated or otherwise made available by this chapter under the headings ''OPERATION AND MAINTENANCE, NAVY'' and ''OPERATION AND MAINTENANCE, MARINE CORPS'' is hereby increased by $10,000,000, with the amount of the increase to be available in accordance with subsection (d).

(c) ADDITIONAL AMOUNT FOR OPERATION AND MAINTENANCE, AIR FORCE.—The amount appropriated or otherwise made available by this __chapter under the heading ''OPERATION AND MAINTENANCE, AIR FORCE'' is hereby increased by $10,000,000, with the amount of the increase to be available in accordance with subsection (d).

(d) INTERNET ACCESS TO PHYSICAL DISABILITY EVALUATIONS OF MEMBERS OF THE ARMED FORCES.—

(1) IN GENERAL.—Each Secretary of a military department shall, utilizing amounts appropriated by the applicable subsection of this section, develop and implement an Internet website to permit members of the Armed Forces who are subject to the Physical Disability Evaluation system of such military department to participate in such system through the Internet.

(2) ELEMENTS.—Each Internet website under paragraph (1) shall include the following:

(A) The availability of any forms required for the utilization of the physical disability evaluation system concerned by members of the Armed Forces who are subject to such system.

(B) Secure mechanisms for the submission of forms described in subparagraph (A) by members of the Armed Forces described in that subparagraph, and for the tracking by such members of the acceptance and review of any forms so submitted.

(C) Secure mechanisms for advising members of the Armed Forces described in subparagraph (A) of any additional information, forms, or other items that are required for the acceptance and review of any forms so submitted.

(D) The continuous availability of assistance for members of the Armed Forces described in subparagraph (A), including assistance through the caseworkers assigned to such members, in submitting and tracking forms, including assistance in obtaining information, forms, or other items described by subparagraph (C).

SEC. 1318. ADDITIONAL AMOUNT FOR DEFENSE HEALTH PROGRAM FOR WOMEN'S MENTAL HEALTH SERVICES.

The amount appropriated or otherwise made available by this chapter under the heading ''DEFENSE HEALTH PROGRAM'' is hereby increased by $15,000,000, with the amount of the increase to be available for the development and implementation of a women's mental health treatment program for women members of the Armed Forces to help screen and treat women members of the Armed Forces, including services and treatment for women who have experienced post-traumatic stress disorder and services and treatment for women who have experienced sexual assault or abuse, which services shall include the hiring and training of sexual abuse crisis counselors for members of the Armed Forces who have experienced sexual abuse or assault.

SEC. 1319. STUDY ON MENTAL HEALTH AND READJUSTMENT NEEDS OF MEMBERS AND FORMER MEMBERS OF THE ARMED FORCES WHO DEPLOYED IN OPERATION IRAQI FREEDOM AND OPERATION ENDURING FREEDOM AND THEIR FAMILIES.

(a) IN GENERAL.—Using amounts appropriated or otherwise made available by this chapter under the heading ''DEFENSE HEALTH PROGRAM'', the Secretary of Defense shall, in

consultation with the Secretary of Veterans Affairs, enter into an agreement with the National Academy of Sciences for a study on the mental health and readjustment needs of members and former members of the Armed Forces who deployed in Operation Iraqi Freedom or Operation Enduring Freedom and their families as a result of such deployment.

(b) PHASES.—The study required under subsection (a) shall consist of two phases:

(1) A preliminary phase, to be completed not later than 180 days after the date of the enactment of this Act, to determine the parameters of the final phase of the study under paragraph (2).

(2) A second phase, to be completed not later than two years after the date of the enactment of this Act, to carry out a comprehensive assessment, in accordance with the parameters identified under paragraph (1), of the mental health and readjustment needs of members and former members of the Armed Forces who deployed in Operation Iraqi Freedom or Operation Enduring Freedom and their families as a result of such deployment.

(c) REPORTS.—The Secretary of Defense shall submit to Congress, and make available to the public, a comprehensive report on each phase of the study required under subsection (a) not later than 30 days after the date of the completion of such phase of the study.

Mr. OBAMA. I ask unanimous consent that Senators CASEY, BAUCUS, and DURBIN be added as cosponsors.

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

The Senator from North Carolina is recognized.

Mr. BURR. Madam President, I ask unanimous consent to set the pending amendment aside.

The PRESIDING OFFICER (Mrs. MCCASKILL). Without objection, it is so ordered.

AMENDMENT NO. 709

Mr. BURR. Madam President, I ask unanimous consent to resume consideration of the Wyden amendment.

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

Mr. BURR. Madam President, I have deep respect for my colleague, Senator WYDEN. We worked together in the House. We will work together in the Senate. As he said, this is a small disagreement we have because I believe when you have a bill that says this money is going to be used for schools and communities, we should make a commitment that this money in fact does go to our Nation's schools. Today, through my amendment, we have an opportunity to make an obligation to education.

Seventy percent of our children in high school today graduate on time. In North Carolina it is 68 percent. That is 32 percent of students who don't graduate on time. We hear on the floor of this institution state all the time that there's a need to make a commitment to education. And I believe we need to make a commitment to it.

I believe we need to make a commitment on this bill. This program was set to sunset this year. That means the Congress, in the past, set this program to expire, to go away; that the Federal Government had met its obligation. I don't disagree with the Senators from Oregon, Senator WYDEN and Senator SMITH, who have both been instrumental on this. North Carolina is a beneficiary. We have a tremendous amount of public land. I think it should continue. But at a time that we are required to prioritize where we make our investment, I believe we would help every community by saying 80 percent of the new money—not the money we were using up until this point but the almost $500 million of additional money per year we are going to pump into this program, all new money, that 80 percent of it ought to be used for our schools. It ought to be used for public education and ought to be there to support school construction, K through 12, No Child Left Behind. It ought to focus on high school graduation.

We should take America's high school children from 70 percent graduation and drive it to 100 percent graduation. I heard the argument this was about economic development, about communities, about law enforcement. If you solve education, you lessen the need for law enforcement. The reason we need so many cops on the beat today, that we need more schools, is because our children don't have the skills to compete in the job market. So, yes, we can add policemen and make all Federal dollars open for every community to decide how they use them, but let me assure you, if we don't educate our children, no matter how much money is pumped into those communities, they will have cancer in them.

What am I doing? It is very simple. I am going to offer an amendment that requires 80 to 85 percent of the new dollars to be devoted solely to education. That way every community that is the beneficiary of this money—Oregon, with millions of dollars, and North Carolina, with the several million dollars it gets. It is not enough to solve the education problem, but it shows a commitment on our part to make sure we are willing to contribute the Federal dollars that are available to begin to address this cancer our kids have succumbed to.

AMENDMENT NO. 716 TO AMENDMENT NO. 709

At this time, Madam President, I send to the desk a second-degree amendment to the Wyden amendment.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from North Carolina [Mr. BURR] proposes amendment numbered 716 to amendment No. 709.

Mr. BURR. Madam 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 require that payments to eligible States and eligible counties only be used for public schools)

Beginning on page 13, strike line 22 and all that follows through page 17, line 18, and insert the following:

''(2) EXPENDITURE PURPOSES.—Subject to subsection (d), payments received by a State under subsection (a) and distributed to eligible counties shall be expended only for public schools of the eligible county.

''(d) EXPENDITURE RULES FOR ELIGIBLE COUNTIES.—

''(1) ALLOCATIONS.—

''(A) IN GENERAL.—Except as provided in paragraph (3)(B), if an eligible county elects to receive its share of the State payment or the county payment, not less than 80 percent, but not more than 85 percent, of the funds shall be expended only for public schools of the eligible county.

''(B) ELECTION AS TO USE OF BALANCE.—Except as provided in subparagraph (C), an eligible county shall elect to do 1 or more of the following with the balance of any funds not expended pursuant to subparagraph (A):

''(i) Reserve any portion of the balance for projects in accordance with title II.

''(ii) Reserve not more than 7 percent of the total share for the eligible county of the State payment or the county payment for projects in accordance with title III.

''(iii) Return the portion of the balance not reserved under clauses (i) and (ii) to the Treasury of the United States.

''(C) COUNTIES WITH MODEST DISTRIBUTIONS.—In the case of each eligible county to which more than $100,000, but less than $350,000, is distributed for any fiscal year pursuant to either or both of paragraphs (1)(B) and (2)(B) of subsection (a), the eligible county, with respect to the balance of any funds not expended pursuant to subparagraph (A) for that fiscal year, shall—

''(i) reserve any portion of the balance for—

''(I) carrying out projects under title II;

''(II) carrying out projects under title III; or

''(III) a combination of the purposes described in subclauses (I) and (II); or

''(ii) return the portion of the balance not reserved under clause (i) to the Treasury of the United States.

''(2) DISTRIBUTION OF FUNDS.—

''(A) IN GENERAL.—Funds reserved by an eligible county under subparagraph (B)(i) or (C)(i)(I) of paragraph (1) shall be deposited in a special account in the Treasury of the United States.

''(B) AVAILABILITY.—Amounts deposited under subparagraph (A) shall—

''(i) be available for expenditure by the Secretary concerned, without further appropriation; and

''(ii) remain available until expended in accordance with title II.

''(3) ELECTION.—

''(A) NOTIFICATION.—

''(i) IN GENERAL.—An eligible county shall notify the Secretary concerned of an election by the eligible county under this subsection not later than September 30 of each fiscal year.

''(ii) FAILURE TO ELECT.—Except as provided in subparagraph (B), if the eligible county fails to make an election by the date specified in clause (i), the eligible county shall—

''(I) be considered to have elected to expend 85 percent of the funds in accordance with paragraph (1)(A); and

''(II) return the balance to the Treasury of the United States.

''(B) COUNTIES WITH MINOR DISTRIBUTIONS.—In the case of each eligible county to which less than $100,000 is distributed for any fiscal

year pursuant to either or both of paragraphs (1)(B) and (2)(B) of subsection (a), the eligible county may elect to expend all the funds for public schools in the eligible county.

Mr. BURR. Madam President, it is very simple. The question before us, whether it is a side-by-side we decide on or a second-degree amendment, is: Are we going to commit to using part of these Federal dollars that States deserve—because it is in many cases in lieu of Federal payments for a tax—are we going to commit those to local school systems to educate our children? That is the decision we will have.

At the end of the day, I am going to support Wyden-Reid-Baucus-Bingaman, and however many more people go on the chart before we actually have a vote, but before that vote we will have a decision as to whether we are going to make a commitment to education in this country, and I urge my colleagues to vote in favor of that.

Mr. WYDEN. Madam President, I see the distinguished Senator from Arizona is here, but I wish to briefly respond to the comments of Senator BURR.

When we do vote, again I would highlight that I hope Senators, on a bipartisan basis, for the amendment I am offering on behalf of the large group that includes Senator SMITH, Senator DOMENICI, Senator CRAIG, Senator MURKOWSKI, and a great many Senators on the other side, virtually every Democrat, will reject the Burr amendment. Here is the difference, and it is striking.

The Burr amendment, offered by our distinguished colleague from North Carolina, sets in place a Federal mandate. It is a one-size-fits-all approach that somehow we ought to decide here in Washington, DC what happens in these local communities. What I have decided, with our bipartisan coalition, is we ought to have an approach that gives local communities a lot of flexibility and a lot of freedom to design approaches that are tailor made to their area.

I have mentioned law enforcement, for example, as one critical area a local community might want to support under the approach I offer with our bipartisan group but which cannot be offered under the approach of the distinguished Senator from North Carolina, and there would be other examples as well.

For example, if a community was concerned about its roads and was troubled about the prospect that their roads were dangerous, so that, for example, in the snowy seasons it would be treacherous for kids to get to school, under our amendment local communities would have the flexibility to support some of that upkeep for local roads. I have been told in communities such as Fossil, in my home State, they don't think they even have a roads program without the county payments legislation. So there are stark differences between the approach offered by the Senator from North Carolina and the bipartisan approach I am offering today with many of our colleagues.

At the end of the day, the difference is the Senator from North Carolina is offering a Federal mandate which ties the hands of local communities and local school districts, and I gather is one of the reasons some educational advocates have already come out against the amendment of the Senator from North Carolina.

I hope our colleagues will support the approach we are advocating today which gives local communities real flexibility, ensures that the Federal Government is keeping its obligation—its more than 100-year obligation—to these rural communities, but updates it, as we have sought to do with this payment in lieu of taxes provision in our amendment and with the new formula—a formula, as the distinguished Senator from Washington, the manager of the legislation, mentioned was arrived at only through some very difficult negotiations with many Senators involved.

So when Senators vote in a few minutes, I hope they will support the amendment I am offering today, with the large group of bipartisan sponsors, and reject the amendment offered by the Senator from North Carolina which, in my view, is a Federal mandate that greatly limits the ability to make the best use of these county payments dollars.

Mrs. FEINSTEIN. Madam President, I rise today in support of Senator WYDEN's amendment to the emergency supplemental appropriations bill that would provide critical funding for a multiyear extension of the Secure Rural Schools and Community Self-Determination Act and fully fund the Payment in Lieu of Taxes, PILT, Program.

This amendment provides nearly $5 billion for rural schools, counties and communities through 2012—crucial to California's rural counties, which face a devastating loss in Federal funding.

Last Thursday, March 22, my colleagues and I on the Senate Appropriations Committee approved the inclusion of $425 million in emergency appropriations to fund the Secure Rural Schools program for 1 year in the emergency supplemental—helping to immediately address the pending budget crisis confronting over 700 counties in 39 States, including my State of California.

This emergency funding adds $425 million to the $100 million available from the 25 percent of receipts that compensate counties for reductions in timber harvest on public lands.

However, our counties should not have to rely on emergency funding year after year and be faced with such uncertainty.

We must provide our rural counties with a stable funding stream so that they are not in the same dire situation next year and can plan for the future.

This amendment, supported by the National Association of County Officials, the National Forest Counties and Schools Coalition, and the National Education Association, would maintain a safety net for counties while gliding down funding in a predictable manner so counties can fiscally prepare for the future.

Specifically, this amendment would provide $2.8 billion in funding over 5 years for a multiyear extension of the Secure Rural Schools Program. It would also provide $1.9 billion to fund the Payment in Lieu of Taxes, PILT, Program for 5 years, from 2008 through 2012. This program compensates States for the loss of tax revenue from Federal lands in the State. It would also provide funding beyond fiscal year 2007 to be fully paid for by a combination of tax offsets.

In addition, it would provide California, Oregon, and Washington with additional transition funding in the early years to minimize the effects of the overall decline of the total authorization level to $379 million in 2011 under the Secure Rural Schools Program. The additional transition funding for these States—California, Oregon, and Washington—would also help counties with adjusting to the new funding formula under the Secure Rural Schools Program.

The new funding formula would be based on the current formula of historical payments and the current acreage of U.S. Forest Service and eligible Bureau of Land Management lands, along with mechanism to focus support on those communities in greatest economic need.

Under this amendment, California's counties would receive $283 million in funding from fiscal year 2007 to fiscal year 2011 from the Secure Rural Schools Program. Without this funding, mostly rural California counties would face sudden, catastrophic cuts. Counties in California would lose $57 million this year alone if the Secure Rural Schools Program is not extended.

Last year, California's counties received $69 million to fund their schools and road and forest improvement projects from this program. The loss of these Federal funds would have a devastating impact on California's rural counties, resulting in school closures, teacher layoffs, and some schools could even face bankruptcy or State takeover. Furthermore, essential road and forest improvement projects would be jeopardized.

For example, Trinity County received almost $8 million in funding, and all school districts in the county could be faced with bankruptcy and would have to eliminate the school curriculum, cut one full-time school nurse—leaving one nurse to cover the entire 4,000-square-mile county—and cut music and arts programs.

Plumas County, which received $7.5 million, would have to lay off teachers—resulting in increased class sizes in grades K through 12—eliminate all school librarians, and close school cafeterias.

Lassen County received $4 million, and over half of the 10 school districts in the county would be faced with budget insolvency—resulting in school libraries being closed, teacher layoffs, the elimination of school-based health services, and the reduction of teacher training and student textbooks.

We simply cannot allow this to happen.

It is critical that we provide immediate and long-term funding to our rural counties that depend on the Secure Rural Schools Program for their livelihood.

This amendment would also fund the Payment in Lieu of Taxes, PILT, Program, providing $1.9 billion over 5 years.

This means California would receive an estimated $11 million or more in additional dollars annually on top of the $21 million the State currently receives from the Payment in Lieu of Taxes Program.

In recognition of the reality that Federal lands pay no local property taxes, PILT compensates counties for the Federal lands within their borders. PILT compensation is especially important for rural counties with heavy concentrations of Federal lands that reduce their available tax base.

I urge my colleagues to support this amendment so we can ensure that our Nation's rural counties continue to receive much needed resources to serve their schools and communities.

Mr. CRAPO. Madam President, I rise today in support of the funding provided in the supplemental appropriations legislation for continuation of the Secure Rural Schools and Community Self-Determination Act, and the 5-year reauthorization of the program through the Wyden amendment. Counties and school districts across this country are poised to cut much needed jobs and services without this continuation. Many of us have heard the urgent calls from constituents. The message has been clear—''Please help us.'' And, I'm proud to answer that call by supporting this reauthorization.

For example, Idaho's Fremont County is one of the counties across the State and Nation that have been faced with a dire situation. Fremont County is looking at not only eliminating road and bridge services but also students would be impacted by a loss of nursing services for students, playground and safety equipment at elementary schools, library books, and continuing education instructions. Counties across Idaho face similar difficult emergency situations.

Ideally, management of our forested land would generate the revenue necessary to assist with services in cash-strapped communities with large amounts of federally owned land. Unfortunately, that just hasn't been the case for some time. We must continue to work to remove impediments to forest health and productivity. However, in the meantime, Congress must commit the resources necessary to ensure that rural communities across this country do not have to forgo road maintenance, close libraries, and make cuts to children's education. Anything less is unacceptable.

The legislation before us today would respond by fully funding PILT through 2012 reauthorizing Secure Rural Schools through 2011, reauthorizing the valuable Resource Advisory Committees, RACs, and phasing down the payments over time. I urge other Senators to join me in supporting this amendment that fulfills the responsibility to these communities that shoulder the local cost of the public lands we all enjoy.

Thank you for the opportunity to share a few words.

Madam President, I yield the floor.

Mrs. MURRAY. Madam President, I thank the Senator from Oregon for offering this amendment.

Madam President, I ask unanimous consent that Senator SALAZAR be allowed to speak for 3 minutes on the pending amendment, and that Senator MCCAIN, who has been waiting, follow Senator SALAZAR with his comments.

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

The Senator from Colorado is recognized for 3 minutes.

Mr. SALAZAR. Madam President, I thank my good friend, the distinguished Senator from Arizona, and I thank Senator MURRAY and Senator WYDEN as well.

I wish to make two quick points in support of the amendment Senator WYDEN and our colleagues have brought to the Senate floor today.

The reality of the West in America is so much of our lands are owned by the Federal Government. We have about a third of the entire State of Colorado—and it is a big State, but it is about a third of that State—that is owned by the Federal Government. In some of those counties in my State, 95 to 98 percent of the lands is owned by the Federal Government as well. So they have been dependent on payments in lieu of taxes in order for them to be able to pay the expenses of their government.

Unfortunately, what has happened over many years in the past is there has not been the full funding of the Payment in Lieu of Taxes Program. The consequence of that is some of these small rural counties in my State of Colorado have not had the financial wherewithal to be able to move forward with the functioning of their government. I am hopeful the bipartisan coalition Senator WYDEN has put together will help us move forward in the full funding of the bill.

Secondly, I wish to make a quick comment about the Secure Rural Schools and Community Self-Determination Act of 2000. I fully support that part of this legislation. I know the importance of funding for those rural school districts. The rural school district I grew up in would receive about one-half of the funding that is being spent in other school districts in the metropolitan areas. What this funding will do is help equalize the amount of funding we are putting into equal education opportunity for all people, so it doesn't matter whether you come from a wealthy urban area or you come from one of the poorest, most rural, remote areas, there will be that funding assistance so everyone in America has an equal educational opportunity.

Madam President, I yield the floor again, thanking my colleagues and Senator MCCAIN for yielding to me first.

Mrs. MURRAY. Madam President, I ask unanimous consent that following the Senator from Arizona, the Senator from Virginia be recognized for 7 minutes.

The PRESIDING OFFICER. Is there objection?

The Chair hears none, and it is so ordered.

The Senator from Arizona.

Mr. MCCAIN. Madam President, I ask unanimous consent to set aside the pending amendment.

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

Mr. MCCAIN. Madam President, I rise in support of the amendment which we will be voting on at 5 p.m. that would, according to, I believe, the unanimous consent agreement, strike the language in this bill calling for a withdrawal of American forces from Iraq. These same provisions were rejected by the Senate 2 weeks ago by a 48-to-50 vote. Now here we are debating the same provisions that have the same serious problems. I hope they will be rejected again by the same, if not a larger, margin. Supporters of this provision say they want a date certain for a U.S. withdrawal from Iraq, but what they have offered us is more accurately described as a date certain for surrender—a date certain for surrender—with grave consequences for the future of Iraq, the stability of the Middle East, and the security of Americans at home and abroad. And they offer it just as the situation in Iraq, though still fraught with difficult challenges, is beginning to improve.

The new developments argue for more effort in Iraq rather than the withdrawal advocated by this bill's sponsors. As my colleagues know, I have been critical of the conduct of this war since 2003, and I very much regret that only now, 4 years into the conflict, are we beginning to implement the kind of strategy that was necessary from the start: a traditional counterinsurgency strategy that emphasizes protection of the population, economic development, and political progress, all with troop levels appropriate for the mission.

We are seeing today the emergence of precisely such a strategy. I would emphasize this point: This new plan is not ''stay the course.'' We are not staying the course in Iraq and I would not support the status quo any more than I have over the past 4 years. Nor have we

merely deployed a new commander, however capable, and additional forces. America is engaged today in a fundamentally new strategy, a new approach to the war, an approach that is already showing encouraging signs that it might succeed.

Until now, U.S. forces did not attempt to defeat the insurgency and the terrorists, protect the population, and end the violence so political and economic progress could occur. Most American troops spent their days on large forward-operating bases making forays out into hostile territory in which they were subject to ambush. Today, U.S. troops, along with Iraqi forces, are out of the FOBs and living in small outposts. Today, U.S. forces are operating throughout Baghdad, even in Shiite strongholds such as Sadr City, Sunni areas such as Mansoor, and mixed districts such as Rashid. As of March 15, 24 joint security stations were operational, with many more planned. American forces in these stations are visible every day, living among the population, building confidence that we—and not the terrorists—will prevail. Contrary to some predictions, this has not increased U.S. casualties. And, not surprisingly, our presence has resulted in a dramatic increase in actionable intelligence about terrorists.

You might not know it from reading newspapers or watching the evening news, but in Iraq today there are real signs the new strategy is working. I wish to spend a few moments outlining some of this progress, not to paint an overly rosy scenario but, rather, to correct what has become an almost single-minded focus in the Congress on the prospects of defeat. The debate in Congress has an ''Alice in Wonderland'' quality about it: We are debating efforts to micromanage a conflict based on what the conditions were 3 months ago, not on what the reality is today. Conditions have changed in Iraq. The Baghdad security plan—the ''surge''—is working far better than even the most optimistic supporter had predicted. The progress is tangible in many key areas despite the fact only 40 percent of the planned forces are in Iraq.

Allow me to review some specifics.

In Baghdad, the military has reported an increase in real-time, actionable intelligence provided to U.S. and Iraqi forces by a newly confident population. Prime Minister Maliki, who prevented U.S. troops from conducting certain Baghdad operations last year, has given the green light to American incursions throughout the city, including Shiite strongholds. All of the Iraqi army battalions called for under the plan have arrived, many at or above 75 percent of their programmed manning levels. Bomb attacks and murders are down since the surge began. Civilians killed in Baghdad numbered 1,222 in December, 954 in January, and fell to 494 in February. There are reports of Sunni and Shia moving back into neighborhoods from which they had fled constant and horrific violence. Markets that have been subject to horrific car bombings have been turned into pedestrian malls that facilitate commerce and thwart terrorists.

Moqtada al-Sadr has fled, possibly to Iran, and has ordered his followers not to oppose the new Baghdad security plan. The Madhi army, purportedly dedicated to the expulsion of Americans from Iraq, does not today openly challenge either U.S. or Iraqi forces. American troops are engaged in reconstruction efforts in Saudi City, with the cooperation of the local mayor. In the western part of Baghdad, our troops are establishing new outposts in areas—these areas here—that have been conduits for al-Qaida in Iraq penetration into the capital city, and have begun to clear these areas of terrorists and insurgents. The net result of all of this is key Shiite leaders are now claiming the Baghdad security plan was their idea, and are taking credit for the increase in security—a development that would have been unthinkable 3 months ago.

There is progress outside Baghdad as well:

Throughout Anbar Province, Sunni sheikhs have banded together to fight al-Qaida in Iraq, and are pouring recruits into the police forces. Sixteen of twenty-six tribes in that western province are now working against al-Qaida. With numerous senior al-Qaida leaders killed or captured, the younger, less experienced leaders are making mistakes, such as targeting respected sheikhs and murdering children, that have alienated Sunnis and their leaders.

In the town of Ramadi, hundreds of Iraqi police last week conducted a major sweep. In the surrounding areas—all of these surrounding areas—including Haditha and Hit, U.S. and Iraqis are conducting operations against al-Qaida and insurgents while protecting the population.

In Diyala Province U.S. forces expelled al-Qaida forces from one of their major bases in January, seized major weapons caches, disrupted fighter networks, and cleared cities and villages of al-Qaida fighters. A U.S. Stryker battalion has reinforced Diyala and is conducting major operations against AQI forces seeking to reconstitute. At the same time, other U.S. forces in Diyala are acting against rogue Mahdi Army leaders in the province and are holding the Diyala and Tigris Rivers to combat re-infiltration into Baghdad.

On the belt to the south of Baghdad, al-Qaida has come under heavy U.S. pressure in recent weeks, with American forces destroying car bomb factories and uncovering major weapons caches in areas such as Yusufiya, Latifiya, and Salman Pak.

In Mosul, U.S. and Iraqi forces have killed and captured numerous al-Qaida operatives since December.

In Samarra, American and Iraqi troops have captured al-Qaida facilitators and north of the city, Salahuddin Province, American troops have moved off of their forward operating base and into the town of Bayji, an important hub on the road network.

These developments, which have occurred just 1 month into the new strategy and with only a portion of the five additional U.S. brigades having yet deployed, suggest that, at long last, we have a strategy in Iraq that is succeeding. That is not to say that all is going well in Iraq; clearly, it is not. Violence continues, the Mahdi Army recently launched an attack in Basra, and one of Iraq's vice presidents was gravely wounded in a bomb attack. But we all know the negatives; we read about them every day and see them flash across our television screens hourly. The enemy knows how attention-getting car bombs are, and their strategy reflects this understanding.

We must try to stop such events, and push the Iraqi Government to move forward with its reconciliation efforts and meet the benchmarks laid out by the President. What we cannot do, and, for the sake of America's vital national security interests, we must not do, is give up just at the moment we are starting to turn things around in Iraq.

Yet in the face of this new reality, the proponents of the legislation offer one prescription for the future: withdrawal of U.S. forces. Despite the progress, despite the ongoing need for U.S. troops to stabilize Iraq and pave the way for a political solution, despite the moral burdens we have incurred as a result of our decision to topple Saddam Hussein, and, above all, despite the catastrophic consequences for vital U.S. interests that would follow a premature withdrawal from Iraq, the sponsors of this legislation would force precisely that.

To those who believe that the best course is to withdraw, I ask: Can you explain to the American people precisely what you believe to be the consequences of this action? If we follow the timetable included in this bill—to withdraw troops whether or not we are succeeding or failing; regardless of whether the country is secured; irrespective of whether the Iraqis can manage their own affairs alone, or whether the forces of terror and chaos will triumph—if we follow this timetable we risk a catastrophe for American national security interests.

Note that American national security interests are directly at stake. Not just Israeli interests, though Prime Minister Olmert has said that defeat in Iraq could be devastating for his country. Not just for our Arab friends and partners in the region, though they fear the consequences of massive humanitarian displacement, growing Iranian influence, and wider bloodshed. Not just for the Iraqis themselves, for whom genocide is a real prospect should sectarian violence spiral out of control. But for America. Success or failure in Iraq is the transcendent issue for our foreign policy and our national security. People say they want to defeat the terrorists. But if we withdraw

from Iraq prematurely, it will be the terrorists' greatest triumph.

Withdrawing before there is a stable and legitimate Iraqi authority would turn Iraq into a failed state, in the heart of the Middle East. We have seen a failed state emerge after U.S. disengagement once before, and it cost us terribly. In pre-9/11 Afghanistan, terrorists found sanctuary to train and plan attacks—including attacks against America—with impunity. If we leave Iraq based on an artificial timetable, al-Qaida will be free to plan, train for and conduct operations from Iraq just as they did from Afghanistan. We cannot make this fatal mistake twice.

If Iraq descends into chaos, the power vacuum there will invite further Iranian interference, at a time when Tehran already feels emboldened. Iraq's neighbors, from Saudi Arabia to Egypt to Turkey, would feel their own security eroding, and may intervene on the side of particular factions. This uncertain swirl of events could spark regional war severely damaging to America's fundamental security interests. And we would then face a terrible choice: watch the region burn, watch the terrorists establish new bases, with profound implications for the safety of Americans and their economic well-being, or send troops back into Iraq once again.

The proponents of withdrawal state that they envision no such catastrophe; they are not advocating a precipitous withdrawal but something more gradual, and they would leave American troops in place to focus on three limited objectives: protecting coalition personnel and infrastructure, training and equipping Iraqi forces, and conducting targeted counter-terrorism operations. But if these three missions sound familiar, that's because they formed the centerpiece of the strategy that was failing up until the beginning of this year. They would forbid counterinsurgency operations, protection of the population, and the other elements of our new strategy that are directly responsible for the successes we have seen this year. This legislation is a plan for failure. But neither failure nor success is the objective of its sponsors. They wish to get out of Iraq, whatever the consequences for America. They conceive no failure as worse than remaining in Iraq and no success worthy of additional sacrifice. They are wrong, terribly, terribly wrong.

These provisions draw a false distinction between terrorism and sectarian violence. Let us think about the implications of ordering American soldiers to target ''terrorists,'' but not those who foment sectarian violence. Was the attack on the Golden Mosque in Samarra a terrorist operation or the expression of sectarian violence? When the Mahdi Army attacks government police stations, are they acting as terrorists or as a militia? When AQI attacks a Shia village along the Diyala River, is that terrorism or sectarian violence? What about when an American soldier comes across some unknown assailant burying an IED in the road? The obvious answer is that such acts very often constitute terrorism in Iraq and sectarian violence in Iraq. The two are deeply intertwined. To try and make an artificial distinction between terrorism and sectarian violence is to fundamentally misunderstand al-Qaida's strategy which is to incite sectarian violence. To say that targeting terrorist violence is allowable while stopping sectarian violence is illegal flies in the face of this reality, and would make it impossible to fight this war against terrorism, let alone prevail in it.

Some Senators have taken a different tack, arguing that Iraq is still winnable but that, by withdrawing troops, we will actually maximize the chances of success. They concede that a withdrawal will encourage insurgents and terrorists to unleash greater violence on the Iraqi people, but believe that such violence might induce Iraqi politicians to make the political decisions necessary to end it. Could this possibly be true? Can we, by withdrawing our troops from Iraq, actually increase the stability in Iraq rather than risk catastrophe, and induce a political solution rather than make it less possible? Is success in Iraq as simple as issuing redeployment orders, a move blocked only by stubborn commanders and civilian authorities?

GEN David Petraeus, for one, believes that it is not. Of course the dire situation in Iraq demands a political solution. That is undeniably true. But a political solution among the Iraqis cannot be simply conjured. It is impossible for meaningful political and economic activity to take place in an environment as riddled with violence as Baghdad has been. Security is the precondition for political and economic progress, and without security, we will not see the political progress all of us agree is necessary. In this regard, there are positive indications. Prime Minister Maliki went to Ramadi to reach out to Sunnis, and the Iraqi Government is pushing through a new de-Baathification law. The oil revenue sharing law has been approved by the Council of Ministers and should be approved by parliament soon. Reports indicate that Iraqi officials are in discussions with a number of non-AQI Sunni insurgent groups, while fighting has broken out between AQI and Sunni insurgents.

Reconciliation is not the inevitable outcome of the new strategy. On the contrary, there is no guarantee of success. What the situation demands is not a guarantee, but rather a strategy designed to give us the best possible chance for success. This, I believe, is what the new plan represents.

The provisions our amendment would strike would force redeployments of U.S. forces within 120 days, and nearly all troops would have to leave Iraq by March 31, 2008. This does not incentivize the Government of Iraq to make tough decisions on reconciliation; it sets the stage for the Government's collapse. This arbitrary deadline informs our enemies when they need no longer fear American military power. It signals to the population that their best bet for security really does rest in the hands of militias, rather than the Government. It demonstrates to the Government that they cannot rely on us—after all, we are pulling out regardless of the situation or the consequences. And it tells the terrorists that they—not we—will prevail.

All of us want to bring our troops home, and to do so as soon as possible. None of us, no matter how we voted on the resolution authorizing this war, believes the situation that existed until recently is sustainable. But there is a new situation, a new reality in Iraq. This amendment ignores that reality and ignores the consequences that would flow from its adoption. When Congress authorized this war, we committed America to a mission that entails the greatest sacrifice a country can make, one that falls disproportionately on those Americans who love their country so much that they volunteer to risk their lives to accomplish that mission. When we authorized this war, we accepted the responsibility to make sure they could prevail. When we voted to send them into battle we asked them to use every ounce of their courage and fortitude on behalf of us.

This body unanimously confirmed General Petraeus. Why would we now deprive him of the opportunity to pursue the strategy he helped design and believes can work? Why would we hand our enemies a victory when we have finally taken the initiative and they are on the defensive? Let us give him and the soldiers he has the honor to command, Americans who are risking everything so that this new plan can succeed, the time necessary to achieve its objectives.

And let us elected officials who have the honor of overseeing the conduct of our soldiers' mission in Iraq exercise a lesser magnitude of courage—our political courage on behalf of them and the country they serve. If any Senator believes that our troops' sacrifice is truly in vain, the dictates of conscience demand that he or she act to prevent it. Those who would cut off all funding for this war, though I disagree deeply with their position, and dread its consequences, have the courage of their convictions, and I respect them for it.

If, on the other hand, you believe, as I do, that an increase of U.S. troops in Iraq, carrying out a counterinsurgency mission, provides the best chance for success in Iraq, then you should give your support to this new strategy. It may not be popular nor politically expedient, but we are always at our best when we put aside the small politics of the day in the interest of our Nation and the values upon which they rest.

Those are the only responsible, the only honorable choices before us. There

are no others. I wish there were. But here we are, confronting a political, military and moral dilemma of immense importance, with the country's most vital security interests and the lives of the best Americans among us at stake. May God grant us the wisdom and humility to make this difficult judgment in our country's best interests only, and the courage to accept our responsibility for the consequences that will ensue.

The PRESIDING OFFICER. The Senator from Washington.

Mrs. MURRAY. Madam President, under the previous unanimous consent agreement, at 3:45 we will return to the Cochran amendment. I ask unanimous consent that the Senator from Virginia, Mr. WEBB, proceed for up to 8 minutes and that the time remaining until 3:45 be allocated to the Senator from South Carolina, Mr. GRAHAM.

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

AMENDMENT NO. 692

The PRESIDING OFFICER. The Senator from Virginia.

Mr. WEBB. Madam President, I ask unanimous consent to call up my amendment No. 692.

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

The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Virginia [Mr. WEBB] proposed an amendment numbered 692.

The amendment is as follows:

(Purpose: To prohibit the use of funds for military operations in Iran)

At the appropriate place, insert the following:

SEC. ___. PROHIBITION ON USE OF FUNDS FOR MILITARY OPERATIONS IN IRAN.

(a) PROHIBITION.—Notwithstanding any other provision of law, no funds appropriated or otherwise made available by this Act may be obligated or expended for military operations or activities within or above the territory of Iran, or within the territorial waters of Iran, except pursuant to a specific authorization of Congress enacted in a statute enacted after the date of the enactment of this Act.

(b) EXCEPTIONS.—The prohibition in subsection (a) shall not apply with respect to military operations or activities as follows:

(1) Military operations or activities to directly repel an attack launched from within the territory of Iran.

(2) Military operations or activities to directly thwart an imminent attack to be launched from within the territory of Iran.

(3) Military operations or activities in hot pursuit of forces engaged outside the territory of Iran who thereafter enter into Iran.

(4) Intelligence collection activities of which Congress has been appropriately notified under applicable law.

(c) REPORT.—Not later than 24 hours after determining to utilize funds referred to in subsection (a) for purposes of a military operation described in subsection (b), the President shall submit to the appropriate committees of Congress a report on the determination, including a justification for the determination.

Mr. WEBB. Madam President, I have been on the Senate floor on a number of occasions to discuss the amendment which I am introducing today. I introduced it on March 5 as S. 759, which is a bill to prohibit the use of funds for military operations in Iran without the consent of the Congress. I am offering this legislation today as an amendment to the fiscal 2007 emergency supplemental appropriations bill, with the support of the chairman of the Appropriations Committee.

This bill has received a good bit of discussion and also a good bit of correspondence from various citizens groups that have gone to Members' offices. I will not take a great deal of time in terms of going through a lot of the debate about it. I would like to say at the outset that I have taken great care in the preparation of this amendment to ensure that it will not in any way prevent our military forces from carrying out their tactical responsibilities in places such as Iraq and in other areas that are on the coastlines and border lines of Iran. But I would like to emphasis that, in my view, this amendment is essential to revitalizing the constitutional health of our governmental process.

The purpose of this legislation is to restore a proper balance between the executive and legislative branches when it comes to the commencement of war. Any general attack on Iran would be, beyond cavil, a commencement of a new war in a region that is already enduring two costly and debilitating wars. If this action is to be taken, it should be done only with the full and considered consent of the Congress.

At the same time, the legislation allows American forces to directly respond to attacks or possible attacks which might be initiated from Iran, as well as those which might be begun elsewhere and then carry over into Iranian territory.

Specifically, the amendment requires that the President seek congressional authorization prior to commencing any broad military action in Iran, and it allows the following exceptions: first, military operations or activities that would directly repel an attack launched from within the territory of Iran; second, those activities that would directly thwart an imminent attack that would be launched from Iran; third, military operations or activities that would be in hot pursuit of forces engaged outside the territory of Iran who thereafter would enter Iran; and finally, those intelligence-collection activities that have been properly noticed to the appropriate committees of Congress.

The major function of the amendment again is to restore the constitutional balance. No administration should have the power to commence unproved military activities against Iran or any other nation without the approval of the Congress, but the issue of the day is Iran.

I am offering this amendment partly due to my concern over President Bush's signing statement which accompanied the 2002 congressional resolution authorizing the use of force in Iraq. That amendment, if you read it carefully, indicates that this administration believes it possesses the broadest imaginable authority to commence military action without the consent of the Congress. It should not be left unanswered by this body.

This amendment will not take any military operations off the table, any options off the table. It will not tie the hands of this administration if our military forces are actually attacked from Iranian soil or territorial waters or by forces that retreat into Iranian territory.

This is responsible legislation. I urge my colleagues to support it.

I yield the floor.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. GRAHAM. Madam President, I understand I have 7 minutes; is that correct?

The PRESIDING OFFICER. The Senator has until 3:45—9 minutes.

Mr. GRAHAM. I was going to yield to Senator COBURN.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized.

Mr. COBURN. Madam President, I ask unanimous consent to call up amendments and set them aside. That way, they can be considered as called up. Senator GRAHAM has graciously allowed me some of his time to do that. The amendment Nos. are 648, 649, 656, 657, 715, 717, and 718.

The PRESIDING OFFICER. The Senator from Washington.

Mrs. MURRAY. If the Senator would hold and let us take a quick look at that. Perhaps Senator GRAHAM could go ahead and use his time. We will talk, and then when Senator GRAHAM is done, before we begin the debate on the Cochran amendment, we can work with the Senator on an agreement on those amendments.

I object at this time, and I will work with the Senator to work out those amendments.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. GRAHAM. Madam President, I would like to associate myself with the comments of Senator MCCAIN about what is going on on the ground in Iraq. I thought he did an excellent job of explaining that this new strategy is just what it is described as being—new. We are not sending more people to do the same old thing. It is a fundamentally different approach to how we handle the situation in Iraq.

The situation in Iraq is the result of not having enough forces on the ground in the early parts of the war. The security environment in Iraq got out of control. The terrorists seized an opportunity to divide the Iraqis by bombing the Samarra mosque, the third most holy site in the Shia region in Samarra. Ever since then, we have been in a conflict between Shias and Sunnis in Baghdad.

Anbar has always been about Sunni insurgents trying to topple this infant

democracy, and it has been the place where al-Qaida has been hiding.

The progress is that the Sunni insurgency—the tribal chiefs are beginning to understand that their lives are better with the unified Iraq; that if they can share in the oil revenues of the country, future Sunni generations will be benefited. I think Shias are beginning to understand that to reject Al-Sadr—his view of Iraq becoming a Shia theocracy is not going to be accepted by people in the neighborhood and other folks living in Iraq. So I think every group is beginning to understand that through political reconciliation, they have a better, brighter future. The way to get political reconciliation is to control the violence. That is why we need more troops, more troops to hold areas previously cleared, to buy time for political reconciliation and economic progress, and the early indications are that it is working.

Now, what is not working. The Congress is not working. I think the Congress is about to make history in all of the wrong ways. Do we really want to be the first Congress—maybe ever in the history of the country, that I am aware of—that would, by congressional enactment, set a hard date to withdraw from a war in Iraq with which our vital national security interests as Americans are intertwined? What are the consequences of leaving in March or any other date in 2008? What happens when we leave? No one who is offering these amendments has really thought that through.

I do believe that a failed State in Iraq jeopardizes our national security interests for decades, is a loss in the war on terror, is an empowering event for extremists, a death blow to moderation, and that we need to see this through by changing course, and this is exactly what we are doing.

Setting a timeline for withdrawal is saying you have no confidence in General Petraeus to execute the plan we sent him to execute. It is saying we have no confidence in our military to deliver, because the day you set that date, you are going to freeze political reconciliation. People are not going to do deals the same way when they know America is going to leave at a certain date because what happens when America leaves will be thought of in terms of the consequences of a particular deal.

If we leave and Iraq is in chaos, the police and the army are unable to deal with the wolves of terrorism, then they are overwhelmed, the country breaks apart, and the regional consequences and the consequences to the world are monumental, in my opinion.

The first rule of medicine is to do no harm. It should be the first rule of politics. And we have done harm with our Iraqi strategy. We have assumed the best and never planned for the worst.

Whatever mistakes the Bush team has made, and there are many, the Congress is about to make the greatest mistake of all; that is, to tell the enemy what they have to do to get us out of Iraq on their terms, not ours. It is a death blow to moderation. Who in the Mideast will try to come together knowing that the United States cannot be counted on? What effect would it have on the worldwide terrorist networks if they believe, through their acts of violence and barbaric behavior, that America will leave?

We cannot let suicide bombers determine the fate of the 21st century. We cannot let people who will blow up children in a car determine the fate of Iraq. We cannot let that happen. We are bigger than that. We are better than that. I believe passionately, after five visits, with one more to come, that the people in Iraq want more. They are dying for their own freedom. I would leave tomorrow if I thought the Iraqi people were incapable of solving their problems. I do believe the majority of Shias, Sunnis, and Kurds want the same thing that every Member of this body wants for their family—a better life. They have looked into the abyss, and they are making the changes they need to make.

If we restrict funding, if we restrict our military commanders' ability to go after the enemy in all of its forms, we are doing them a disservice. If you set a hard deadline for withdrawal, you have doomed us as a nation to lose in Iraq. What good would it be for one person to be maimed or to die waiting on that day to come? If you pick March 2008, what do you tell a family member of the U.S. military why their loved one died or was harmed, knowing that the date killed our efforts to be successful? This is irresponsible. This does everything wrong that the Congress could do at a time when things could get better.

I cannot promise you success. But I know our last best chance lies with General Petraeus. Our last best chance lies with a reinforcement of a country and a military that needs it. The military needs this money. They deserve this money without strings attached. They deserve a chance to turn Iraq around to make us free.

The House may be satisfied with this vote on the supplemental, and they may think this is a victory for the Democratic leadership in the House. I think this is a shameful chapter in the history of the House. These votes to pass this bill were literally bought. There is money in this bill, the supplemental bill, that has nothing to do with the military, nothing to do with Iraq, and there was money being spent to buy votes to make sure we drive ourselves out of Iraq without consequence and the thought of what happens.

If we do not pass a supplemental soon, Secretary Gates has laid out what happens in April, May, and June to our military. Because of time limitations, I will not go into detail on what happens to the military, but I can tell you with certainty that the military needs this money for ongoing operations, and every month and week that goes by without this money going into the Department of Defense, major decisions have to be made that compromise troop safety, that hurt the quality of life of families, and keep this surge from being successful.

If your goal is to end this war because you think we have lost, choose an honorable path. The honorable path would be to come to this floor, offer an amendment to stop funding now and get out of Iraq as soon as possible. A date certain a year from now, a year and a half from now, whatever date you pick, it ensures we lose, and it ensures that the people who are left there to fight until that day comes get injured and die in vain.

This is the wrong way to run a war. This is the wrong way to fight terrorism.

Three weeks ago, I was at Guantanamo Bay listening to Shaikh Mohammed, the mastermind of 9/11, explaining why he was at war with us. He will be at war with us until his last breath. There are people like him in Iraq measuring us as a nation. Please do not send them the wrong signal. Fund our troops without condition. Stand behind General Petraeus because he deserves our support.

We sent him off to do a mission. Give him the resources to do it, and in time we will figure this out. This is not an open-ended commitment. I know as well as everybody else that we are not going to be in Iraq forever. But we need to be in Iraq on terms that will empower moderates and deflate extremists. I believe the Iraqi political leadership, given the breathing space, will have the ability, with our support, to reconcile their country because it is in their best interests. Literally thousands of Iraqis have died for their own freedom. What more can we ask of someone. Political reconciliation is hard. It took us 13 years to write our Constitution. We were at civil war among ourselves. Democracy is hard, but it is worth fighting for.

AMENDMENT NO. 643

The PRESIDING OFFICER (Mr. TESTER). The Senator from Washington.

Mrs. MURRAY. Mr. President, under the previous consent agreement, for the information of all Senators, we are now going to the debate on the Cochran amendment; is that correct?

The PRESIDING OFFICER. Under the previous order, the time until 5 p.m. is for debate with respect to amendment number 643, with the time equally divided and controlled between the two leaders or their designees.

Mrs. MURRAY. I yield 12 minutes to the Senator from West Virginia, Mr. BYRD.

The PRESIDING OFFICER. The Senator from West Virginia is recognized.

Mr. BYRD. Mr. President, I thank the able Senator from Washington.

While I oppose the amendment by the Senator from Mississippi, I thank him for his courtesy in bringing this bill to

the floor. In order to facilitate Senate action on this critical supplemental bill, the Senate Appropriations Committee reported a bill by voice vote on Thursday, March 22. Again, I thank the able Senator from Mississippi, Mr. COCHRAN, for his support.

In this 2007 supplemental, the Congress is providing nearly $100 billion to support our military and diplomatic efforts in Iraq and Afghanistan. This brings total appropriations for the wars to nearly $170 billion for this year alone. When Congress approves this supplemental, it will have appropriated $448 billion for the war in Iraq.

As the conflict in Iraq enters its fifth year, more than 3,220 members of the uniformed services have sacrificed their lives, with over 24,000 more wounded, many grievously wounded. The Iraq conflict most certainly has become a civil war. The American people need to know what we are accomplishing by remaining in Iraq. How much longer will Congress continue to blindly write checks for this failed strategy in Iraq? Supporting the troops means doing all we can to remove them from this violent internal sectarian conflict in Iraq.

The American people have made it very clear where they stand on this matter. A large majority of Americans, according to any number of polls, wants the troops home, and the sooner the better. I, for one, am not so stubborn that I will keep marching on toward some intangible success in Iraq, no matter how many may die, no matter how many may be wounded, and no matter how many families are torn apart by grief. A continued U.S. presence is a catalyst for violence in Iraq and in the region. It is time to remove that spark from this volatile situation and pursue a diplomatic track which may lead to a national reconciliation for the people of Iraq.

The language in this bill encourages a decrease in Iraqi reliance on U.S. troops to keep the peace in Iraq and pave the way for the Iraqi people to take steps toward national reconciliation. The language in the bill is not Draconian, nor is it precipitous. It is simply a recognition of the reality of the situation in Iraq. It calls for a gradual redeployment of U.S. troops in conjunction with concerted efforts to train and equip Iraqi security forces while building regional and international support for the Iraqi Government. The language permits continued counterterrorism operations by U.S. forces and allows a limited number of U.S. forces to remain in order to protect U.S. and coalition personnel and infrastructure. That is not a precipitous withdrawal. It is not cutting and running. Rather, it is a commonsense compromise between those who want all the troops home now and those who advocate a continued massive American presence in Iraq.

It is time—yes, time—to change course in Iraq before 3,000 more Americans and thousands more Iraqis are killed.

I urge my colleagues to oppose the amendment to strike section 1315(a) and (b) of the bill.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. COCHRAN. I yield the distinguished Senator from Louisiana 5 minutes.

The PRESIDING OFFICER. The Senator from Louisiana is recognized.

Mr. VITTER. Mr. President, I rise to encourage all of my colleagues, Democrat and Republican, to support the Cochran amendment as a responsible action. The situation in Iraq is deeply controversial and divisive. As we debate it, everyone here and in the country say they are clearly for supporting our troops in the field and giving them what they need once they are put there to do their mission. That is why just a week or two ago huge numbers of Members of the Senate supported the Gregg resolution, 82 Senators saying clearly: We are going to support the men and women in uniform in the field; likewise, they supported in huge numbers the Murray resolution, 96 Senators, to support the men and women in uniform in the field.

I am afraid the path some are urging us to go down today belies that statement, contradicts that statement, and does not support those men and women in uniform in the field.

We all know the consequences of the Reid language. That language insists that the President pull our troops out of Iraq on a date certain with no regard at all for the conditions on the ground or the progress being made by our troops or the Iraqi Government. It micromanages the war, taking what is in the purview of the Commander in Chief and bringing it to Congress. The Reid language will absolutely draw a veto from the President. What would that do? It would delay for a significant amount of time getting aid, money, help, and equipment to our troops in the field.

We should not go down this path. This language will earn a veto from the President. Indeed, it would earn a veto from any President because it micromanages his responsibilities as Commander in Chief, and that will delay getting resources to folks in the field.

Our military leadership has said in no uncertain terms that they must get this supplemental funding to support the troops in the field by mid-April. This language will push all of that well beyond that deadline, will delay it by 5, 6 weeks or more, and endanger our troops in the field by not getting them the resources and equipment they need. That is not right. That is exactly contrary to what almost all Members of this body have spoken for: supporting our troops in the field.

This supplemental appropriations bill also has important help for the victims of Hurricanes Katrina and Rita on the gulf coast, emergency measures that are supported by the President and the Congress but have not yet been fully funded. Just as we are playing politics potentially with our troops in the field with this veto scenario, we would be playing politics with this language, drawing a veto from the President, with the victims of the worst natural disaster in U.S. history. That is not right. It is politics over people. Worse than that, it is politics over our people in uniform. It is politics over our people who suffered the worst natural disaster in history. We should not go down this path. We should not be so cynical and callous. We should put our people in uniform first and get them the funds and support they need in the field as we promise to do speech after speech after speech.

Words are cheap. Actions, votes lead to consequences. That is what this debate and what these votes are all about—supporting our troops in the field, supporting the victims of the worst natural disaster in U.S. history.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

The Senator from Washington.

Mrs. MURRAY. Mr. President, I yield 10 minutes to the Senator from Nebraska, Mr. HAGEL.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. HAGEL. Mr. President, there will be no victory or defeat for the United States in Iraq. There will not be a military solution to Iraq. Iraq belongs to the 25 million Iraqis who live there. It does not belong to the United States. Iraq is not a prize to be won or lost.

We can help the people of Iraq, as we have been helping them over the last 4 years, with a tremendous amount of our American blood and treasure. We have much invested in Iraq. America has strategic interests in the Middle East. And we will continue to help the people of Iraq, as we will continue to protect our interests and those of our allies in the Middle East.

But the future of Iraq, however, will be determined by the Iraqi people. The future of Iraq will be determined by a political accommodation by the people in Iraq, which will result in a political resolution that will be supported by the Iraqi people, its regional neighbors, and other powers, including the United States.

After 4 years in Iraq, America's policy there should be designed to gradually pull the United States further away from the day-to-day responsibilities, those day-to-day responsibilities of defending Iraq and de facto governance of Iraq, and turning over those responsibilities to the Iraqis, not escalating—not escalating—our military involvement in Iraq.

Today, we are headed in the opposite direction. I will not support sustaining a flawed and failing policy in Iraq.

We are now in our fifth year in an active war in Iraq. Iraq is more dangerous today than at any time in the last 4 years. And—puzzling—the administration says, we are making real progress in Iraq. So if we are making

real progress in Iraq, then why are we putting more and more American combat troops into Iraq at the same time our allies are leaving or have already left?

The President's strategy is taking America deeper and deeper into this quagmire, with no exit strategy.

In January, we were told that 21,500 more U.S. troops would be sent to Iraq. This month, we learned that as many as 7,000 more U.S. troops, in addition to the 21,500, would be sent to Iraq. The Congressional Budget Office has estimated that the President's recent decision to escalate our military involvement could require as many as 48,000 additional U.S. troops in Iraq.

In January, the administration said progress on the Iraq war would be measurable by this summer. We have heard that at 6-month intervals for the last 2 years in oversight committee hearings. But now we are being told that additional troops could be required in Iraq well into next year.

This strategy to deepen America's military involvement in Iraq will not bring a resolution in Iraq. It will only continue to undermine America's standing in Iraq and the Middle East, complicating and limiting our diplomatic options, and doing further damage to our military. And we continue to finance and build the most powerful and unaccountable mercenary armies in history, like Blackwater.

We cannot continue down a path that is destroying our military and continuing to place our men and women in uniform in Iraq in the middle of a civil war.

In February, the Chairman of the Joint Chiefs of Staff, General Peter Pace, reported to Congress that there is now—his word—a ''significant'' risk that our military will not be able to respond to an emerging crisis in another part of the world. Why did he say that? It is because we are overburdened, overstretched. We are breaking our force structure—third and fourth tours.

Recently, the inspector general of the Defense Department issued a report on our National Guard. Our National Guard—our Army National Guard in America is broken. The Chief of Staff of the Army, General Schoomaker, has made similar, recent comments in open testimony before the Senate Armed Services Committee.

It is now time for the Congress to step forward and establish responsible boundaries and conditions for our continued military involvement in Iraq. That is our responsibility. Need I remind our colleagues in this body, the Congress of the United States is a coequal branch of Government with the President of the United States? We not only have moral obligations but we have constitutional responsibilities.

To hear some of my colleagues say we should dispense with this ''frivolous'' debate because the President has threatened a veto—what a waste of our time—if you logically follow that through, why do we need a Congress? Why don't we let the President make all the choices, make all the decisions? There are some, I suspect, in this administration who would like that, some in this country would like that. But we tried a monarchy once. It is not suited to America. There are separations of power. Of course there are. But there are three coequal branches of Government.

It is now time for the Congress to step forward, after a disastrous 4 years in Iraq. The language in the Senate supplemental bill does this in a responsible way. The Senate language does not cut off funds. It does not impose a precipitous withdrawal of troops from Iraq. This language establishes a limited U.S. military mission in Iraq: counterterrorism, training Iraqi forces, and protecting U.S. personnel. That is not new. We have heard that from this administration over the last 4 years. This was not dreamed up. This idea that somehow you do not support the troops if you do not continue, in a lemming-like way, to accept whatever this administration's policy is wrong. That is what is wrong, and that is dangerous.

This language establishes a limited U.S. military mission in Iraq that focuses on the things we should be doing, we can be doing. This new and responsible mission would pull our troops out of the middle of Iraq's civil war. Is that wrong? Is there something wrong with that—asking these young men and women to put their lives on the line in the middle of a civil war in Baghdad, kicking down doors, with a bull's eye on their back—to pull them out of that? Is that wrong? Does that somehow display a cavalier attitude toward the support of our troops? I think not. I think just the opposite.

There is a timeline in the Senate language. But it does not establish a binding date for U.S. withdrawal from Iraq. Let's get that clear. It would establish the goal—those are the terms, goal—a goal that U.S. forces not involved in this more limited military mission be redeployed by March 2008. Is there something wrong with that? That means March of 2008 is 5 years we will have been there—5 years. We will have done significant damage to our Marines and our Army and our National Guard by then.

We have misunderstood, misread, misplanned, and mismanaged our honorable intentions in Iraq with an arrogant self-delusion reminiscent of Vietnam. Honorable intentions are not policies or plans or responsible. It may take many years before there is a cohesive political center in Iraq. America's options on this point have always been limited.

I support the President's decision to initiate a new diplomatic strategy and support a regional diplomatic process on the future of Iraq that began on March 10 at the regional security conference in Baghdad. But the President must devote his attention to foster those efforts. As the Baker-Hamilton report made clear, we must develop a regional diplomatic strategy to achieve stability in Iraq.

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

Mr. HAGEL. Mr. President, I ask for 60 seconds to conclude my remarks.

Mrs. MURRAY. Mr. President, I yield the Senator 60 seconds.

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

Mr. HAGEL. America finds itself in a dangerous and isolated position in the world. We are perceived as a nation at war with Muslims. This debilitating and dangerous perception must be reversed as the world seeks a new center of gravity for this new century. The United States must begin planning for a phased troop withdrawal from Iraq. The cost of combat in Iraq in terms of American lives, dollars, and world standing has been devastating for our country.

The American people are demanding that we develop a bipartisan consensus for an honorable and responsible exit strategy from Iraq. If we fail to build a bipartisan foundation for an exit strategy, America will pay a high price for this blunder—one we will have difficulty recovering from in the years ahead.

Our actions today in the Congress begin this effort.

Mr. President, I thank you and yield the floor.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. COCHRAN. Mr. President, I am pleased to yield to the distinguished Senator from South Dakota, Mr. THUNE, 10 minutes.

The PRESIDING OFFICER. The Senator from South Dakota.

Mr. THUNE. Mr. President, I thank the Senator from Mississippi for yielding.

I rise in support of his amendment and also note that Friday of last week, March 23, was, in my view, a sad day because it was on that day the House of Representatives voted to usurp the responsibilities of the President of the United States as Commander in Chief of the Armed Forces. Unfortunately, the Democratic majority in the Senate, rather than reject this ill-conceived and dangerous line of thinking, has chosen to endorse it.

I believe the phased redeployment language in the supplemental is wrong. Today, I ask my colleagues to stop and think about the long-term effects the redeployment language is going to have. This language will do more than redeploy troops. It will set a precedent that Congress may interject itself into the military chain of command. This is not a slippery slope, it is a straight drop to the bottom.

War requires one Commander in Chief. Every civilization, from Greece to the British Empire, has understood this basic premise, as did our Founders.

Wars are unpredictable, and they are fluid. Success in any military conflict requires energy, speed, flexibility, and

adaptability. I thought the Senate understood this, particularly when we unanimously confirmed General Petraeus to be the commander of forces in Iraq.

What are our commanders in the field supposed to think? What orders are they to comply with? Are they going to conduct the surge or are they going to reorganize their forces to comply with redeploying the troops? Should we expect our commanders to read their operations orders or congressional conference reports to determine their priorities?

This effort, led by the Democratic majority, is simply a bad idea, and I hope my colleagues can see that the short-term gain they seek on this bill will lead to long-term consequences for the military.

The other reason I oppose the redeployment language is it confuses strategic policy with foreign policy. Both have the same goal: victory in Iraq and to bring our troops home. However, that goal is arrived at by very different means.

Our strategic policy is set by the President and by our military commanders. Conversely, our foreign policy is set by their diplomatic counterparts at the State Department. That is why interagency cooperation is important now more than ever. In order for the U.S. Government to effectively employ the elements of the national power, Congress must resist the temptation to intervene and ultimately make matters worse.

Redeploying our troops from Iraq on a published timeline is not going to end the war on terrorism. To me, the redeployment language in this bill is the strategic equivalent of the Maginot line. In World War II, the French built a wall and the Germans went around it. If we publish our deployment timeline, then Shia and Sunni insurgents, al-Qaida in Iraq, and Iranian instigators will all simply wait for us to leave and then begin their efforts to undo all we have worked for over the past 4 to 5 years.

The conflict we are fighting today is unlike any other we have fought. That is why I find the Democratic talking points about how the war in Iraq has lasted longer than this conflict or that conflict to be so disingenuous. They are right on one point: This is not World War II. It is not Vietnam. It is Iraq. It is the war on terror, and our efforts in Iraq cannot be looked at in a vacuum.

Iraq is a front in the war on terror, but it is not the front in the war on terror, because this war has no front. If you want to know where the front is in the war on terror, then get in your car and drive 10 minutes over to the Pentagon. That is a front. Go to New York and look at the gaping holes in the ground. That is a front. Or visit the field in Pennsylvania where a group of brave passengers forced a plane to the ground at the expense of their own lives. That is a front. If any of my colleagues are still wondering where the front is on the war on terror, you are standing on it.

In order to deal with this phenomenon, in almost every sector of U.S. security policy we are trying to push America's enemies further away. Port security is a perfect example. We are putting inspectors in foreign ports to inspect cargo before it comes to the United States, and we are allowing the Coast Guard to inspect ships further out at sea, all for the purpose of putting the enemy farther away from us. Yet in this instance, this bill seems to invite our enemies into the very heart of our country. To me, it simply does not make sense.

Our colleagues on the other side also like to note there were no Iraqis on the planes that attacked us on September 11. Well, there weren't any Afghanis either. In fact, if we follow this line of thinking to its logical conclusion about who was on those planes, then perhaps this Congress should change the 2002 authorization for the use of force and allow the President to attack Saudi Arabia, because the majority of the hijackers were Saudis.

Of course, such a line of thinking is ridiculous because this conflict is not about national identity, it is about ideology. It is about good versus evil, right versus wrong, freedom versus tyranny, and hope versus cynicism.

I will concede this administration has not handled Iraq as well as it could have, but I also believe this debate is more about our national identity or resolve than our involvement in Iraq.

I still believe that America, for all its faults, is a shining city on a hill, that our greatest export should be freedom and our greatest asset being people and ideas; that we are a beacon of hope to those who toil in the darkness of tyranny and oppression. I also believe if we pass this legislation, we are saying to the world the United States is committed to defending freedom only when it is convenient or popular. That is not the America I know. It is not the America my father, a World War II fighter pilot, taught me about or the country we should hope to become.

It is my sincere hope my colleagues will vote to support Senator COCHRAN's amendment to remove the troop withdrawal language from this bill. If we do not, I believe we will be doing more harm than good, despite the intentions to the contrary.

Mr. President, I yield the remainder of my time.

The PRESIDING OFFICER. The Senator from Illinois is recognized.

Mr. OBAMA. Mr. President, we gather on another occasion to bring the Iraq war to its fateful end. While this effort may fall short again, we will continue to try to do what is in the national security of our country.

The Iraq war should never have been authorized. I was proud to say so in 2002, but I am even more proud of the plan I have offered that calls for combat to begin redeploying on May 1 with the goal of all combat troops out of Iraq by March 2008.

We also must make sure that we are not as careless getting out of this war as we were getting in, and that is why this withdrawal should be gradual, and keep some U.S. troops in the region to prevent a wider war in the region and go after al-Qaida and other terrorists.

Those who would have us continue this war in perpetuity like to say that this is a matter of resolve on behalf of the American people. But the American people have been extraordinarily resolved. They have seen their sons and daughters killed or wounded on the streets of Fallujah. They have spent hundreds of billions of dollars on this effort—money that could have been devoted to strengthening our homeland security and our competitive standing as a nation.

No, it has not been a failure of resolve that has led us to this chaos, but a failure of strategy—a strategy that has only strengthened Iran's strategic position; increased threats posed by terrorist organizations; reduced U.S. credibility and influence around the world; and placed Israel and other nations friendly to the United States in the region in greater peril.

Iraq has been a failure of strategy and that strategy must change. It is time to bring a responsible end to this conflict because there is no military solution to this war.

Before we send our best off to battle in the future, we must remember what led us to this day and learn from the principles that follow.

We must remember that ideology is not a foreign policy. We must not embark on war based on untested theories, political agendas or wishful thinking that have little basis in fact or reality. We must focus our efforts on the threats we know exist, and we must evaluate those threats with sound intelligence that is never manipulated for political reasons again.

We must remember that the cost of going it alone is immense. It is a choice we sometimes have to make, but one that must be made rarely and always reluctantly.

We must remember that planning for peace is just as critical as planning for war. Iraq was not just a failure of conception, but a failure of execution. So when a conflict does arise that requires our involvement, we must try to understand that country's history, its politics, its ethnic and religious divisions before our troops ever set foot on its soil.

We must understand that setting up ballot boxes does not automatically create a democracy. Real freedom and real stability come from doing the hard work of helping to build a strong police force, and a legitimate government, and ensuring that people have food, and water, and electricity, and basic services. And we must be honest about

how much of that we can do ourselves and how much must come from the people themselves.

And finally, we must remember that when we send our service men and women to war, we make sure we have given them the training they need, and the equipment that will keep them safe, and a mission they can accomplish. And when our troops come home, it is our most solemn responsibility to make sure they come home to the services, and the benefits, and the care they deserve.

The cause to defend our country and our interests around the world will never end. It will be one of our country's constant threads through the ages. It is our sacred trust to ensure that those moments, those times of great struggle, are the right ones. And when they are not, we must continue to try and end those conflicts for the sake of our country, our service men and women, and the ideals we hold dear.

For these reasons, I strongly support the provision in the supplemental bill that calls for the withdrawal of American combat troops by March 31, 2008, and I will oppose any efforts to strip that provision from the bill.

Mr. BROWNBACK. Mr. President, we have arrived at a key moment for U.S. policy in Iraq. History recalls Operations Desert Shield and Storm in 1990 and 1991. It recalls the no-fly zones we maintained in the 1990s. It recalls the Iraq Liberation Act of 1998. It recalls our sanctions against Saddam Hussein. And when history records Operation Iraqi Freedom, it will remember whether Congress provided the direction necessary to complete the mission or chose to cut it off prematurely. History win judge today's vote.

The American people await this vote. The Iraqi people await this vote. Al-Qaida awaits this vote. The surge is now underway. I did not support the surge, but I hope it works. The first reports have been encouraging, but the fog of war remains thick. Over the next few months, we will be able to assess whether the surge is working or not. Now is hardly the time to set a date for retreat.

I am not saying we should have an open-ended commitment, but I am saying that our mission over there—and not politics over here—should drive our policy. I know many of my colleagues believe we have nothing to gain by staying. But I believe there is a way forward.

Everyone agrees that a political solution is crucial to success. And it turns out that the political solution Iraqis ought to pursue is the most American of all: Federalism.

Thankfully, in the early days in America, we did not have the kind of factional violence and terrorism we have seen in Iraq. But it certainly included rivalries between the colonies and different visions of the future.

The great solution chosen by the founding fathers was federalism—something embodied by the Senate itself. An Iraq with several federal regions, with Baghdad as a federal capital represents the best chance for Iraq to achieve stability.

If the surge works, federalism can provide the framework necessary to stabilize Iraq over the long term. If the surge fails, and Iraq's sectarian violence deepens, a federal Iraq will be the only choice available to separate the warring factions while keeping Iraq from breaking apart—something that we cannot allow to occur in such a vital region.

I believe that instead of giving the terrorists a reason to be hopeful and sending mixed signals to our forces in the field, we should be talking about the possibility of a federal Iraq. The Iraqi Constitution calls for it. The Iraqi Parliament passed a law supporting it. The Kurdish region proves that it can be successful. Yes, a federal Iraq may require the presence of U.S. forces for some period of time. But as we have seen in Bosnia, our deployments in support of a political solution endorsed by all sides can bring lasting peace and a chance for a brighter future.

For this reason, I urge my colleagues to vote in favor of the Cochran amendment. We need to stop talking about how to retreat and start talking about winning in Iraq. A conversation about a federal Iraq is the best way for the Senate to contribute to success in Iraq.

Mr. KENNEDY. Mr. President, I oppose the Republican effort to strike the critical section of this bill requiring our troops in Iraq to begin to come home in 120 days and that we finish the job in 2008.

This is a defining moment for our country. The American people are watching, and the world is watching. The issue is clear. Will we stand with our soldiers by ending their misguided mission and beginning to bring them home? Or will we stand with the President and keep our soldiers trapped in Iraq's civil war?

History will judge us. We can either continue down the President's perilous path or insist on a new direction. If we don't change course, we know what lies ahead—more American casualties, more deaths, more destruction, greater loss of respect for America in the wider world, and greater danger to our national security. A new strategy that makes Iraqis less reliant on our military is the best way forward.

More of the same misguided policy will result in more of the same tragedy for our military. We need a realistic strategy, and we need it now. Iraq is the overarching issue of our time. Our national security itself is at stake.

In this debate, we hear echoes of the past: We are accused of cutting and running. We are accused of giving comfort to the enemy. We are told we need to be patient and to accept the importance of staying the course. We are told we have to give the latest escalation a chance to succeed.

Listen to this comment from a high-ranking American official:

> It became clear that if we were prepared to stay the course, we could help to lay the cornerstone for a diverse and independent Asia . . . If we faltered, the forces of chaos would scent victory and decades of strife and aggression would stretch endlessly before us. The choice was clear. We would stay the course. And we shall stay the course.

That is not President Bush speaking. It is President Lyndon Johnson 40 years ago, ordering a 100,000 more American soldiers to Vietnam.

Here is another quotation:

> The big problem is to get territory and to keep it. You can get it today and it will be gone next week. That is the problem. You have to have enough people to clear it . . . and enough people to preserve what you have done.

That is not President Bush on the need for more forces in Iraq. It is President Johnson in 1966 as he doubled our military presence in Vietnam.

Here is yet another familiar argument.

> We are not going to tuck our tail and run . . .

Those are not President Bush's words. Those are the words of President Johnson in 1966.

Here is another familiar argument:

> We are being steadfast in Vietnam because we don't want the next generation of Americans to have to fight another war.

That is not President Bush, but it sure sounds like him. It is Vice President Agnew in December 1969.

Here is another familiar argument being used in the Iraq debate by the stay-the-course Republicans that we've heard before:

> We think we can bring peace. We will bring peace. The peace that we will be able to achieve will be due to the fact that Americans, when it really counted, did not buckle, did not run away, but stood fast . . .

That is not President Bush. It is President Nixon in September 1969.

And here is another:

> If, when the chips are down, the world's most powerful nation, the United States of America, acts like a pitiful, helpless giant, the forces of totalitarianism and anarchy will threaten free nations and free institutions throughout the world.

That's not President Bush. Those are the words of President Nixon in April of 1970.

These words from the past resonate painfully in today's debate on Iraq. In Vietnam, the White House grew increasingly obsessed with victory, and increasingly divorced from the will of the people and any rational policy. The Department of Defense kept assuring us that each new escalation in Vietnam would be the last. We were told to be steadfast, to stay the course, and not to retreat. There was no military solution to that war. But we kept trying to find one anyway. In the end, 58,000 Americans died in the search for it.

Echoes of that disaster are all around us today. Iraq is George Bush's Vietnam.

But we have heard all that in the current debate about Iraq as well. We

have heard for years that the administration has a plan for success, that progress is just around the corner. But the plans for success keep getting tossed aside for new plans. The administration has benchmarks to measure success, but there are no consequences when the benchmarks are not met. The timelines for progress keep getting extended. We have turned so many corners that we have ended up back where we started—trying to control Baghdad.

It is time to change direction. Mr. President, 3,200 members of our forces have been killed, and more than 24,000 have been wounded. The casualties keep mounting. The violence continues to spiral upward. Our troops are in the impossible position of trying to stabilize a country at war with itself.

The recent National Intelligence Estimate confirms the nightmare scenario unfolding for our troops. Iraq is sliding deeper into the abyss of civil war, and our brave men and women are caught in the middle of it. Prospects for halting the sectarian violence are bleak.

Greater chaos and anarchy are looming ahead. Needless additional U.S. causalities are inevitable.

The facts speak for themselves. According to the United Nations, nearly 35,000 civilians were violently killed in Iraq last year. Most were killed in Baghdad, where ''unidentified bodies killed execution-style are found in large numbers daily.''

More than 2 million refugees have fled the violence in Iraq, and another 1.8 million have been displaced internally.

Our military should not be caught in the middle of this quagmire. Only a political solution can solve Iraq's problems.

General Casey, in his testimony to the Senate Armed Services Committee in June 2005, called for a political solution. He said:

> If you look back historically at how insurgencies have been defeated, they have been defeated when the insurgents saw their options as better protected in the political process and their prospects for economic advancement can be better protected by the political process than fighting for them. And that's the essential element here.

Last August, General Abizaid spoke about the need for a political solution. He said:

> Our troops are the best equipped, the best trained, the best led in the world. And I am enormously proud of them, and I have the utmost confidence in their ability to handle any mission. Yet, sectarian violence is worse than ever in Baghdad in particular. And I wonder about the validity of a strategy that says that less capable troops that are not as well equipped, trained and led as the best troops in the world can handle the security of this country if the upswing in violence has occurred despite the presence of the best troops in the world. It doesn't give me a lot of confidence in our underlying strategy. And it suggests to me that what we need is a political rather than a military solution.

General Petraeus, the new commander of our forces in Iraq, recently emphasized as well that there is ''no military solution'' in Iraq. But no one in the administration has been able to clearly articulate a political solution or how it can take hold in the midst of this chaos.

Instead of giving the Iraqis a necessary incentive to get their political house in order by beginning an orderly redeployment of our troops out of Iraq, the President stubbornly insists on sending more and more American troops into Iraq's civil war. Escalation didn't work in Vietnam and it won't work in Iraq either.

Even worse, the administration has not been honest about the number of troops the President plans to send to Iraq for the surge.

On January 10, he announced that he had committed ''more than 20,000'' additional troops to Iraq. Within a few days, we were told the number was 21,500.

The Congressional Budget Office estimated that it would be far higher as much as 35,000 to 48,000 troops when support troops are included.

On February 6, I asked General Pace and Secretary Gates for the best military estimate as to the actual size of the escalation. Their answer was an additional 10 to 15 percent. General Pace said, ''you're going to need no more than another 2,000, 2,500 troops on the ground.''

Nine days later, the number more than doubled. General Schoomaker told the Armed Services Committee his estimate was somewhere between 5,000 and 6,000 troops when he included imbedded trainers. Then, on March 6 Deputy Secretary of Defense Gordon England told a House committee ''about 4,000, maybe as many as 7,000.''

On March 7, at the request of General Petraeus, Secretary Gates authorized an additional 2,200 military police troops.

We still don't have an accurate total for the size of this escalation. The administration refuses to speak with clarity and candor.

Since the current surge began, Shiite militias in Baghdad may be lying low, but violence has increased elsewhere in Iraq.

In Diyala province, in just 3 months, American casualties have exceeded the number for the entire year of 2006.

In January this year, 83 American soldiers were killed, compared to 62 in the same month a year ago.

Eighty more American soldiers were killed in February this year. In the same month last year, we lost 55 soldiers.

In March, we have already lost 76 soldiers, compared to 31 in March 2006.

Continuing our open-ended commitment to stay in Iraq will not bring victory. It will not stop the violence, and it will not protect our national security.

The administration has outlined military, economic, and political benchmarks to measure success. But it has not given any timeline to achieve them, and it has not specified any consequences if the benchmarks are not met.

This same administration supported timelines for every Iraqi election and for drafting the constitution. Yet it remains emphatically opposed to any timeline for the redeployment of our military.

The American people have been patient. But America has now been in Iraq longer than it took us to win World War II. Instead of progress, we continue to see unacceptably high levels of violence, death, and destruction.

We are putting too much strain on our Army, especially the Army National Guard. Our forces are overextended. Many soldiers are now on their third rotation. In the long run, we can't protect our Army if we don't end the war.

Our troops have done their part. They have served with great courage. We are proud of their service, and we are ready to welcome them home.

It is time to change course. It is time to insist that Iraqis step up to the plate and take responsibility for their own future. It is time to begin to redeploy our troops out of Iraq. It is time to put the Iraqis on notice that our military will no longer be a permanent crutch for them to lean on and avoid their responsibility to achieve a political solution. As General Abizaid told the Armed Services Committee last November:

> I believe that more American forces prevent the Iraqis from doing more, from taking more responsibility for their own future.

The only practical way to accomplish the change that is long overdue is for American combat troops to begin to come home.

Those of us who opposed the war are used to the administration's attacks when we disagree with their wrongheaded policy. We have come to expect that.

They have questioned our patriotism and called us defeatists.

When we challenged the President's misguided policy, they accused us of having political motives and being partisan. But all of their criticisms have a hollow ring, because the administration has been so consistently wrong about the war in Iraq.

They were wrong about the link between al-Qaida and Saddam Hussein.

They were wrong about Saddam Hussein's possession of weapons of mass destruction. They were wrong about America being greeted as liberators. They were wrong about the insurgency being in its last throes. And they are wrong to deny that Iraq is in a civil war. The American people are far ahead of the administration. For all of us who oppose this misguided war, our goals have always been clear: to protect the lives of our soldiers and to protect our national security.

We have an obligation to stand up for our troops and stand up to our President when he stubbornly refuses to change course in Iraq.

This legislation will do that. It will change the mission of our military away from combat and require the

President to begin to redeploy American combat troops out of Iraq in 4 months. The target date for the completion of the redeployment is March 2008, 1 year from now. A limited number of troops would remain in Iraq after that, to train and equip the Iraqi Security Forces, to conduct counterterrorism operations, and to guarantee the safety of our soldiers.

Legislation is clearly necessary to give the Iraqi Government enough incentive to step up to the plate, work out its political differences, and take responsibility for Iraq's future.

Our proposal is consistent with the bipartisan Iraq Study Group's findings. It is also consistent with the wishes of the American people, who want most of our troops home within a year. How much clearer does it have to be before Republicans in Congress and the President finally respond to the voices of the American people? We are meeting our responsibilities by changing the mission of our military. We are not micromanaging the war.

Many of us oppose the war, but all of us support our troops. We don't want to keep sending more and more of them into the middle of a civil war. Under no circumstances do we want them to go to war without proper armor and equipment. Our troops deserve better. Their families and loved ones deserve better.

For the sake of our men and women in uniform in Iraq and the American people, it is time for us to take a stand. We need to adopt a new strategy. We need to make clear to the Iraqi Government that the mission of our troops must change and that we have a clear timeframe for their departure from Iraq.

The Senate will fail our troops unless we vote to change course and begin to bring our soldiers home.

At the end of this debate, the American people will know where each of us stands. On our side of the aisle, we stand with the American people. The voters told us in November to change course and begin to bring our troops home, and that is what we want to do.

We stand with our troops. We and we alone are the ones insisting on a policy worthy of their courage and sacrifice.

We stand for protecting America's national security. The war in Iraq has been a disaster from the start. It has made America more hated in the world. It has made it harder to win the war against terrorism. It has made it harder to work with other nations on every issue.

Peace and progress in Iraq must be earned by Iraqis and their neighbors.

We must no longer send our brave soldiers to an uncertain fate on the streets of Baghdad.

We must begin to bring them home, to the hero's welcome they have surely earned.

Mr. FEINGOLD. Mr. President, I strongly oppose the Cochran amendment, which would strike language in the bill that takes a significant step toward ending our involvement in the war in Iraq.

The language I am referring to won the support of 48 Senators just a few weeks ago. I voted for it then and will vote to retain it today. While it does not go as far or as fast as I would like, it would effectively end the President's misguided policies in Iraq by terminating, within 120 days, the current open-ended military mission in Iraq. At that point, U.S. troops could remain in Iraq for three specified, narrow purposes. The remainder of our troops would be redeployed. This provision is binding and it would bring to an end our current involvement in perhaps the greatest foreign policy mistake in our country's history.

Some of my colleagues continue to argue that Congress should defer to the Commander in Chief when it comes to Iraq, that we should give him the opportunity to change course in Iraq, or that we should allow his escalation plan the chance to succeed. Those arguments ignore our congressional responsibilities. Congress authorized this war and it is in our power to bring it to a close. More importantly, we have not just the power but the responsibility to end a war that is draining vital national security resources in pursuit of a goal that cannot be achieved militarily. The political problems that are driving much of the insurgency and sectarian strife in Iraq are tragic and important. They require the attention of U.S. policymakers. They do not require in fact, they cannot be solved by a massive and indefinite U.S. military presence in Iraq. Our troops continue to perform heroically in Iraq but there is no military solution to Iraq's problems.

Some of my colleagues raise the specter of dire consequences if we redeploy U.S. forces from Iraq. That is precisely why we need a strategic approach to redeployment, one that addresses ongoing instability and other threats with our intelligence, diplomatic, economic and, in a limited manner, military capabilities. Not only is the continuation of this war not going to end sectarian and insurgent violence, it puts off the day when we develop a comprehensive strategy for Iraq that is sustainable and fits squarely within the larger struggle of fighting al-Qaida.

As long as the President's policies continue, our troops will continue to put their lives on the line, our constituents will continue putting billions of their dollars into this war, our military readiness will continue to erode, our Guard and Reserve members will continue to face heavy burdens, and our ability to respond to an array of national security challenges will continue to suffer. From Somalia to Afghanistan to the ongoing fight against al-Qaida, we face threats and challenges that require serious attention and resources. Right now, far too much of both are being spent on a single country. It is this single-minded and self-defeating policy that needs to end, and it is up to Congress to do so.

Time and again, the President has made it clear that nothing not the wishes of the American people, not the advice of military and foreign policy experts, not the concerns of members of both parties will dissuade him from pursuing policies in Iraq that are not working. Faced with a clear mandate from the voters last November, he stalled for time, before announcing not just a continuation but an escalation of his policies. Congress cannot wait for the President to change course we need to change the course ourselves.

The provision that Senator COCHRAN seeks to strike represents a change of course. It requires redeployment of our troops while recognizing that the U.S. has an ongoing role to play in addressing the terrorist threat in Iraq. While Iraq was not a hot-bed of terrorism before the President led us to war in that country, al-Qaida and its allies are trying to use the anger and frustrations unleashed by that war to their advantage. Like Afghanistan and Somalia, Iraq will need to be closely monitored to ensure that it does not become a failed state and breeding ground for terrorism. And we must be prepared to pursue targeted missions to take out terrorists. But maintaining 140,000 U.S. troops in Iraq is not the way to defeat al-Qaida. And military operations of any size will only succeed if they are combined with other measures including diplomatic, economic and intelligence measures as part of a comprehensive strategy for defeating the terrorists who threaten our country. Al-Qaida is not a one-country franchise it is a global threat that requires a global response.

Mr. SPECTER. Mr. President, I have sought recognition to address the amendment offered by Senator COCHRAN. The Senate finds itself in the same position it was in just 2 weeks ago, when it considered an amendment offered by the majority leader, Senator REID. Senate amendment No. 643, offered by the Senior Senator from Mississippi, who is the ranking member on the Appropriations Committee, would strike the language that is essentially that of S. J. Res. 9, which the Senate rejected on March 15, 2007. I draw to the attention of my colleagues my statement in the RECORD of March 15, 2007, at page 53166.

As I stated 2 weeks ago, I would be prepared to cross party lines, as I have done in the past when I thought it warranted, if I agreed with the thrust of the resolution. Seven Senators of the minority joined with the majority in voting for cloture several weeks ago to move ahead with the debate and try to come to a resolution on the Iraqi issue. I was one of the seven. I would not hesitate to do so again if I agreed, but I cannot agree with the language requiring that not later than 120 days after enactment to have phased redeployment of U.S. forces, with the goal of redeploying by March 31, 2008, all U.S. combat forces in Iraq.

The thrust of the language in the bill, however, is to leave Iraq in a year, something that will ensure defeat—as setting a timetable simply enables our opponents to wait us out.

I think beyond that, the idea of having the Congress of the United States micromanage the war is simply not realistic, and perhaps it may even be unlawful. I note in the case of Fleming v. Page, in 1850, the Supreme Court said:

> As Commander in Chief, he is authorized to direct the movements of the naval and military forces placed by law at his command, and to employ them in the manner he may deem most effectual to harass and conquer and subdue the enemy.

That is a fairly forceful statement that it is not up to the Congress to micromanage a war but that it is up to the Commander in Chief, the President of the United States. That is not to say that the Congress does not have authority in the premises. I continue to seek hearings by the Judiciary Committee on the relative powers, authority of the Congress under the Constitution, with our power of the purse and our power to maintain and direct armies, contrasted with the President's power as Commander in Chief.

I believe, however, it is impractical and of questionable legal authority for us to seek to micromanage the war if the consequences of giving an order to the President would just enable the enemy to wait us out. That is not to say that at sometime in the future it may be necessary, and there may be a considered joint judgment by the Congress, to use the extraordinary power of the purse to implement our constitutional authority to maintain armies to effectuate a withdrawal.

I had one additional thought to the substance of my floor statement of March 15. We may find victory, unexpectedly, as Winston Churchill said in a June 18, 1940 speech, when he was commenting on World War I:

> During the first four years of the last war the Allies experienced nothing but disaster and disappointment. That was our constant fear: one blow after another, terrible losses, frightful dangers. Everything miscarried. And yet at the end of those four years the morale of the Allies was higher than that of the Germans, who had moved from one aggressive triumph to another, and who stood everywhere triumphant invaders of the lands into which they had broken. During that war we repeatedly asked ourselves the question: How are we going to win? And no one was able ever to answer it with much precision, until at the end, quite suddenly, quite unexpectedly, our terrible foe collapsed before us, and we were so glutted with victory that in our folly we threw it away.

Churchill's words suggest that if we maintain our determination we can win although the path to victory, at the moment, is very uncertain.

Furthermore, the President has issued a veto threat should legislation contain the provision Senator COCHRAN's amendment would strike. Such an action would deprive funds vital to U.S. troops and the operations of the Department of Defense.

Mr. LEVIN. Mr. President, I thank the Senator from Washington for her leadership and floor management.

The Cochran amendment would strike the heart of the provision relating to Iraq from this supplemental appropriations bill. The main point of our provision is a requirement that the President commence a reduction of U.S. forces from Iraq not later than 120 days after enactment. Not included in the reduction would be those forces that are essential for force protection, training and equipping Iraqi forces, and conducting targeted counterterrorism operations.

This language is essential because nothing else has been successful in convincing the Iraqis that they have to take responsibility for their own country and that they must make the political compromises that are necessary to end the sectarian violence and defeat the insurgency in Iraq. Only when the Iraqis realize the mission of U.S. forces is going to change and that we are going to reduce the number of U.S. forces in Iraq will they realize we cannot save them from themselves, and that they need to act to meet the commitments they made to themselves and to us.

Commitments are only words unless they are fulfilled. Last month, during our debate on Iraq, I put in the RECORD Secretary Rice's letter to me of January 2007 which had an enclosure of the listing of the political commitments and the timelines the Iraqis themselves had established. Virtually none of those commitments has been met, despite the fact most of them were to have been fulfilled last year, and all but one were to have been accomplished prior to this month. They committed themselves to approve a provincial elections law and they set a date for a provincial elections law by October of 2006. They set a date to approve militias and other armed formations by December 2006. They set a date for the constitutional review committee to complete its work by January 2007. They made a commitment to conduct a referendum on constitutional amendments which was to have been accomplished by this month. They violated every single one of those commitments.

We need to retain this language. We need to retain the language that we begin to reduce the number of American forces in Iraq beginning in 4 months because that reduction is the action-forcing mechanism—the sign to the Iraqi leaders we cannot save them from themselves, and their future is in their hands, not our hands.

The most graphic demonstration of the importance of our provision is the fact that even our senior leaders in this administration, while opposing our position, have used the growing support for our position to try to impress upon the Iraqi leaders they have to move promptly to settle their differences and to meet their commitments.

Last month while in Baghdad, Secretary Rice used the restiveness in Washington to emphasize to the Iraqi leaders the growth of American frustration with the absence of a political settlement in Iraq. She said she had ''made clear that some of the debate in Washington is indicative of the concerns that the American people have about the prospects for success'' if Iraq's leaders do not quickly take the steps needed to ensure longer-term stability.

Ambassador Khalilzad, in a television interview on March 9, said the debate in Congress:

> Sends a message to the Iraqis that the patience of the American people is running out. And—

He said, Ambassador Khalilzad said—

> that is helpful to my diplomacy.

The Iraqi Study Group said:

> The open-ended commitment of American forces does not provide the Iraqi government with the incentive that it needs to take political actions that give Iraq the best chance of quelling sectarian violence. In the absence of such an incentive—

The Iraq Study Group said—

> in the absence of ending the open-ended commitment that has been made to Iraq, the Iraqi government might continue to delay taking those difficult actions.

I think perhaps General Casey said it best:

> The longer U.S. forces continue to bear the main burden of Iraq's security, it lengthens the time that the government of Iraq has to take the hard decisions about reconciliation in dealing with the militias.

General Casey had it right. Let us not sustain the Cochran amendment. Let's keep this critically important action-forcing mechanism in the bill where it will do some good to force those Iraqi leaders to finally recognize their future is in their hands, not ours.

The PRESIDING OFFICER. The Senator from Mississippi is recognized.

Mr. COCHRAN. I yield 10 minutes to the distinguished Senator from Connecticut, Mr. LIEBERMAN.

Mr. LIEBERMAN. Mr. President, today the Senate approaches a decisive turning point in the history of our engagement in Iraq, a moment that will have repercussions not only for the future of that country but for the security of our country as well.

The immediate question before us is direct. Should Congress impose a deadline for the withdrawal of our troops from Iraq? To that question I answer: No, no, no.

We all know the circumstances under which this vote is taking place. The administration is politically weak. The war is politically unpopular. It has never been easier to advocate a withdrawal. But I cannot support it because I believe deeply that it would be wrong. Our cause in Iraq remains just and necessary, and we continue to have the prospect of achieving success there.

If passed, this legislation would order a withdrawal of American troops from Iraq to begin in 120 days, regardless of conditions on the ground, regardless of whether we are succeeding or failing, regardless of the consequences for

America's security, regardless of the consequences for our allies in the region, and regardless of the recommendations of the man we unanimously put in charge of our troops there—GEN David Petraeus. In short, this withdrawal would be ordered by this legislation regardless of reality.

This congressionally ordered withdrawal of our troops from Iraq would essentially be giving up on our cause in Iraq just when our prospects are picking up there. It would snatch defeat from the jaws of progress in Iraq today—progress that is critically important to our success in the larger war against terrorism.

What then are the arguments given to justify such an arbitrary order to our troops from this Congress so far away?

First, proponents of withdrawal keep returning to the proposition that American soldiers shouldn't be policing a civil war. Surely my colleagues don't mean to say the U.S. military has never or should never police a civil war. That would certainly come as a surprise to our soldiers who have been keeping the peace in Bosnia and Kosovo over the past decade, dispatched there wisely and strongly under a Democratic President with the support of Democrats in Congress. Clearly, our military has policed civil wars in the past and will do so and must do so in the future. So why do proponents of withdrawal from Iraq keep insisting it shouldn't happen now? The answer has to do with the way some people choose to characterize what is happening in Iraq.

When they suggest our soldiers are stuck in a civil war there, it suggests the conflict has become hopeless, a pit of violence where there are no heroes, only villains, and where our military cannot possibly do any good. Is this the case? I think the facts suggest not. There are more heroes by far than villains in Iraq today and, most of all, there is the overwhelming majority of the Iraqi people who are the innocent victims of violence and want nothing more than to live secure and free lives.

Iraq has a government—a government freely elected by the people; a government where every day Iraqis of every ethnicity and sectarian identity come together. That is not a civil war. The Iraqi Government has faults and weaknesses, to be sure, and we should be using every instrument at our disposal to pressure its leaders to make better choices. But there is a world of difference between the moderates who compose the Iraqi Government and the extremists who seek to murder them.

The image of Iraq as a country in which everyone is complicit in the violence also overlooks something else. It overlooks the innocent victims of that violence who are the majority. The truth is we are confronted in Iraq today with a deliberated, calculated campaign of murder of civilians, often on the basis of religious identity alone, by insurgents and terrorists.

All of us should be able to unite around the proposition, therefore, that we as Americans have a moral responsibility not to pick up and walk away and turn our backs on the slaughter. Like the Serb death squads that tried to ethnically cleanse Kosovo or Hutu extremists in Rwanda, or the jingaweit today in Darfur, the sectarian violence we are witnessing in Iraq is directed at the extermination of human beings on the basis of nothing more than who they are.

It is an awful irony of this debate that many of the same people who consistently and correctly call on the United States to do more to stop the genocide in Darfur now demand we abandon the Iraqis and invite a genocide there.

I know some believe the violence in Iraq is inevitable, the outgrowth of ancient hatreds that exist outside the bounds of normal politics. We heard those arguments before also. We heard them in the 1990s about Yugoslavia and about Rwanda. Surely, from those conflicts, we should know better than that now.

The wanton slaughter of innocent people that our soldiers are trying to stop in Baghdad, and now with some success, is not the inevitable product of ancient hatreds but the consequence of a deliberate, calculated strategy by an identifiable group of perpetrators, first and foremost al-Qaida. We know this because al-Qaida itself has said so. Its leaders have stated openly that they have worked to foment hatred, fear, and violence between Sunnis and Shiites, precisely because al-Qaida knows it represents their best opportunity to overthrow the elected Iraqi Government, to sow the seeds of chaos, to stamp out any hope of Middle Eastern democracy, and, sadly, as this debate shows today, to push the United States of America—the world's superpower, the embodiment of the hopes and dreams of so many for freedom—to the point of retreat from Iraq.

This is also why the notion expressed in the supplemental that we can separate the fight against terrorism from the fight against sectarian violence in Iraq simply defies reality. The fact is, the worst sectarian violence in Iraq is being committed by al-Qaida and other Islamist terrorists.

The biggest cause of the violence in Iraq is not the split between the Sunnis and Shiites but a specific ideology—the ideology of Islamic extremism—that is trying to exploit that divide for its own evil ends.

The success of that ideology is not inevitable. Thanks to General Petraeus, his troops, and the new strategy, sectarian violence is down. Maqtada al-Sadr has disappeared. The Mahdi army is splintering. Displaced Iraqi families are returning to their homes.

Of course, we will not know for some time to what extent the new strategy will succeed, but it is clear that, for the first time in a long time, there is reason for cautious optimism about Iraq. Why would we, at this moment, order a withdrawal of the very troops that are bringing greater security and a cause for optimism?

Mr. President, the record of the past 2 months shows Prime Minister Maliki has allowed and encouraged U.S. forces to sweep into Sadr City. He has worked with General Petraeus to ensure that all of the Iraqi Army units required by the new strategy are available. He has flown to the heart of Al Anbar Province to meet with Sunni leaders. These breakthroughs have happened not in spite of but because of the American commitment to Iraq and because of the presence of General Petraeus and his troops.

I ask my colleagues to consider what it will mean if Congress now orders our troops to pull back from this battle, just at the moment that they are beginning to succeed. Consider the consequences if we knowingly and willingly withdraw our forces and abandon one of the few states in the Middle East to have had free, competitive elections as an alternative to extremism and violence.

I understand the frustration and anger and sheer sense of exhaustion so many feel about Iraq. I am acutely aware of the enormous toll this war has taken. But I ask those determined to order a withdrawal to think carefully about the consequences, and not just geopolitical but moral, for the United States. We cannot redeploy from our moral responsibility in Iraq or in our foreign policy, more generally. It is contrary to our traditions. It is contrary to our values. It is contrary to our interests. Yet that is precisely what this Congress will be calling for if we order our troops to withdraw now. That is precisely what the Congress will be calling for if we order our troops to withdraw from Iraq now, regardless of what is happening on the ground.

I appeal to my colleagues, don't do this. Give General Petraeus and his troops a chance to succeed for us in Iraq. Strike this language from this bill.

I yield the floor.

The PRESIDING OFFICER. The Senator from Washington is recognized.

Mrs. MURRAY. How much time remains on both sides?

The PRESIDING OFFICER. The majority has 12½ minutes. The Republicans have 13 minutes.

Mrs. MURRAY. Mr. President, I yield myself 2½ minutes.

We need to change course in Iraq. That is why I support the supplemental bill now before the Senate and oppose the Cochran amendment that is pending. This underlying bill finally sets a new direction for our mission in Iraq. It begins to redeploy our troops, and it helps us refocus our efforts on fighting and winning the war on terror.

Mr. President, our troops have done everything we have asked them to do. Now it is time to start bringing them

home. It is time for the Iraqi people and for the Iraqi Government to take responsibility for their own country. We should not be sending more and more Americans into the middle of a civil war. The conflict in Iraq is not going to be solved by military force alone. It is going to require a political solution among Iraqis. So this underlying bill sets benchmarks for the Iraqi Government on the types of progress that we all agree they ought to be making. They should not be stricken from this by the Cochran amendment.

The President wants to commit more American servicemembers to an open-ended conflict. This bill recognizes that we need a new strategy. We need to do what the Iraqi Study Group and what many generals and what the American people have called for. We need to redeploy our troops. The bill says a redeployment should begin within 120 days, and it sets the goal of having most U.S. forces out of Iraq by next March.

Importantly, this bill helps us take care of those who are injured fighting for our country. It is time we focused our attention on those men and women who have sacrificed so much, who have come home and have endured the hardship we have seen at Walter Reed and other facilities across this country. We need to make sure they get the resources they need, and this bill does that.

I am pleased to support the underlying bill. I oppose the Cochran amendment, and I support this bill because it sets a new direction for our policy in Iraq and it provides important new support for our servicemembers and veterans who are here at home.

I retain the remainder of our time.

The PRESIDING OFFICER. The Senator from Mississippi is recognized.

Mr. COCHRAN. Mr. President, I yield 8 minutes to the Senator from Virginia, Mr. WARNER.

The PRESIDING OFFICER. The Senator from Virginia is recognized.

Mr. WARNER. Mr. President, I thank my long-term friend, the distinguished Senator from Mississippi. We came to the Senate together some 29 years ago. I commend him for the leadership he has provided throughout his many years and, particularly, on this coming vote, which is most important—not just to the Senate but to the whole Congress and to the people of the United States and to the world. I strongly support the amendment of the Senator from Mississippi, Mr. COCHRAN.

Some many weeks ago, shortly after January 10, when the President announced his new strategy for a surge, I was among those few voices on this side that expressed concern about that initiative. I believed that this Nation had invested so heavily in Iraq, in life, in limb, and an extraordinary amount of money, much of that having been spent on the training of the Iraqi security forces, and that the time had come for those security forces to bear the brunt of the battle. Our group, having drawn up a resolution, endeavored to try to get it debated, but the record shows that opportunity, and the opportunity to vote on it, was not given. But that is history.

At this time, however, I believe the operations of our troops under the new strategy are well underway. We have many men and women of our Armed Forces in harm's way, and we must be very cautious as to the message we send at this time.

Mr. President, I say most respectfully that with this current draft we are trying to strike out the language that, if allowed to stand, would send a sound all over the world. It would be the bugle of retreat; it would be echoed and repeated from every minaret throughout Iraq: The coalition forces have decided to take the first step backward.

We cannot send that message at this time. I will be among those who will constantly challenge any aspect of the policies of this administration which I believe are not in the best interest. I have two amendments that, hopefully, will be considered in the context of the pending bill. One calls for an independent investigation—independent of the Department of Defense and all entities of the Federal Government—of the Iraqi security forces, principally the army and, to some extent, the police, to determine what the status is of those forces today.

What has been the result of the billions of dollars we have expended over 2½ years to train and equip them? Are they now, or in the immediate future, able to carry the burden of this fight to enable the people and the Government of Iraq to have greater security and eventually achieve the goals and the full reins of a democracy?

The other amendment I have calls for a table of benchmarks and a reporting sequence from our administration as to whether the Iraqis are or are not meeting those benchmarks because any option laid down is dependent on the capability of the Iraqi security forces. Early reports in the engagements thus far indicate that, in some measures, they have met the commitments they made to have sent battalions, to have engaged with such limited aggression that has been brought against them in the course of this surge and against the coalition forces. Nevertheless, it is the American forces that are primarily in the lead, primarily in the support role and carrying the greater burden of this battle.

So at this time I do not think it is wise to sound that bugle, that sound of retreat. Think of the consequences if that nation implodes and fractures and the Government and all of the gains that we have gotten thus far are lost. Think of the consequences on, for example, the potential for other energy sources to be developed in that region—energy that is vital to the world, energy that must flow from that region through the Straits of Hormuz that could be jeopardized if there is a convulsion among the border states and the spreading of the anarchy that could simply flow from this most distressed land of uncertainty we call Iraq, this situation that is so fragile at this time.

So I urge my colleagues, with no disrespect to those who put this in the bill, to support the Cochran amendment.

Mr. President, while I have the floor, I simply ask unanimous consent to send a modification to the desk for an amendment filed, No. 698.

The PRESIDING OFFICER. Is there objection?

Mrs. MURRAY. Mr. President, I say to the Senator from Virginia, I would have to object at this time. We are happy to work with the Senator during the vote to deal with the modification.

Mr. WARNER. Mr. President, I respect the manager of the bill, and I thank her.

Mrs. MURRAY. How much time remains on both sides?

The PRESIDING OFFICER. The majority controls 10 minutes. The minority controls 6½ minutes. That includes 10 minutes for the leadership.

Mrs. MURRAY. I yield 3 minutes to the Senator from Illinois.

Mr. DURBIN. Mr. President, the amendment which we are going to vote on very shortly in the Senate is a historic amendment. It is an amendment which I think will be followed very carefully not just in the United States but around the world, particularly in Iraq.

Understand what this amendment does. The Cochran amendment removes the language which starts to bring American troops home. The Cochran language, instead, calls on the President to make periodic reports to Congress on the progress in Iraq. With all due respect to those who support that amendment, periodic reports will not bring this war to an end. Periodic messages from the White House will not turn over this war to the Iraqis to defend their own country.

What we have seen in Iraq is the worst foreign policy mistake in our time. We have paid so dearly in our Nation for this mistake. Over 3,200 of our bravest soldiers have given their lives. Over 24,000 have come home injured, some with serious injuries that will haunt them for a lifetime. We have spent $500 billion of our treasure in Iraq that could have been spent in the United States for the betterment of our people. We have given to the Iraqi people more than any other Nation could ask for. We have stood behind them, we have deposed their dictator, we have given them free governance and a chance at a constitution and free elections. Now it is time for us to make it clear to the Iraqis that it is their country, it is their war, and it is their future.

This President recently said we need to continue to send soldiers, more soldiers, into Iraq. Sadly, many of them are being sent to battle without the equipment, the training, the rest they

need, and the time at home with their families. We are pushing these brave men and women to the limit. Voting for the Cochran amendment says it is enough that the President sends us every 60 or 90 days a report; that he tells us how things are going; how we are doing. Is that why we are in Congress, to receive reports from the President, to put them on a bookshelf somewhere and hope a staffer has time to read them? I think not.

What we are here to do is speak for the American people who want a new direction in Iraq. They want this Congress to stand up once and for all and say to this President that this policy has to change. American soldiers must start to come home in an orderly manner and the Iraqis have to stand and defend their own country. A vote for the Cochran amendment, sadly, will take away any type of incentive for the Iraqis to do the right thing for their own Nation.

Many have studied this over the last 4 years, a war that has gone on longer than World War II. They have come to the same conclusions—the Iraq Study Group and many others—it is time for the United States to announce a new policy. The Cochran amendment says we will stay with the old policy; we will receive periodic reports from the White House. That is not the answer.

What we need to do is to stand behind our soldiers by bringing them home as quickly as possible.

Mr. COCHRAN. Mr. President, I yield 3 minutes to the distinguished Senator from Texas, Mrs. HUTCHISON.

The PRESIDING OFFICER. Is there objection? That exceeds the Senator's time.

Mr. COCHRAN. How much time do I have, Mr. President?

The PRESIDING OFFICER. The Senator has 1½ minutes before the 5 minutes.

Mr. COCHRAN. I yield 1½ minutes to the distinguished Senator from Texas.

Mr. MCCONNELL. Mr. President, I am going to use about 5 minutes of my leader time after Senator HUTCHISON, and she needs a minimum of 3 minutes. I will ask unanimous consent that Senator HUTCHISON be allowed to have 1½ minutes of my leader time, and I will take about 5 minutes.

Mrs. MURRAY. Mr. President, I will not object if we can add an equal amount of time to the majority side.

Mrs. HUTCHISON. Mr. President, let me ask for 2 minutes. I thought the last time the Chair announced the time it was 6½ minutes after Senator WARNER.

The PRESIDING OFFICER. It is 6½ minutes, but the leader gets 5 of those 6½.

Mrs. HUTCHISON. I understand. I ask unanimous consent that I be allowed 2 minutes, after which the leader will then be allowed his 5 minutes.

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

The Senator from Texas is recognized.

Mrs. HUTCHISON. I thank the Chair.

Mr. President, let me say that the distinguished deputy leader on the other side said that if the Cochran amendment passes, it will be the same strategy, nothing new, nothing changed.

Nothing could be further from the truth. In fact, the President heard what the people said in the elections of last year. The President has changed the policy. We have confirmed a general to go over there and direct a new strategy, which, by all accounts, is beginning to have some hope of success.

If we do what is in this bill, by not passing the Cochran amendment, it says that the President must commence the phased redeployment of U.S. forces from Iraq not later than 120 days after the date of this act. That puts a bulls-eye on our troops on the ground. It says we are not committed to do what we said we would do, to stand with Iraq to have a stable democracy in their country. It says that we are just going to leave.

We are not stating any benchmarks; we are not stating any success strategies; we are saying 120 days and we are gone. What do you think that does to our troops on the ground? What does it say to our allies? Most importantly, what does it say to the enemy? It says the greatest country in the world is going to be there as long as it is not very hard. But when it gets too tough for America, we will leave and we will walk out.

That should not be the message of the greatest country on Earth, and I hope we will pass the Cochran amendment and do what is right for our country for the long term.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who yields time?

The Republican leader.

Mr. MCCONNELL. Mr. President, less than 2 weeks ago, a bipartisan majority of Senators put aside disagreements over the war in Iraq and agreed on at least one thing and that one thing was that announcing a surrender date for our troops is certainly not in our national interest.

It is wrong by the troops who have been risking their lives to bring stability and order throughout Baghdad and Iraq. Certainly, they do not want to tell the enemy they intend to run up the white flag 365 days from today. Setting a date for withdrawal is akin to sending a memo to our enemies to rest, refit, and replan until the day we leave. It is a memo to our friends, too, telling them we plan to walk away and leave them on their own, regardless of what we leave behind. We know as well as they do that we can expect the following: a Sunni minority exposed to the whims of the Shia majority, ethnic cleansing, and regional instability the consequences of which are painful to contemplate but easy to predict.

It is wrong by the commanders in the field, who have been sent into battle with a mission to fulfill and who know better than we do how to carry out that mission.

It is wrong by the Iraqis themselves, who have risked their lives and fortunes on the strength of a promise that the United States of America would stand with them and see this struggle through until the end.

We voted against setting a surrender date, despite intense political pressure because common sense tells us that politicians in Washington don't tell the commanders on the battlefield when the fight is won.

Common sense told us something else a few months ago. It told us we had to change course, and that is exactly what we have done. We realized the only way we would win this fight would be to secure the city of Baghdad, the seat of the Iraqi Government, and home to a quarter of its population. We implemented a strategy to do it.

Some have said there is no military, only a political solution to ending the violence in Iraq. But we can't pretend the Iraqis will forge a political solution unless they are secure in their homes and on their streets. That is the key to the Petraeus strategy and to our efforts in Baghdad.

We have been pursuing that new course for the last few months. A Democratic-controlled Senate sent a new commander into the field of battle to carry it out. We have seen early signs of success, enough to believe this new approach was exactly the right thing to do.

Now Congress is being asked to fund it. I agree this is also the right thing to do. We are not about to pull the rug out from under our soldiers in the field just as they begin to carry out the mission we have sent them on. We are going to give them everything they need, and we are not going to slip a deadline now into their security package.

The Constitution gives those who oppose this war a clear and concrete way of expressing their views, and that is to vote against funding it. Attempting to have it both ways—by slipping a withdrawal date into this bill and making the support of our troops contingent on a dangerous and defeatist surrender date—was wrong a week and a half ago and it is wrong now.

It is also dangerous. President Bush has repeatedly said he will veto a bill that includes a surrender date. He said it again this morning. He said this spending bill, in its current form, assumes and enforces the failure of the new strategy even before American commanders are able to implement their plans and he will veto it if it reaches his desk.

I urge my colleagues not to take us down this path, not to delay the delivery of emergency funding to our troops by forcing a Presidential veto. There is no need. Nothing has changed since the majority of us voted against this very same timeline the week before last.

Stripping the withdrawal date will not prevent anyone in this Chamber

from expressing his or her views on Iraq. Its only effect would be to delay the delivery of much needed funding and equipment to our soldiers in the field. I strongly urge my colleagues to strike this dangerous provision and support the Cochran amendment.

Mr. President, I yield the floor.

Mr. REID. Mr. President, Senator KENNEDY has 2½ minutes, but he is not here, so I will proceed to wrap up the debate.

My friend, the Republican leader, said nothing has changed since the last vote. That is the whole problem, nothing has changed. Nothing has changed in over 4 years of this bloody war in Iraq. One course. That course has been followed from the very beginning and has never changed.

The choice tonight is very clear. It is as clear as it is important. It is a choice between staying the course in Iraq and changing the course in that faraway land. With their votes, Senators tonight can send a message to the President that it is time to come with us, to help find a new way and end this intractable civil war or Senators can allow this course to continue, allow President Bush to commit more U.S. troops in this open-ended Iraqi civil war.

After more than 4 years, the related deaths of 3,250 of our brave soldiers, and the wounded tens of thousands of these men and women, it is time we should change. This war is not worth the spilling of another drop of American blood. As it stands, this emergency legislation before this body tonight will send a signal to our President that it is time for a new direction, it is time to set benchmarks, it is time to send a signal to the Iraqi Government that they must take responsibility for their own people, and it is time to start redeploying our troops and recommitting ourselves to fighting al-Qaida and other terrorists around the world.

If this amendment passes, sending a message to the President to change course, that is the right way to go. If, however, Senators decide to allow the President to continue along the line he has outlined for more than 4 years, that would be a shame. That is what this amendment is all about, whether this carefully crafted legislation will be stripped from this bill. It would then turn out to be, instead of a bill that demands the President change his policy, that we will have a bill that gives the President a blank check and a green light to continue the failed course we have had in Iraq.

Without this language in the supplemental, the President would be free to keep U.S. troops in Iraq indefinitely, serving an impossible mission of policing an acknowledged civil war. Staying the course in Iraq will not lead to success. There are no military solutions. My friend, the Republican leader, said ''some say.'' ''Some say.'' Well, one person who says the war can't be won militarily is the man we have commanding the troops over there, General Petraeus. He said 20 percent of the war is military, the rest is political and diplomatic and economic. That is the way it is.

The bill, without this amendment, offers a responsible strategy in Iraq, which the American people asked for last November, a strategy that will maximize our chances to succeed in Iraq and enhance our ability to defeat al-Qaida. General after general after general has said that is the right strategy. A group of patriotic Americans devoted a year of their lives to giving the American people and this Congress and the President the advice of their collective wisdom—and it was wisdom—former Secretaries of Defense, Secretaries of State, college professors, former Members of Congress. They came to the conclusion that we have in this amendment. It is in this bill. The Iraq Study Group agrees with what we have in this legislation.

It is time for the Senate to put a stamp of approval on people such as Secretary Jim Baker. He is a man who is a card-carrying Republican. He served as Secretary of State, Chief of Staff for the President of the United States, and he has held other Cabinet positions. He is an example of what that Iraq Study Group was all about. They did it because it was the right thing to do. The reason we are having even minimal contact right now with Iranians is because of Secretary Baker. Secretary Baker said you do not only negotiate with your friends, you have to negotiate with your enemies.

I have come to know very well a person who is part of my security detail. He has traveled with me all over the country—has been to my home in Searchlight. He is now headed for his third tour of duty in Iraq. He has two little children. He is headed for Iraq. He leaves in less than a month. I admire James for his courage and his patriotism, but he should not be going back for a third go-around. He is a National Guardsman.

I understand how some of my colleagues feel. In this Chamber is JOE LIEBERMAN. There is not a Senator for whom I have more respect than JOE LIEBERMAN. I know how passionately he feels on this issue.

JOHN WARNER, seated across from me, is one of my friends. I can say that without any reservation or hesitation. We have served together for many years. I was his subcommittee chairman in the Environment and Public Works Committee. I know how he feels about this issue, how torn he is as to what is the right thing to do, what is not the right thing to do. I acknowledge the feelings of JOHN WARNER and JOE LIEBERMAN, but that does not take away from the way I feel about this issue.

I have said on this floor before and I will say it again, the sparsely populated State of Nevada has lost 39 soldiers in Iraq. The last one, I called his mother less than 2 weeks ago. Raul Bravo is dead. He was 21 years old—a marine on his second tour of duty in Iraq. His mother expressed to me what a tremendous loss this was. He was the only man in her family, she said—she and her three daughters. I admire Raul Bravo for going to Iraq twice. He did what he had to do. But we have had too many Raul Bravos dying over there, unnecessarily, in the middle of a civil war.

I listened to my radio yesterday morning, as I do every morning. Yesterday morning: five dead soldiers the day before.

I say sincerely that we should not spill any more blood there. We should start redeploying these troops, have them work in counterterrorism, force protection, training the Iraqis.

Every one of my colleagues should understand that the Prime Minister of Iraq told the President of the United States to his face the last time they met: Get the American troops out of Baghdad. That is what he told him. This was before the surge that the President came up with. The leader of the country of Iraq told the President of the United States: Get the American troops out of here.

The Iraqi people don't want us there. All the polls show overwhelmingly the people, Iraqi people, don't want us there. The majority of the people think it is OK to kill and injure Americans. Is that what we want to be involved in? I think not.

A lot of people worked very hard on the provision that is subject to being stricken from this bill. This is a good piece of legislation that is in this bill. It is the right thing to do. It is good for America. It is good for our world. And it is good for President Bush.

I yield back Senator KENNEDY's time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Mississippi.

Mr. WARNER. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The clerk will call the roll.

The bill clerk called the roll.

Mr. DURBIN. I announce that the Senator from South Dakota (Mr. JOHNSON) is necessarily absent.

Mr. LOTT. The following Senator is necessarily absent: the Senator from Wyoming (Mr. ENZI).

Further, if present and voting, the Senator from Wyoming (Mr. ENZI) would have voted ''aye.''

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

The result was announced—yeas 48, nays 50, as follows:

[Rollcall Vote No. 116 Leg.]

YEAS—48

Alexander	Burr	Corker
Allard	Chambliss	Cornyn
Bennett	Coburn	Craig
Bond	Cochran	Crapo
Brownback	Coleman	DeMint
Bunning	Collins	Dole

Domenici	Lieberman	Shelby
Ensign	Lott	Snowe
Graham	Lugar	Specter
Grassley	Martinez	Stevens
Gregg	McCain	Sununu
Hatch	McConnell	Thomas
Hutchison	Murkowski	Thune
Inhofe	Pryor	Vitter
Isakson	Roberts	Voinovich
Kyl	Sessions	Warner

NAYS—50

Akaka	Feingold	Murray
Baucus	Feinstein	Nelson (FL)
Bayh	Hagel	Nelson (NE)
Biden	Harkin	Obama
Bingaman	Inouye	Reed
Boxer	Kennedy	Reid
Brown	Kerry	Rockefeller
Byrd	Klobuchar	Salazar
Cantwell	Kohl	Sanders
Cardin	Landrieu	Schumer
Carper	Lautenberg	Smith
Casey	Leahy	Stabenow
Clinton	Levin	Tester
Conrad	Lincoln	Webb
Dodd	McCaskill	Whitehouse
Dorgan	Menendez	Wyden
Durbin	Mikulski	

NOT VOTING—2

Enzi	Johnson

The amendment (No. 643) was rejected.

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

Mr. LEVIN. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. REID. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. SALAZAR). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. REID. I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. REID. Mr. President, I am going to shortly suggest the absence of a quorum again. I want to tell everybody, it is going to take us a little while to figure out where we go next. I need to meet with Senator MCCONNELL, Senator BYRD, and Senator COCHRAN. This is not an easy proposition. We have cloture in the morning. As we have heard from both sides, this is a very important bill and we have to move as quickly as we can. Well over 100 amendments have been filed on this bill. That is going to throw a monkey wrench into things. Senator MCCONNELL has worked in good faith for us to get to the point where we are today. I hope I have done the same. I represented to Senator MCCONNELL we could have a vote on the Iraq bill, and we have done that. I represented to Senator MCCONNELL we could have a vote on the minimum wage, and we almost have that worked out. I represented to Senator MCCONNELL there were certain amendments a couple of his Senators wanted to offer and we were going to work that out, and I think we have done that.

There is something that is wanted on both sides, very important to Senator WYDEN and Senator SMITH, Senator BINGAMAN and Senator BAUCUS, and others. We are at a point where we can resolve that.

Beyond that, it is a legislative mess. Standing here in the well, I have had five Senators come up to me and say they had emergency things they needed done. I asked each of them: Is it in the supplemental? No.

It makes it tough to try to be everything to everybody. We need a little time to see what we can do to work through this. I want to be as fair as we can, but this is an unusual piece of legislation. We have a cloture vote in the morning. The staff will work during the night to find out which of the amendments that have been filed either are germane or appear to be germane or are not.

We will not have a vote in the near future. It will be a little while. I would say it will probably take us at least 15 minutes before we know where we are going. We have Senator COCHRAN, Senator BYRD, who are as experienced as anyone could be on this most important bill. We will do our best to give everyone an idea of where we are headed.

Mr. MCCONNELL. Will the majority leader yield for an observation?

Mr. REID. I am happy to yield to the Senator from Kentucky.

Mr. MCCONNELL. Mr. President, I think we are close to sorting out a way to go forward, as the majority leader has described. As soon as we finish this colloquy, why don't we get about figuring out how to sort that out.

Mr. REID. I appreciate that very much. 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. REID. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. REID. Mr. President, I ask unanimous consent that the Senate now return to the Kennedy amendment and that a Grassley second-degree amendment be considered and agreed to; that the Kennedy amendment, as amended, be agreed to and the motion to reconsider be laid upon the table; that on Wednesday, March 28, there be 30 minutes of debate to run concurrently with respect to the Wyden amendment No. 709 and the Burr amendment No. 716, with the time equally divided and controlled between Senators WYDEN and BURR or their designees; that the Burr amendment be modified to be a first-degree amendment; that no amendments be in order to either amendment; that there then be 30 minutes of debate prior to a vote on the motion to invoke cloture on H.R. 1591, with the time equally divided and controlled between the two leaders or their designees; that upon the use of time, without further intervening action or debate, the Senate proceed to a vote in relation to the Wyden amendment, to be followed by a vote in relation to the Burr amendment, and then a vote on the motion to invoke cloture; that there be 2 minutes of debate equally divided prior to each vote; that on Wednesday, it be in order for Senator HAGEL to call up amendment No. 707 and there be 90 minutes of debate under the control of Senator HAGEL; that upon the use or yielding back of that time, the amendment be withdrawn. That would be whether cloture is invoked or not. And it relates to the Hagel amendment.

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

Mr. REID. Mr. President, we have taken, as you know, a long time to get to this point. There are a number of other Senators who have questions, and we are still in the process of working our way through that.

I further ask unanimous consent that Senator COBURN be recognized to call up six amendments en bloc—Nos. 648, 649, 656, 657, 717, and 718; that once they are reported by number, the amendments be set aside.

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

The Senator from Virginia.

AMENDMENT NO. 698, AS MODIFIED

Mr. WARNER. Mr. President, I know there has been a diligent effort on both sides to get the Byrd-Warner amendment cleared. I am hoping to get the final clearance from Senator STEVENS. I know where he is, and I have contacted him. If that could just be held in abeyance for a minute or two, in the meantime, may I modify one of the amendments that is filed at the desk?

I ask unanimous consent to modify amendment No. 698.

The ACTING PRESIDENT pro tempore. Without objection, the amendment is so modified.

The amendment (No. 698), as modified, is as follows:

(Purpose: Relating to Iraq)

At the end of chapter 3 of title I, add the following:

SEC. 1316. IRAQ.

(a) FINDINGS.—Congress makes the following findings:

(1) On the fourth anniversary of Operation Iraqi Freedom, the regime of a brutal dictator has been replaced by a democratically elected government in the Arab world.

(2) United Nations Security Council Resolution 1723, approved November 28, 2006, ''determin[ed] that the situation in Iraq continues to constitute a threat to international peace and security''.

(3) More than 137,000 United States military personnel are currently serving in Iraq, like thousands of others since March 2003, with the bravery and professionalism consistent with the finest traditions of the United States armed forces, and are deserving of the support of all Americans, which they have strongly.

(4) Many United States military personnel have lost their lives, and many more have been wounded, in Iraq, and the American people will always honor their sacrifices and honor their families.

(5) The United States Army and Marine Corps, including their Reserve and National Guard organizations, together with components of the other branches of the military, are under enormous strain from multiple, extended deployments to Iraq and Afghanistan, and these deployments, and those that will follow, will have lasting impacts on the future recruiting, retention and readiness of our Nation's all volunteer force.

(6) Iraq is experiencing a deteriorating problem of sectarian and intra-sectarian violence based upon political distrust and cultural differences between some Sunni and Shia Muslims, concentrated primarily in Baghdad.

(7) Iraqis must reach political settlements in order to achieve reconciliation, and the failure of the Iraqis to reach such settlements to support a truly unified government greatly contributes to the increasing violence in Iraq.

(8) The responsibility for internal security and halting sectarian violence in Iraq must rest primarily with the Government of Iraq, relying on the Iraqi Security Forces (ISF).

(9) President George W. Bush said on January 10, 2007, that ''I've made it clear to the Prime Minister and Iraq's other leaders that America's commitment is not open-ended'' so as to dispel the contrary impression that exists.

(10) It is essential that the Government of Iraq set out measurable and achievable benchmarks and President George W. Bush said, on January 10, 2007, that ''America will change our approach to help the Iraqi government as it works to meet these benchmarks''.

(11) According to Secretary of State Rice, Iraq's Policy Committee on National Security agreed upon a set of political, security, and economic benchmarks and an associated timeline in September 2006 that were—

(A) reaffirmed by Iraq's Presidency Council on October 6, 2007;

(B) referenced by the Iraq Study Group; and

(C) posted on the website of the President of Iraq.

(12) The Secretary of State indicated on January 30, 2007 that ''we expect the Prime Minister will follow through on his pledges to the President that he would take difficult decisions''.

(13) The Secretary of State, the Secretary of Defense, and the Chairman of the Joint Chiefs of Staff have testified about, and, or, provided unclassified material to members of Congress on Iraqi commitments and goals.

(14) Congress acknowledges that the Baghdad Security Plan is in its initially months and while there are signs of progress, there are also signs of difficulty and uncertainty. For these reasons, and others, Congress must have timely reports to evaluate in performance of roles under the Constitution of the United States.

(b) BENCHMARKS.—It is the sense of Congress that—

(1) United States strategy in Iraq, hereafter, should be conditioned on the Government of Iraq meeting benchmarks, as told to members of Congress by the President, the Secretary of State, the Secretary of Defense, and the Chairman of the Joint Chiefs of Staff, and reflected in the commitments of the Government of Iraq to the United States, and to the international community, including—

(A) forming a Constitutional Review Committee and then completing the Constitutional review;

(B) enacting and implementing legislation on de-Bathification;

(C) enacting and implementing legislation to ensure the equitable distribution of hydrocarbon resources of the people of Iraq without regard to the sect or ethnicity of recipients, and enacting and implementing legislation to ensure that the energy resources of Iraq benefit Sunni Arabs, Shia Arabs, Kurds, and other Iraqi citizens in an equitable manner;

(D) enacting and implementing legislation on procedures to form semi-autonomous regions;

(E) enacting and implementing legislation establishing an Independent High Electoral Commission; provincial elections law, provincial council authorities, and a date for provincial elections;

(F) enacting and implementing legislation addressing amnesty;

(G) enacting and implementing legislation establishing a strong militia disarmament program to ensure that such security forces are accountable only to the central government and loyal to the constitution of Iraq;

(H) establishing supporting political media, economic, and services committees in support of the Baghdad Security Plan;

(I) providing three trained and ready Iraqi brigades to support Baghdad operations;

(J) providing Iraqi commanders with all authorities to execute the Baghdad Security Plan and to make tactical and operational decisions, in consultation with United States commanders, without political intervention;

(K) ensuring that there Iraqi Security Forces are providing even handed enforcement of the law against all who break it;

(L) ensuring that, according to President George W. Bush, as Prime Minister of Iraq Maliki said ''the Baghdad security plan will not provide a safe haven for any outlaws, regardless of [their] sectarian or political affiliation'';

(M) establishing all of the planned joint security stations in neighborhoods across Baghdad;

(N) increasing the number of Iraqi security forces units capable of operating independently;

(O) allocating and spending $10 billion in Iraqi revenues for reconstruction projects, including delivery of essential services, on an equitable basis; and

(2) the achievement of these benchmarks by the Government of Iraq, or the demonstration by the Government of Iraq of satisfactory progress towards achieving these benchmarks, should be viewed as the condition for continued United States military and economic involvement in Iraq.

(c) REPORTS ON BENCHMARKS.—

(1) IN GENERAL.—The Commander, Multi-National Forces-Iraq, in coordination with the United States Ambassador to Iraq, shall submit a report to the Commander of United States Central Command not later than July 15, 2007, and every 60 days thereafter. The report shall detail the status of each of the specific benchmarks set forth in subsection (b), and conclude whether satisfactory progress has been made toward meeting the overall benchmarks as specified in that subsection, in a timely manner.

(2) ASSESSMENT BY COMMANDER OF CENTRAL COMMAND.—Upon receipt of a report under paragraph (1), the Commander of United States Central Command shall prepare an assessment of the report. The report and the assessment shall be submitted to the Secretary of Defense not later than July 20, 2007, and every 60 days thereafter.

(3) ASSESSMENT BY SECRETARY OF DEFENSE AND SECRETARY OF STATE.—Upon receipt of a report and assessment under paragraph (2), the Secretary of Defense shall, in consultation with the Secretary of State, prepare an independent assessment of the report and submit the report and all assessments, not later than August 1, 2007, and every 60 days thereafter, to—

(A) the Committees on Armed Services, Appropriations, and Foreign Relations and the Select Committee on Intelligence of the Senate; and

(B) the Committees on Armed Services, Appropriations, and Foreign Affairs and the Permanent Select Committee on Intelligence of the House of Representatives.

(4) REPORT BY THE PRESIDENT.—If any report or any of the assessments fail to indicate satisfactory progress in any benchmark, the President shall, within 30 days thereafter, submit to Congress a report on those benchmarks that failed to achieve satisfactory progress. The President's report shall provide an explanation of why satisfactory progress was not achieved and describe revisions to the January 10, 2007 strategy that reflect how satisfactory progress will be attained.

(5) TERMINATION OF SUPERSEDED REPORTING REQUIREMENT.—The reporting requirement in section 1227 of the National Defense Authorization Act for Fiscal Year 2006 (Public Law 109–163; 119 Stat. 3465; 50 U.S.C. 1541 note) is terminated after the reporting period ending May 31, 2007.

(d) REPORTS ON READINESS OF THE ARMED FORCES.—

(1) REPORTS BY SERVICE SECRETARIES.—Commencing 60 days after the date of the enactment of this Act, the Secretaries of the military departments, in coordination with the Chiefs of the Services, shall report to the Committees on Armed Services and Appropriations of the Senate and the Committees on Armed Services and Appropriations of the House of Representatives, not later than 30 days before the date of embarkation, on the deployment of any unit of the Armed Forces of the United States, to include the Reserve Forces and National Guard (hereafter known as ''the unit''), outside the United States and its territories that is not considered fully mission capable of performing reasonably assigned mission-essential tasks to prescribed standards, under anticipated conditions in the theater of operations, of the supported combatant commander.

(2) ASSESSMENT OF RISK.—Subsequently, the supported combatant commander, in coordination with the Commander of Joint Forces Command, shall assess the risk of the deployment of the unit as significant, high, medium, or low, and specify to the Secretary of Defense corrective actions to reduce that level of risk from significant, high, or medium to low, not later than 20 days before the embarkation of the unit.

(3) TRANSMITTAL OF ASSESSMENT.—Thereafter, the Secretary of Defense, in coordination with Chairman of the Joint Chiefs of Staff, shall forward the aforementioned risk assessment to the Committees on Armed Services and Appropriations of the Senate and the Committees on Armed Services and Appropriations of the House of Representatives, not later than 10 days before the date of embarkation of the unit, with a statement that—

(A) the risk associated with the deployment of the unit has been mitigated to satisfaction; or

(B) the deployment of the unit has been cancelled, delayed, or determined to be of such significant importance that deployment of the unit is essential and the level of risk of that deployment is vital to the national security of the United States.

Mr. WARNER. Mr. President, I will advise the leadership as soon as I get a message. I thank the distinguished leaders.

AMENDMENT NO. 798 TO AMENDMENT NO. 680

The ACTING PRESIDENT pro tempore. Under the previous order, the

clerk will report the Grassley second-degree amendment.

The legislative clerk read as follows:

The Senator from Kentucky [Mr. MCCONNELL], for Mr. GRASSLEY, proposes an amendment numbered 798 to amendment No. 680.

(The amendment is printed in today's RECORD under ''Text of Amendments.'')

The ACTING PRESIDENT pro tempore. Under the previous order, the amendment is agreed to.

The amendment (No. 798) was agreed to.

AMENDMENT NO. 680, AS AMENDED

The ACTING PRESIDENT pro tempore. Under the previous order, the Kennedy amendment No. 680, as amended, is agreed to.

The amendment (No. 680), as amended, was agreed to.

The ACTING PRESIDENT pro tempore. The Senator from Oklahoma is recognized under the previous order.

AMENDMENTS NOS. 648, 649, 656, 657, 717, AND 718, EN BLOC

Mr. COBURN. Mr. President, I call up six amendments en bloc: 648, 649, 656, 657, 717, and 718, and I ask that they be set aside after they are reported.

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

The amendments (Nos. 648, 649, 656, 657, 717, and 718, en bloc) are as follows:

AMENDMENT NO. 648

(Purpose: To remove $100 million in funding for the Republican and Democrat party conventions in 2008)

At the appropriate place, add the following: Notwithstanding any other provision of this Act, none of the funds appropriated or otherwise made available in this Act may be available for reimbursing State and local law enforcement entities for security and related costs, including overtime, associated with the 2008 Presidential Candidate Nominating Conventions, and the total amount made available in this Act in Title II, Chapter 2, under the heading ''State and Local Law Enforcement Assistance'' is reduced by $100,000,000.

AMENDMENT NO. 649

(Purpose: To remove a $2 million earmark for the University of Vermont)

At the appropriate place, add the following: Notwithstanding any other provision of this Act, Sec. 3608(b) of this Act shall not take effect.

AMENDMENT NO. 656

(Purpose: To require timely public disclosure of Government reports submitted to Congress, and for other purposes)

At the appropriate place, insert the following:

SEC. _____. (a) POSTING OF CERTAIN REPORTS ON INTERNET WEBSITES.—Each report described in subsection (b) shall be posted on the Internet website of the department or agency submitting that report for the public not later than 48 hours after the submission of that report to Congress.

(b) COVERED REPORTS.—The reports described in this subsection are each report (including any review, evaluation, assessment, or analysis) required by a provision of this Act to be submitted by any department or agency to Congress or any committee of the Senate or the House of Representatives.

(c) REDACTION OF CERTAIN INFORMATION.—In posting a report on the Internet website of the department or agency under subsection (a), the head of that department or agency may redact any information the release of which to the public would compromise the national security of the United States.

AMENDMENT NO. 657

(Purpose: To provide farm assistance in a fiscally responsible manner)

(The amendment is printed in today's RECORD under ''Text of Amendments.'')

AMENDMENT NO. 717

At the appropriate place, insert the following:

SEC. ___. INAPPLICABILITY OF CERTAIN PROVISIONS.

Notwithstanding any other provision of this Act, titles II, III, and IV of this Act shall not take effect.

AMENDMENT NO. 718

At the appropriate place, insert the following:

SEC. ___. INAPPLICABILITY OF CERTAIN PROVISIONS.

Notwithstanding any provision of this Act, titles II (except for chapter 8 and 9 of title II), III, and IV of this Act shall not take effect.

The ACTING PRESIDENT pro tempore. The amendments are pending en bloc.

Mr. LUGAR. Mr. President, I have filed amendment No. 670 to H.R. 1591. This amendment authorizes the Secretary to spend up to $50 million for the establishment and maintenance of a civilian reserve corps to address postconflict situations and other emergencies overseas. The amendment provides the Secretary the flexibility to use a portion of the funding in this act to make an urgent effort to recruit and train more civilians in planning and managing stabilization and reconstruction.

The Senate embraced the creation of such a civilian corps when it unanimously passed S. 3322 last May. The funding in this amendment matches the level provided in the House version of the emergency supplemental.

If enacted, this amendment provides the Secretary with access to immediate funding to recruit and send civilians with the appropriate skills to assist in reconstruction and stabilization in Iraq and Afghanistan, as well as to emerging trouble spots around the world. The United States must have the right structures, personnel, and resources in place when an emergency occurs. A delay in our response of a few weeks, or even days, can mean the difference between success and failure.

Both the State Department and the Defense Department are keenly aware of the importance of this amendment. They understand that, if we cannot work together better as a government in postconflict and other unstable situations, the United States may come to depend even more on our military for tasks and functions far beyond its current role. This amendment builds on the planning that has already taken place to develop a civilian reserve and jumpstarts it so that it can be available as soon as possible.

Mr. President, I would like to have printed in the RECORD at this point a letter from the Secretary of State strongly endorsing the need for the funding contained in this amendment.

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

THE SECRETARY OF STATE,
Washington, DC, March 27, 2007.

Hon. RICHARD G. LUGAR,
U.S. Senate,
Washington, DC.

DEAR SENATOR LUGAR: I am writing to express my strong support for including funding of $50 million in the supplemental appropriations bill to establish a Civilian Reserve Corps. Since our supplemental funding request went forward, we have worked diligently to refine a proposal to jump start the creation of a Civilian Reserve Corps. We are pleased the House of Representatives agrees and has included. $50 million in its supplemental appropriations bill for this purpose. We believe that we are able to justify and to spend wisely these funds in building a reserve capability to complement our internal surge capacity.

We have seen the dangers to U.S. interests that can occur from unstable and ungoverned territories that foster the emergence of terrorist organizations. We must find new and better ways to respond to the urgent demands of post-conflict stabilization and reconstruction. The Civilian Reserve Corps, which the President proposed in his State of the Union address, is one way to do just that. We cannot create stability, reconstruct economies, and foster the growth of institutions with military solutions; for these purposes we must call on American civilians who have the necessary expertise to assist in these vital tasks.

The Civilian Reserve Corps will tap the creativity, the energy, and the idealism of the American people. I look forward to working with the Congress to advance and refine the legislation which will authorize the use of these funds.

Sincerely,

Condoleezza Rice.

Mr. LUGAR. In testimony before the Senate Armed Services Committee on February 6, Secretary of Defense Robert Gates and Chairman of the Joint Chiefs Peter Pace talked about the urgent need for civilian expertise in the Iraq stabilization effort. General Pace also called for more civilian resources for the broader worldwide effort, people who can build judicial and rule of law systems, provide engineering expertise, and bring clean water and electricity to people ''before a country devolves into a state where the terrorists can find a home.''

Passing the amendment will demonstrate that there is a keen understanding in the Senate that we need to move forward now to strengthen our civilian reconstruction capabilities in Iraq and Afghanistan.

I recommend this amendment to my colleagues and urge its adoption.

Mr. BIDEN. Mr. President, once again we are debating additional wartime funding for Iraq. Once again, we are trying to mitigate the damage caused by the President's utterly failed Iraq policy and the failure to properly plan for and manage the aftermath of Saddam Hussein's fall. I have spoken many times about how damaging this lack of planning has been to our efforts in Iraq and to our standing in the world.

For the past 2 months, the spotlight has shone on another administration failure in this war: the shameful conditions our wounded soldiers face as outpatients navigating the military health system when they return from Iraq or Afghanistan. This is another example of gross mismanagement and a strained system. As such, I will offer amendment No. 766 to improve the care that members of the Armed Forces and veterans receive at Walter Reed and other military medical facilities.

The purpose of this amendment is to ensure that some of the reasons for concern at Walter Reed do not occur in the future. As the living conditions for outpatients at Walter Reed Army Medical Center indicate, moving to private contracts for maintenance can cause problems. After a private contract was awarded for maintenance and upkeep of buildings on the campus of Walter Reed Army Medical Center, a maintenance crew of approximately 300 was whittled down to 50 by the time the contract went into effect. Many of the terrible living conditions found in Building 18 were a direct result of delays in building repair and maintenance because of a shortage in manpower. To prevent this situation from occurring again, this amendment calls for public-private competitions of maintenance services at military medical complexes to stop while our country is engaged in military conflicts. It also calls for a Government Accountability Office review of contracting-out decisions for basic maintenance work at military facilities.

Other problems discovered at Walter Reed are directly attributable to shortages resulting from pressures to cut budgets for military medical services. These cuts cannot be tolerated at a time when military medical services are needed to treat servicemembers who have been wounded in Iraq and Afghanistan. As such, this amendment would require medical command budgets to be equal to or exceed the prior year amount while the Nation is involved in a major military conflict or war.

Another issue that the conditions at Walter Reed brought up is whether or not the facility should be closed as the Base Realignment and Closure Commission recommended. The Commission recommended building new, modern facilities at the National Naval Medical Center at Bethesda and at Fort Belvoir to improve the overall quality of care and access to care in this region. Military leaders have indicated that the planned closure has limited their ability to attract needed professionals to jobs at Walter Reed and there have been concerns raised whether adequate housing for the families of the wounded has been properly planned. To deal with that, this amendment requires the Department of Defense to submit to Congress within one year a detailed plan that includes an evaluation of the following: the desirability of being able to guarantee professional jobs for 2 years or more following the closure; detailed construction plans for the new facilities and for new family housing; and the costs and benefits of building all of the needed medical treatment, rehabilitation, and housing before a single unit is moved.

Another major problem and source of frustration for injured soldiers is the length of time it takes to receive a disability determination. In order to hasten the disability determination process, we need to ensure that the Department of Defense has information systems capable of communicating with those in the Department of Veterans Affairs. The VA has been a leader in implementing electronic medical record keeping, but we have to improve the capability of the Department of Defense to send electronic medical records to the VA to speed up the disability determination process. Making the disability determination system more efficient can reduce the stress on the soldiers and their families going through the determination process.

Caseworkers are also critical. They schedule appointments and make sure wounded servicemembers get the rehabilitative and follow-up care they need. As more and more soldiers and marines come home wounded, many military caseworkers are overwhelmed. To improve the care given to servicemembers, this amendment requires a minimum ratio of case managers to patients of 1 to 20, that case managers have contact with recovering servicemembers at least once a week, and that case managers be properly trained on the military's disability and discharge systems so they can better assist patients with their paperwork.

Currently, many combat veterans returning from Iraq and Afghanistan have service-related mental health issues like posttraumatic stress disorder, PTSD, and traumatic brain injury, TBI. Many have labeled TBI the ''signature injury'' of the Iraq and Afghanistan conflicts. It is estimated that as many as 10 percent of those serving or who have served in Iraq and Afghanistan have brain injuries. That would mean about 150,000 of the 1.5 million soldiers who have served in Operation Enduring Freedom or Operation Iraqi Freedom have suffered a brain injury. In many cases, these injuries are not diagnosed because there is not an external wound. Depending on the severity of these injuries, returning soldiers can require immediate treatment or not have symptoms show up until several years later. This amendment calls for every returning soldier to be screened for TBI. While the VA has announced plans to do this, it needs to happen in active-duty military medical facilities too. In addition, the amendment calls for a study on the advisability of treating TBI as a presumptive condition in every service's disability evaluation system, as well as the VA disability evaluation system.

We often hear about the 25,000 soldiers and marines who have been wounded in these wars—but that figure grossly underestimates the demand that the VA health care system faces. Since our country was attacked on September 11, 2001, more than 1.5 million soldiers have been deployed to Afghanistan, Iraq, and other locations. Of these, 630,000 are now veterans and, according to the Department of Defense, more than 205,000 have already received medical treatment through the Department of Veterans Affairs. A recent Harvard study on the long-term costs of treating these new veterans estimates that by 2012 more than 643,000 veterans from Iraq and Afghanistan will be using the VA system, an almost threefold increase of what the system faces now. With a significant backlog of claims currently existing, the system is in desperate need of an upgrade. To address this concern, my amendment directs the Secretary of Veterans Affairs to submit to Congress a plan for the long-term care needs for veterans for the next 50 years.

In addition to this amendment that I offer today, I am happy to have also joined with my colleagues Senators OBAMA and MCCASKILL and offered an amendment based on the Dignity for Wounded Warriors Act. My amendment complements the Obama and McCaskill amendment to improve the care our wounded soldiers receive at Walter Reed Army Medical Center and other military medical facilities. I believe both amendments will make medical care better for our military personnel and veterans. I also commend the Appropriations Committee for already providing approximately $3.1 billion in funding above the President's request for health programs in the Department of Defense and the Department of Veterans Affairs. Providing $1.3 billion for defense health programs and $1.767 billion for veterans' health programs is a great step to fix some of the problems we currently face.

It is our highest obligation to heal the hundreds of thousands of brave men and women who will bear the physical and emotional scars of these wars for the rest of their lives. While President Bush and his administration may have failed to plan adequately to ensure that these soldiers and veterans receive the care that they deserve, we in Congress must act now to improve this situation.

Mr. BAUCUS. Mr. President, I am pleased to join with the senior Senator from Massachusetts, the chairman of the Health, Education, Labor, and Pensions Committee, in support of amendment No. 680. The substance of this amendment is what the Senate passed by a 94-to-3 vote as the minimum wage and small business tax bill on February 1.

This amendment would thus extend to hard-working Americans a long-overdue increase in the minimum wage. It is long past time when Congress should have increased the minimum wage.

Now some worry that an increase in the minimum wage would burden small

businesses. Smaller businesses employ a disproportionate share of workers earning the minimum wage.

Representatives of small businesses have therefore argued that any increase in the minimum wage should be accompanied by tax incentives targeted for small businesses in order to lower their costs.

Small business is particularly important in rural States like Montana. Rural communities generally do not have large employers. Rural families rely on small businesses for jobs.

The Finance Committee has jurisdiction over taxes. The committee held a hearing on January 10 entitled ''Tax Incentives for Businesses in Response to a Minimum Wage Increase.'' The committee heard from a variety of witnesses, including labor economists, small business owners, and tax experts.

Following that hearing, the committee held a markup on January 17. The committee reported an original bill called the Small Business and Work Opportunity Act of 2007.

That bill is a revenue-neutral bill containing a number of tax incentives for small businesses and businesses that hire minimum wage workers. The committee favorably reported the bill by unanimous voice vote. And the majority leader included that bill in its entirety in his amendment to the House-passed Fair Minimum Wage Act. That bill passed the Senate on February 1.

Now the chairman of the Health, Education, Labor, and Pensions Committee and I have included that bill in its entirety in our amendment to the House-passed supplemental appropriations bill, the U.S. Troops Readiness, Veterans' Health, and Iraq Accountability Act.

The small business tax provisions included in this amendment will help small businesses to succeed. These provisions will spur investment and thus create jobs. They will provide greater opportunity for workers looking for a job. They all enjoy strong support.

To carry out day-to-day activities, small business owners are often required to invest significant amounts of money in depreciable property, such as machinery. The amendment would help business owners to afford these large purchases for their businesses. To do so, the amendment would extend for another year expensing under section 179 of the Internal Revenue Code.

New equipment and property are necessary to successfully operate a business. But large business purchases generally require depreciation across a number of years, and depreciation requires additional bookkeeping.

Expensing under section 179 allows for an immediate 100-percent deduction of the cost for most personal property purchased for use in a business. In 2007, small business owners may deduct up to $112,000 of equipment expenses.

When small business owners are able to expense equipment, they no longer have to keep depreciation records on that equipment. So extending section 179 expensing would ease small business bookkeeping burdens.

The amendment would also allow small business owners to quickly recover the cost of improvements to their establishments through extension and expansion of the 15-year straight-line depreciation period for leaseholds and restaurant improvements. Without this provision, they would have to depreciate over the course of 39 years.

Allowing retailers and restaurants to use a 15-year straight-line depreciation period would help entrepreneurs who open a business or remodel their property. The entrepreneur's investment could be recovered over a period of time more closely reflecting wear and tear.

The amendment would extend the 15-year recovery period for leasehold and restaurant improvements. The amendment would also broaden the provision to allow retail owners and new restaurants to take advantage of this shortened depreciation period.

The amendment would also help businesses to provide jobs for workers who have experienced barriers to entering the workforce by extending and expanding the work opportunity tax credit or WOTC.

WOTC encourages businesses to hire workers who might not otherwise find work. WOTC has been remarkably successful. By reducing expenditures on public assistance, WOTC is highly cost-effective. The business community is highly supportive of these credits. Industries like retail and restaurants that hire many low-skill workers find it especially useful.

The amendment would extend WOTC for 5 years, and the amendment would expand the credit to make it available to employers who hire veterans disabled after 9/11.

As of July 2006, nearly 20,000 members of our Armed Forces were wounded in action in Operation Iraqi Freedom and Operation Enduring Freedom. Many of these soldiers are now permanently disabled. Many do not know what they are going to do. We need to help these young men and women. A modest tax incentive to help them get back into the workforce is one place to start.

The amendment would simplify the way that small businesses keep records for tax purposes. The cash method of accounting is often the easiest method of accounting. Allowing small business to use the cash method reduces the administrative and tax compliance burden of these businesses.

The amendment would let more businesses take advantage of this method. Businesses with gross receipts up to $10 million would be able to use the cash method.

The amendment helps small businesses by modifying S corporation rules. These modifications reduce the effect of what some call the ''sting tax.'' These modifications improve the viability of community banks.

Senator GRASSLEY, members of the Finance Committee, and I have worked to develop a balanced package, and I believe that we have succeeded.

The language included in the amendment is a responsible package that will ensure the continued growth and success of small businesses.

We have also paid for it. Most of the offsets are proposals that the Senate has supported several times before.

The offsets include a proposal to end future tax benefits for abusive sale in/lease out tax shelters, or SILOs. These deals use foreign tax exempt entities to generate sham tax deductions. Even after Congress shut these deals down in 2004, some taxpayers continue to take excessive, unwarranted depreciation deductions on German sewer systems and the like. The IRS says that it has 1,500 of these deals under audit, involving billions, yes, billions, of dollars.

The offsets include doubling fines, penalties, and interest on taxes owed as a result of using certain abusive offshore financial arrangements to avoid paying taxes. Taxpayers who hide their money from the IRS through offshore credit cards and other shady financial arrangements need to get the message that this Congress is serious about ending these abuses.

The offsets include closing corporate loopholes for companies who reinvented themselves as foreign corporations to avoid paying tax here in America. In March of 2002, Senator GRASSLEY and I made it clear that those who put profits ahead of patriotism did so at their own peril. The amendment would treat those who moved offshore after that date like a U.S. company, and the amendment would make those companies pay U.S. taxes.

The hard-working American taxpayers whom we are trying to help in this amendment should not have to pay more in taxes because some taxpayers are abusing the tax system through tax shelters. They also should not have to bear the burden of civil settlements and punitive damages paid by companies who engage in questionable behavior.

These are sound tax policy changes. Let us finally enact an increase in the minimum wage, and let us also pass this useful package of tax benefits to help America's small businesses. I urge my colleagues to support the amendment.

Mr. LUGAR. Mr. President, along with Senator BOND and Senator COLEMAN, I will offer an amendment that addresses an issue about which there has been much news reporting and hearings in both House and Senate subcommittees; namely, the situation facing Iraqi and Afghani interpreters and translators who are bravely working on the front lines with our soldiers and diplomats. Such work is vital to our efforts in these two conflicts, yet it often makes them and their families targets for insurgents. This past week, Mr. George Packer wrote a lengthy piece in

the New Yorker on this that I commend to my colleagues.

My interest in this issue, like many of my colleagues, began last summer when I received e-mails from a first lieutenant in the Indiana National Guard who had recently returned from a tour in Iraq and from a sergeant in the Army who was at the time serving in a combat support hospital, also in Iraq.

Aaron Inkenbrandt wrote:

During my year in Iraq, I served as a military Transition team member. As such, I lived exclusively with Iraqi forces and acted as a mentor and advisor to them. My team and I did much to build and train these forces under very difficult circumstances. However, we could not have achieved success without our Iraqi interpreters. I believe that our Nation must reciprocate the loyalty proved by these men by offering to them sanctuary in the United States.

Iraqi interpreters are an outstanding group of people. These men not only act as our communicators but also our cultural advisors and our friends. Our interpreters share with us the dangers of combat and the rigors of military life. While interpreters are generally well paid, the risks associated in assisting Coalition forces are extraordinary. Both at work and at home, interpreters fear for their lives. This fear is often so great that they cannot tell even their closest relatives what they do for a living.

The insurgency in Iraq has made clear that they will murder any Iraqi caught assisting Coalition Forces. Interpreters are especially prized by insurgents who often pay high bounties for their killings or capture. Iraqis not associated with the insurgency are also hostile toward interpreters. Many Iraqis believe, though wrongly, that interpreters are snitches or traitors. Such hostility makes life very difficult for Iraqi interpreters.''

The withdrawal of Coalition Forces will likely increase rather than decrease the danger posted to interpreters. Without our protection, former interpreters will be left defenseless before their enemies and subject to persecution by their friends. In my opinion, [it] would be immoral and contrary to the precepts of our Constitution to abandon these brave patriots in light of the vast sacrifices that they have made in the cause of freedom. Therefore, I implore you to advocate preferable immigration status to all Iraqi interpreters whose loyalty we reasonably ascertain.

The e-mails, and a cable that our then Ambassador to Baghdad, Zalmay Khalilzad, released regarding the life-threatening conditions our Foreign Service Nationals were facing prompted me to write to the Secretary of State last July about the issue. I encouraged her to develop a policy to address these various situations and suggest legislative language. The United States has experience and tradition in this respect from past wars that provide precedent and guidance.

The amendment I am offering today with Senator BOND and Senator COLEMAN is not a conventional amendment for an emergency supplemental, but because it has a direct impact on the missions in Iraq and Afghanistan, we are hopeful this can be included in the package.

By virtue of a provision crafted by former Congressman John Hostettler of Indiana, the 2006 Defense authorization bill established a program to allow 50 Iraqis and Afghans who have worked for the U.S. military as translators for at least 12 months to come to the United States on a special visa. The program has been underway now for just over a year and has been met with success and approval by all of the agencies who work with it.

Since instatement, 445 applications have been received. 377 have been approved, 10 denied and 58 are pending. Under the current cap of 50 per year, it will take until 2016 to admit those currently in the queued—and their families—for entry to the United States.

In order to help reduce this waittime, my colleagues and I have crafted an amendment that expands the program to 300 admissions per year and also makes some other technical changes. We change the language to include interpreters as well as translators—as that is the proper term for those who translate conversation while translators work on documents. We also authorize the U.S. Ambassadors in Iraq and Afghanistan to nominate non-Department of Defense personnel under this program, and we exempt those admitted under this program, and their families from the numerical cap of immigrants who enter in this same, so-called 4th Preference category. Finally, we wish to sunset the program after 3 years.

Mrs. FEINSTEIN. Mr. President, we have before us today a supplemental appropriations bill that will finally start the process of bringing our troops home.

The United States today is in its fifth year in Iraq. The administration offers no apparent road out of Iraq. It offers only an escalation plan that keeps growing, and an open-ended commitment to a civil war.

The Congress of the United States has an obligation to express its voice on this matter and to offer a solution.

The search for a solution has been difficult. We have come to the floor many times this year, and we have struggled to find the right course of action.

I believe that path is before us today.

This legislation would initiate the orderly drawdown of our forces and redefine the mission for a small supporting force that would remain. It sets benchmarks for the administration and for the Iraqi Government.

This legislation calls for actions which this administration has stubbornly resisted, including the prompt phased redeployment of U.S. forces from Iraq. This redeployment would begin within 120 days of the legislation being enacted.

The legislation sets a goal of March 31, 2008, for redeploying major combat forces from Iraq. A smaller force would be allowed to remain, with its mission limited to protecting American and coalition personnel and infrastructure, training and equipping Iraqi forces, and conducting targeted counterterrorism operations.

This supplemental also calls for a vigorous ''diplomatic, political, and economic strategy.''

This strategy would involve ''sustained engagement with Iraq's neighbors and the international community for the purpose of working collectively to bring stability to Iraq.''

This is the key to ending the violence in Iraq—the recognition that the solution to Iraq lies not in U.S. force but in political accommodation among the Iraqis.

This legislation also sets benchmarks for the Iraqi Government.

These include deploying trained and ready Iraqi security forces in Baghdad; strengthening the authority of Iraqi commanders to make tactical and operational decisions without political intervention; disarming militias and ensuring that Iraqi security forces are accountable only to the central government and loyal to the Iraqi Constitution; enacting and implementing legislation to ensure that Iraq's oil is distributed to all Iraqi citizens in an equitable manner; enacting and implementing legislation that reforms the de-Ba'athification process in Iraq; ensuring a fair process for amending the Iraqi Constitution to protect minority rights; and enacting and implementing rules to protect the rights of minority political parties in the Iraqi Parliament.

Finally, this supplemental requires that the top U.S. commander in Iraq report to Congress on progress by the Iraqi Government in meeting these benchmarks—30 days after this act is enacted and every 90 days thereafter.

Our Nation's present course of action is untenable and unsustainable.

Our very purpose for being in Iraq bears little resemblance to the reasons Congress authorized the use of military force in October 2002. What do we have as we enter the fifth year of this war? A terrible human toll in dead and injured—3,200 Americans killed, more than 24,000 wounded, with estimates of Iraqi civilian deaths that soar well into the six figures and a toll on our Treasury that is unsustainable.

According to the Congressional Research Service, the Iraq war is already the fourth most expensive war in U.S. history, behind World War II, Korea and Vietnam. We are spending roughly $8.4 billion in Iraq a month—more than $2 billion a week. So far we have spent nearly $400 billion in Iraq. Think of the opportunity costs to this Nation. Wars cost money. I understand this. But we cannot continue this level of spending on a distant civil war with no exit strategy. If we keep our combat forces in Iraq for years to come—as this administration seems intent on doing—it will likely become the second costliest war we have ever waged.

Our military cannot continue to bear this heavy burden. This war has eroded our troop readiness, depleted military equipment, and left our fighting forces weary.

Consider these developments:

Army and Marine officers say the rapid pace of deployments into Iraq has put the readiness of their troops into a ''death spiral''—with 40 percent of gear worn out and soldiers and marines left fatigued and undertrained. Our Nation owes our fighting forces better than this.

The 3rd Infantry Division, scrambling to meet deployment orders, reportedly has sent injured troops back to Iraq—including ones so badly injured that they could not put on their body armor. We owe our fighting forces better than this.

The Army's medical facilities are understaffed and underfunded—not just at Building 18 at Walter Reed—and its medical staff is overwhelmed. We owe our fighting forces better than this.

Some 1,800 Marine Corps reservists will get letters this week notifying them that they are being involuntarily recalled for a year, thanks to a shortage of volunteers to fill some jobs in Iraq.

This follows news that should make everyone in this Chamber take notice: The 82nd Airborne Division—the storied ''All-American'' Division—is so strained by this war that it can no longer respond on short notice to a crisis.

For decades, the 82nd Airborne has kept a brigade on round-the-clock alert—ready to respond to a crisis anywhere around the globe within 18 to 72 hours. But The New York Times reported on March 20 that the 82nd Airborne can no longer meet this standard—a standard it has long held with pride.

I believe the supplemental that we have before us today is the solution to the Iraq problem. It provides a vehicle for Congress to express its sense on Iraq and to require the President to take concrete, measurable steps forward. It sets clear deadlines and requires vigorous regional diplomacy. It sends a message to an administration marked by arrogance and declares to the Iraqi Government that their time has come.

Zalmay Khalilzad, the outgoing U.S. Ambassador to Iraq, said as much Monday, March 26, in his farewell news conference.

Mr. Khalilzad was direct: The Iraqi leadership must understand, he said, that time is running out.

Finally, most importantly, this legislation begins the process of bringing our troops home.

We have a choice today. We can vote for a clear-headed Iraq policy or do nothing. We can exercise our constitutional oversight duties or we can be a rubberstamp for a failed Iraq policy.

I urge my colleagues to choose the first path. To choose the other is to abdicate our responsibility.

(At the request of Mr. LOTT, the following statement was ordered to be printed in the RECORD.)

VOTE EXPLANATION

• Mr. ENZI. Mr. President, I would like to state my position on the Cochran amendment No. 643 voted on by the U.S. Senate.

I was unable to vote due to a family emergency but would have voted in favor of the Cochran amendment. I was pleased to be an original cosponsor of the amendment.

I do not support congressional micromanagement of military operations and I do not support the congressionally mandated phased deployment of our troops in Iraq.

Troop redeployment decisions should be made by military leaders and the combat commanders who are on the ground in Iraq. I do not favor a set redeployment date, reporting to our enemies in language ''cut in stone.''

Congress must provide our troops with the resources they need when they need it. I fully support our Armed Forces personnel in their current military operations in Iraq and Afghanistan.

I want our troops to come home as soon as possible. My goal has always been for American Armed Forces to stand down as the Iraqi forces stand up. The United States cannot abandon the efforts of the people who have sacrificed so much.•

MORNING BUSINESS

Mrs. MURRAY. Mr. President, I ask unanimous consent that the Senate now go into morning business, with Senators allowed to speak for 10 minutes on each side.

The ACTING PRESIDENT pro tempore. Is there objection?

Hearing no objection, it is so ordered.

Mrs. MURRAY. Mr. President, I ask unanimous consent that Senator COBURN be recognized for up to 1 hour.

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

HEALTH CARE

Mr. COBURN. Mr. President, I understand that I am to be able to speak as in morning business for up to 1 hour.

The ACTING PRESIDENT pro tempore. We are in morning business, and the Senator is recognized for up to 1 hour.

Mr. COBURN. I thank the Chair.

Mr. President, if you go out in our country and you ask, besides the war, what is on people's minds, the No. 1 topic you will hear about is health care. And what are the questions that you hear? Why can't I choose my own doctor? Why can't I pick my own health insurance plan? Why do my premiums increase every year but my benefits don't increase? Why do I have trouble understanding which benefits my health plan offers? Why does my employer get a tax break from my health care but I don't? Who can make the best health care decisions for my family, us in Washington, the insurance bureaucrats, other people, my employer, or how about me? How about me getting to make a decision about my health care?

There is no question America's health care is broken. It is not that we are getting bad care, it is that we pay a tremendous amount for what we get in our care. The estimates are anywhere from $1 out of every $3 to $1 out of every $4 we spend on health care doesn't go to help anybody get well in this country and doesn't go to help anybody prevent having an illness. That is $2.2 trillion, and it will be over $2.3 trillion this year.

When you see what happens—and these are not my numbers, by the way; these are Price Waterhouse numbers, a breakdown on health care dollars—what you see are some pretty interesting statistics. You see that when we go to spend $1 on health care, 35 percent of it goes to hospitals, 21 percent of it goes to doctors, 15 percent goes to prescription drugs, and 5 percent goes to equipment.

All the rest of that, the medical liability insurance—nobody realizes that is 10 percent. Ten cents out of every dollar we spend goes to medical liability. We are insuring against a problem in health care—10 percent. It costs us 6 percent to process the claims. One-half of all the claims filed against all the insurance companies in this country are denied because the people haven't met their deductible, and yet we keep sending the claims, keep spending the money.

One out of every three people who works in a hospital, one out of every three people who works in a doctor's office doesn't do anything to help anybody get well. Why is that?

It is because of the system we have set up. If you add this 10 percent for liability insurance, 6 percent for processing, 5 percent for marketing, 23 percent for the insurance industry profit—and I doubt seriously it is that low—what you come up with is 24 percent, as a minimum, that doesn't have anything to do with helping anybody get well.

Now, why is that? Why is it we have this system? It is because we have somebody besides the patient choosing what they will get in terms of health care. In Medicaid, it is your State. Oftentimes in Medicaid it is your State paying a very low rate, so now you get to choose from those who will accept the lowest rates. In Medicare, they tell you exactly what the price is. We spend all our time around here trying to change Medicare, because when we push on the balloon one way, something else pops out.

So whether it is the Deficit Reduction Act or some of the other things we have had, what we find is we cannot control this tiger because we have a bureaucratic maze that nobody understands. When we try to use price controls, when we try to limit expenditures, we end up losing control.

So what happens? Who makes your health care decisions? Either CMS, the Center for Medicare Services, in conjunction with your State, either for Medicare or Medicaid, your employer, or an insurance company.

Whatever happened to you making decisions about your health care, about which doctor, about which insurance policy, about which hospital you want to go to? And why is it that if you happen to be Medicaid, you get to choose less than somebody who doesn't happen to be Medicaid? Why is it we are treating in an unequal fashion those who are the poorest among us?

Why shouldn't we have the right to pick what insurance benefits are best for us? Why shouldn't we have the right to choose who is going to be our caregiver, whether it is a doctor, a nurse practitioner, a physician's assistant, a chiropractor, or an optometrist? Why shouldn't we get to choose that, rather than an insurance company or an employer deciding who we can or cannot see?

They also decide the price we are going to pay because we are trying to control all these costs. They are also going to decide which hospital we go to. But how is it that we have a system now where everybody except the patient gets to decide what happens to them in terms of their health care?

We can't afford the health care system we have today. For one thing, 16 percent of our GDP, the highest of any country in the world by 50 percent, is spent on health care. Although we have good health care, we don't have better health care than those countries that are spending less. We are spending 16.2 percent, or $2.3 trillion, per year on health care, so we should be 50 percent better off. We should have a 50-percent better life expectancy, 50 percent less heart disease, and 50 percent less cancer. Of the money we spend on health care, fully three-quarters of that is spent on five diseases.

Think about that: 75 cents out of every dollar that actually gets into health care, which is only 60 to 70 percent of the money we actually pay into health care, 75 cents of that goes for either heart disease, stroke, chronic obstructive pulmonary disease, diabetes, or cancer. Five diseases, most of which are readily preventable—not partially preventable but readily preventable—through increased prevention activities.

This Government this year will spend $20 billion on prevention in 12 different agencies, through 27 different programs, none of which are coordinated to try to maximize the education of the American people to what they need to know about their health care so they can make decisions on prevention. Consequently, we are very ineffective with prevention.

If you look down the road at what is coming in terms of Medicare and Medicaid, what you see is an unfunded liability of over $60 trillion—$60 trillion—we are adding. This isn't about health care now. That $60 trillion that is getting ready to hit our kids and grandkids in terms of Medicaid and Medicare that we have promised for the future, that we have no way to pay for now, one of the great ways of lessening that number is to change what we do on prevention. Prevention is the key.

Grandma was right: An ounce of prevention is worth a pound of cure. As a matter of fact, it is said in 2070 $1 out of every $2 that Medicare spends, at our current rates, will be spent on diabetes—$1 of $2. So when you look at this Medicare number, with the vast majority of the baby boomers who are going to retire and then their generation is going to retire, $1 of every $2 that will be spent by Medicare will be spent on one disease only, which means we only have $1 to spend on all the rest of health care for seniors, plus any attempts at prevention and at early diagnosis or new and modern treatments. We can't continue without a coherent plan on health care.

The other problem that is facing us as a nation is right now we can't compete globally in many areas because of health care costs. When you compare GM and Toyota, there is a four times greater differential for what goes into a car made in this country by one of the Big Three versus what goes into a car made outside of this country by their competitors. So there is no way that we can, in fact, be competitive globally until we handle health care. There is no way we can handle Medicare and Medicaid until we change the health care system.

Myself and RICHARD BURR and several other Members of the Senate will be introducing a bill tomorrow that addresses every problem our health care system faces today, whether it is tort liability, and making sure people get awarded what they need when a mistake is made during the practice of medicine, or whether it is immunizations. The fact is, we have very few States where we have achieved 90-percent immunization.

We are going to address every problem we face, the liability that comes at us in the future through Medicaid and Medicare, the problems we face on liability, the problems on access, the inequality that somebody, because they happen to work at a very low-paying job, gets stamped with something on their forehead that says, you are of less value than somebody who happens to work someplace that has great insurance and a higher paying job.

Our bill changes all of that, and instead of going to the Department of Motor Vehicles to wait in line, we are talking about a health care system where you, the consumer, are No. 1. The government isn't No. 1, the doctor isn't No. 1, the hospital isn't No. 1, the drug company isn't No. 1, but you, the patient, become No. 1. You get to choose what insurance you want, you get to choose what kind of insurance you want, and you get to choose how much you will pay for it. We create a new insurance market where everybody gets to play by an even set of rules.

How do we do that? We do that by giving everybody the same advantage in this country when it comes to health care, and that is a refundable tax credit, $2,000 for every individual, or $5,000 for every family. What that means is, if you are earning about $120,000 a year or less in this country, you will gain in terms of your taxes off of this bill. If you are making $120,000 or less, what is going to happen is you are going to have the option of staying with your employer, if you like what they have, and that tax credit will be available to your employer. But if you decide you want something different, maybe it offers something you don't get covered today or doesn't cover a whole lot of things you think you need, you can take that tax credit and buy that insurance and save the difference in the money for your future health care. The Universal Health Care Choice and Access Act provides $2,000 for every one of the 45 million uninsured tomorrow, every one of them as an individual.

Now, what does that buy? People say: That won't buy much. Well, if you go to Kentucky and you happen to be 35 years of age, you can buy a $2,000 yearly deductible policy for $897 and have $1,300 or $1,100 left over between that and the deductible. If you try to buy that same policy in the Chair's State, it is almost $6,000 for that identical policy. Why? Because government has decided in New Jersey differently than what government has decided in Kentucky. Therefore, the cost of getting this minimal coverage, because of the mandates put on by government—not what a patient wants but by what government says patients should have—makes that unavailable in New Jersey.

How do we fix that? We allow people to buy insurance anywhere they want, just like they buy their auto insurance today; like they buy their homeowner's insurance. They can buy it from any company anywhere in America, as long as they have a registration with a State. We create a primary and a secondary location for that. So if you want to buy something that has a better price, that fits your needs, you have the capability to do that and put the difference into a health savings account, where you can use it for future health care needs, that you can use to apply to any deductible, or if you get enough money in it, you can bring it down to where, if you want to, you can have a zero deductible—if you want—but most people will not want to do that. We allow you to select a health plan that truly meets your family's needs, not what some Government bureaucrat says or some Senator says you must have. It is what you want. We allow individuals to choose what they want in terms of their health care.

What will that do in terms of the market? That is going to create innovation in the health care market all across this country. It is going to cause competition like crazy for the dollars. Once we truly have competition, which is something we do not have in health care today, which we tremendously need, then we are going to see a big change.

The other thing this does is it gives access for affordable health care for a ton of people who do not have it today. They get to choose their health care provider. The patient gets to choose who takes care of them. Not the Government, not their employer, not the Senate, not their State insurance commissioner, but they are going to get to choose who is going to take care of them. It is the right to choose who is going to care for you.

How do we do that for the States? We do not mandate anything for anyone. We do not say anybody has to do anything. But we create a lot of incentives. We tell the States that, if you want to, you can take your Medicaid funds and your disproportionate share funds and anybody who is Medicaid eligible, under the 133 percent of poverty level, you can take their $2,000, plus the Medicaid money, plus the DSH money, and you can help them buy an insurance policy in your State. If you want to stay with Medicaid, you can stay with Medicaid. There is no mandate from the Federal Government other than to get people into coverage.

You ask any government tomorrow if they would take $2,000 per eligible person in their Medicaid program, would they take a deal with them having the freedom to design what is best for their State? Every Governor will tell you yes. Every Governor will tell you yes. Why? Because now we are given the resources there to allow a Medicaid patient to be just like everybody else—a Senator, their mayor or somebody who works at the best factory in town. They have an option to not be discriminated against because they show a Medicaid card. Now they have an insurance card. People ask: What about the people who do not want to have insurance? We allow the States the opportunity to have a default mechanism. If the State of Tennessee—I see the Senator from Tennessee here. If the State of Tennessee wants to decide we will option, if we have people in our State who are going to be so irresponsible that they will not even buy themselves coverage and they have an opportunity to take tax money to do that, then we are going to create a default mechanism whereby the State of Tennessee—if you are a 25-year-old motorcycle rider and you don't want to buy insurance, they can take your tax credit and buy a high-deductible policy for you so when you go to the ER, all the rest of us don't have to pay all your costs. What is happening in our health care system is we keep transferring the costs so we have a rationale for jumping up the price because they are doing something for somebody else at a low price.

What the real facts are—and we never hear it—the real facts are, when you look at the hospitals out there, all—the vast majority of them—and this is a very key, important point—the vast majority are nonprofit entities. That means they pay no income taxes, they pay no payroll taxes. On order, the vast majority, and on average, offer 10 percent of their total billed care as indigent care.

But that is not a real number. The reason it is not a real number is because they bill the highest prices they have for that indigent care. If you look at the cost of that care, it would be far below that. I know in the State of Oklahoma, the hospitals there last year billed over $5 billion in revenue, made over $5 billion in profit, and out of that they billed another $400-some-odd million in care that was uncollectible to people who did not have insurance or couldn't pay. That was not really their cost. That was their billed price.

Remember, we give this nonprofit status to all these entities, this $500 million worth of profit in Oklahoma, for example, and they pay no taxes on that. They pay no real estate taxes. In essence, they offer about $100 million worth of charitable care.

What this bill does is it takes away all the cost shifting.

What are the other things we do? We incentivize high-risk pools. What about the person who gets a chronic illness and they say all of a sudden their insurance company drops them. We have incentivized so the insurance company is not going to do that. In every State we give a bonus if they set up a high-risk pool and then the high-risk pool is funded out of everybody who is insured in that State. So if you have an insurer insuring someone with complications from diabetes and they say we will drop this person because it is too costly, they go to the high-risk pool. Guess what. That insurance company is going to pay for them anyway. There is no benefit for them to drop them. There is all the benefit then for that insurance company to get busy and involved in managing the chronic disease, where we know we can eliminate complications, we can improve the quality of life, and we can also increase life expectancy by managing the chronic disease.

Here is what we do for Medicaid patients. They get a $2,000 check from the Federal Government plus from their State. They can go into whatever plan they want. If their State says we want to stay with Medicaid and take that in enhanced Medicaid, the State gets to do that. There is not a mandate in anything. What it says is: If you think a State Medicaid Program is better for your State, without choice, then you can do it. But all the rest of the States are going to say I think I would rather have our Medicaid patients have a true insurance, a real card where they have the same access, the same equality of access as anybody else.

All of a sudden you have everybody in the marketplace compete. They can stay in a State-run system. They get to save what they don't spend on their health care for future health care needs.

One of our problems is savings in this country. It is important. How do we fix our health care system? We know that, if we look at the liability costs that showed 10 percent of the health insurance dollar going for liability insurance, that is an underestimate. The American Hospital Association found, recently reestablished by another organization, I can't remember who, that repeated the study—what we know is each year, today, besides that 10 percent, providers order another 8 percent of the cost of health care for tests that patients do not need.

Why do they do that? They do that because they perceive they need to have everything on the books to defend themselves that they can have, so they fire a shotgun at it. We will get this test, this test, this test—knowing they don't need it but they operate under the ''what if'' scenario, this adversary system that we have.

Finally, we address liability. We give another percentage bonus to the States that will set up what is called a ''health court'' system. It is a real simple system. If you have a complaint against a provider, a hospital or a doctor, you can go to the health court. You don't have to go to the health court. But you can go to the health court and you can be seen in front of three lawyers, three doctors, and a judge who have their own expert witnesses. This judge is schooled in medical malpractice. They can make a decision for you right then.

If you accept the decision, then you give up your right to go to court. If you don't accept the decision, you can't ever come back to that court on that particular issue, but everything you do in court is admissible. We do not take away anybody's right to go to court. But what we do accomplish is making sure people get made whole quicker and cheaper—40 percent now doesn't go to the trial lawyer for you to get made whole.

There is no question we make mistakes in medicine every year. But why should we drag it out for 3 to 5 years, No. 1. Why should we pay 40 percent of whatever the ultimate award is to somebody who helped us accomplish that, where we can set up a system that will arbitrate that in front of a nonbiased group of peers, lawyers and doctors who say: Here is the right thing, here is the medical case, the legal case, let's make a decision and send it on.

What it does is it saves tons of money directly, but what will it do? As soon as you create confidence on the part of providers that they do not have to order this other 8 percent of tests, you are going to see that dropping about half. So we can gain 4 percent in this cost of health care by setting up health courts, by changing the dynamic under which we make sure people are made whole when something happens to them in the medical malpractice area.

Not every State has to do this. But if your State decides to do this, you get a 1-percent bonus on your Medicaid money—out of a large pool.

We have lots of ways in which we do not say we want the States to do this and now we are going to tell you how to do it. We are saying here are some ways we think you can also do it. Go figure out the best way for you, and by the way, if you do some of the things that we think will save some money, here is some extra money for you.

Ultimately, if we do not fix health care—everybody in this Chamber knows we are going to go the way of Western Europe and that is the following: We are going to decide that we are going to have a single-payer system run by the Government. As P.J. O'Rourke says: ''If you think medicine is expensive now, wait until it is free.''

We are going to control costs. We are going to do it the same way we are trying to control costs with CMS. What happens? What happens is we are going to start rationing care.

Let's take some real statistics. In England, diagnosis? Cancer. In England, if you get a diagnosis of cancer right now, the average starting time for your chemotherapy is 10 months after your diagnosis. Anybody here who wants that kind of medicine will vote against this bill. That is exactly what we get. We get rationing. What it means is people with great potential will not get the treatment in time to capture that great potential. What it means is great suffering. What it means is loss of innovation. What it means is a lack of available, fair access. It is everything in England in their health care system takes away all freedom.

It is also interesting to know this past year in Canada there was a lawsuit filed, which was won. What this individual said is the Canadian law says I can't go to anybody except a Canadian doctor who is owned and run by the Government. They challenged that. The Canadian supreme court ruled on the side of the patient: You ought to have the right and freedom to go wherever you want, to whomever you want if you are willing to pay the bill.

Paying the bill is the insurance part of this. If you want to be able to have that access, then you are going to want to be able to buy a policy that allows you to have it. If you don't want that access, you can buy a policy that says here is a straight HMO, here are the only four doctors you can go to, and here is the hospital you are going to get to go to.

We are talking about freedom in health care. How do we get to the bottom line, away from 16 percent of our GDP, down to 10 percent of our GDP? More importantly, how do we create a system that gives us better quality, at lower cost, with better value. That is what we are talking about.

I yield to the Senator from North Carolina.

Mr. BURR. Mr. President, I commend my colleague from Oklahoma, a dear friend and somebody who has been passionate about health care for years. He and I came to Washington together in 1995. We served on the Energy and Commerce Committee, and we recognized then that changes needed to be made. Every year we have seen the same response in Washington. We have seen the end of a calendar year come, the need to find savings in health care. Administrations, Republican and Democratic, turn to Medicare and Medicaid and say we are going to extract $60 billion, $70 billion out of savings in these health care systems. We have laughed as they called it ''waste, fraud, and abuse'' because there is waste, fraud and abuse in it. We just didn't get any money out of it because we have been reluctant to fix the health care system in this country.

What are we doing? What is this plan? This plan is universal health care. Let me say it again. This plan is universal health care. This is providing affordable, accessible health care, provided by the private sector, for every American in this country.

This is change in the design of health care that has been historically, up to this point, employer negotiated, the majority employer paid for, and an employee has very little input into the makeup of the policies that cover them.

It doesn't reflect their age, it doesn't reflect their health conditions, it does not reflect their income.

What we are talking about is shifting it away from employers over time. We are talking about creating real incentives for individuals. We are talking about making sure 47 million uninsured Americans today and tomorrow have tax credits that can be used for real insurance coverage. What does that provide for them? For the first time, it creates a relationship between a patient and a health care professional.

We have talked in this institution, we have talked in this town, and we have talked in this country about the need to project wellness and prevention in health care. Well, this does it. This, for once, accomplishes that because we as individuals can negotiate our plans, not through the group plan but as 250 million-plus Americans. We can negotiate what makes sense for us from the standpoint of the scope of coverage that reflects what we are willing to pay as it relates to premium—and, by the way, provides States the capability to do the same thing with their Medicaid beneficiaries, their Medicaid patients, if, in fact, they want to begin to change the way their care is delivered, by creating the same relationship between a health care professional and them, because they now have the same insurance we do.

Medicaid beneficiaries have this big ''M'' on their foreheads. They do not want to be on Medicaid, but they are there because it is the last resort. What we want to do is integrate them into what all of the rest of us have; that is, individual insurance.

Dr. COBURN hit on a real key; that is, an attempt to bring everyone's health care costs down. It is not to pick out a group and to say, We are going to reduce yours, and pick out a group over here and say, We are going to reduce yours. This is an attempt—it is the first real attempt—to bring everybody's health care costs down.

What we learned when we created Part D Medicare, the drug benefit for 35 million-plus seniors in this country, was that when we created real competition between insurers and we brought transparency to price, two very real things happened: In the first year, premiums dropped 28 percent over what we had projected, and drug pricing dropped 33 percent.

We have a model we have already tried that seniors across this country say: Do not mess with this plan. That, in fact, exemplifies what we are trying to do. We are trying to create real competition between insurance for our insurance business; we are not letting one employer negotiate the plan and then dump it on the employees. But the question is, Can we have the same results as Part D by seeing the cost of health care reduced for all Americans? Well, you start that process when you eliminate cost-shifting. You accelerate that process when you inject what this bill does; that is, transparency in the price of health care that is delivered to you.

Imagine the day that you can go online and you can actually see what your doctor's visit is going to cost, what the lab workup is going to cost, what a visit to the emergency room at your local hospital is going to cost. In markets in North Carolina today, some choose not to go to the hospital for the nonemergency care, even though that may be their primary provider; they choose to go to the community health center because the community health center actually delivers the same if not a better level of care. But one thing is for certain: They know exactly what it is going to cost them. And these are individuals who are insured.

For the first time, all Americans have an opportunity at prevention and wellness. What does that mean? It means we can make decisions about our health care that have an impact on the cost of our health care to us and consequently have a ripple effect across the marketplace, that as more and more Americans make healthy decisions, the cost of health care overall comes down.

It means we have freed up those valuable health care dollars to make sure they are there for the individuals who are going to be susceptible to disease—chronic or terminal illness.

It means the relationship we have now established between patient and health care professionals means we have recognized we can accumulate the data we need so that Medicare reimbursements are no longer a shot in the dark where we pull a number down that may not be reflective of the cost of delivering the service, may not be reflective of the value of the service.

The reality is that when we create that relationship, we are able to accomplish the accumulation of data that tells us what things really should cost.

In health care, those healthy decisions allow individuals to make decisions about disease management. The most costly part of the U.S. health care system is the chronic diseases that exist and our inability to manage those diseases. The most expensive is diabetes.

Today, we have electronic capabilities for diabetics and for coronary heart patients where, at different periods during the day, their vital signs can be transmitted over a telephone line to their doctor. The doctor can instantly know whether, if it is a diabetic, they are managing their insulin. If it is a coronary heart patient, they can determine whether the fluid buildup means they need to adjust their medication. What does that give us the ability to do? It means we can take a patient who up to that point got too much fluid on the heart, made an emergency room visit, and in all likelihood was admitted for 3 days as they get the medicine back in balance. Now, a doctor, 24 hours a day, as these reports come in, can change their diuretic, can work with a diabetic on checking their blood sugar and what their insulin intake is, can detect whether they took the right medication. We can extrapolate that across every disease because technology now lets us do it in a real way. If we are not able to do this, then we are not able to recognize the value of new technology.

So much technology today that would benefit us in the Medicare marketplace is not reimbursable by Medicare. It is a decision they make because it is not tested in the marketplace; therefore, it has no value because they do not know how to reimburse for it. Well, the reality is, when you have a health care system that responds to the benefits to individuals, all of a sudden you have the market that creates a value for the technologies and for the innovations.

So I am delighted to be here. There is so much to this bill. This bill is the most comprehensive transformation of the health care system in my lifetime.

One might say it is difficult to do so big a bite at one time. I made that mistake. The reality is that when you look at the timeline we are up against every year we do not adopt this type of transformation of our health care system, more Americans become uninsured, more individuals with preexisting conditions no longer can afford health care, and the cost of everybody's health care in America goes up because we have not eliminated cost-shifting.

With disease management we could do today if, in fact, people had incentives in their system to take the time to monitor their health, to take their medication, to counsel with health care professionals about changes they could make, the more money we can save not only for each one of us but for the total system.

I am convinced that if you could only pick one thing out of this plan that you highlighted for the American people, it would be this: For the first time, we are presenting a very real way to insure 47 million Americans, the people who are most at risk in this country. If all of us were the beneficiaries in some way of reduced prices, more access, the ability to have transparency in pricing, the accumulation of data, electronic medical records that enable us to find savings, if that is the byproduct of us finding a way to use savings in the system to insure 47 million Americans, I believe that is the right thing to do.

The President came out in the State of the Union and he presented a very similar plan. Our plan expands on what the President said. Our plan goes to the heart of the health care system and says: If we are going to change it, then we have to go through total transformation. This is that total transformation that at the end of the day empowers every individual in this country to have custom health care coverage for themselves, for everyone in their family, for their health conditions, for their income and, more importantly, for their security.

So I commend the Senator for his work. I now look forward to working with him as we go through what I think will be a very intellectual debate about the future of health care in this country. As some look at Europe and look at other countries and say, Maybe we ought to do that in the future, I believe if we adopt this method we are going to have every country in the world looking at this model and saying, How do we do this? How fast can we do that?

Mr. COBURN. People may be saying: Well, how do you know this will work? There is a great little company named MedEncentive. They have been running pilot programs all across the country. Let me explain what they do. They get doctors to agree to follow a certain set of protocols called best practices, and they sign up communities, municipalities, and their employees, and then they do a couple of things. They take them under coverage, and they reward the employee—i.e, the patient—if they will use those doctors.

What is unique about this system? One is, after the patient has finished their office visit with the doctor, they have a patient-doctor interactive form they fill out that says: The doctor wants me to take this medicine. I understand this. Here is the reason he wants me to take this. So they have to fill out the form to say they really understood.

The other thing is, on the professional side, the practitioner side, they agree to follow the best-practice model in how they treat these patients. That was actually developed by Vanderbilt, where they followed a best-practice guideline which helps them decide what to order, what not to order, what to do, what not to do in terms of what is best for that patient. They can get off if they choose to, if they think in their medical judgment that they need to.

What has been the result? The three published results that I know of, in all three communities, in the first year of operating this where there was this competitive model, best-practice quality outline, patient followup, because the insurance company is involved in making sure the patient does that—what happened to their health care costs? One down 18 percent, one declined 22 percent, and one declined 12 percent. Now, that is just in three. Each one of them had 300 or 400 patients and took all comers, chronic disease or not.

How did their costs go down? The costs went down for a lot of reasons. One is they were practicing not defensive medicine, they were practicing real medicine. They were not throwing tests at a patient because they were worried but because they had the background of the excellence of Vanderbilt University as a practice guideline at their defense.

So what we know is that in the various test models where true marketing, true competition, true transparency as far as price, true concern for the patients' well-being, not just at the office visit but thereafter, wellness and prevention were modified, what happens is costs go down.

That is just in three cities in Oklahoma. It has been done all across this country. But what we do know is that if we attack it in a nonbureaucratic way, but we allow competitive forces—which would you rather have, an insurance company that is invested to try to make your health better or one that just wants to make a dollar on you and turn on you?

So going back, let me just kind of summarize. The system we have today limits our ability to do what we as Americans do well; that is, discern value for what we have purchased—discern whether we get value for it, discern how to do it, and we discern that on an individual basis.

Our health care is not designed on an individual basis. In many places, we get one-size-fits-all; what the Government says you will have or what the State says you must have, you must buy this. I believe a lot of our problems have come because we have tried to micromanage it from Washington and from the statehouse. What we are talking about is giving freedom of choice, not just to patients and providers but to insurance industries.

Imagine the tremendous possibilities that will come into a market that says: This is a new day. I get to market all sorts of different things that might match up with different people. All of a sudden, now I will have to compete not only with people in my State but all across the country for the best plan that gives me the best value that meets my needs. Why would we not want that? We have that in every other

thing. Why would we not want to capture the best aspect of the American consumer, which is discernment?

Not long ago I was sitting with some friends and put forth the fact that I believe Americans are smart enough to know what they want in health care. The idea got pooh-poohed. I thought, how insulting. We can figure out what computer to buy and how much memory we want and how big a hard drive we want and whether we want a photo section on it or a print lab. We can figure out all of those things—as a matter of fact, our 10-year-old kids can figure that out—but we can't figure out how to buy health care. We are going to say to the American people: You are not sophisticated enough, you are not smart enough to know what is good for you or to know what you need. So, therefore, the Government is going to tell you what you need. That is what we have today, whether it is the Government or your employer or somewhere else.

This bill changes all that. This is a bill that will create transparency so you as a consumer can know what something is going to cost. It is going to create a situation where you can perceive whether you have value. It is going to create an incentive to save for health care for the future and an incentive for wellness, not just by what the insurance company will come to sell you but by the $20 billion that we are now spending, of which less than $2 or $3 billion makes any difference at all in somebody's health care. We are going to focus that on true prevention. We are going to direct that the HHS relook at every one of these programs and develop a model to where we educate the American people about the risk.

Let me give a personal story. I am a colon cancer survivor. What we do know is with good prevention and good screening, one out of every two people who are going to get colon cancer we can keep from getting it. Why wouldn't we do that? Why wouldn't we prevent half the colon cancer in this country? We don't have a good reason. One of the reasons is because we have an ineffective prevention program.

I am a small government person; I admit that. But there is a legitimate role for the Federal Government when it comes to teaching America about our health needs, prevention, and wellness. We have plenty of money to do it if we take the same money we have now and redirect it in a way that educates the American people. Innovation works. We know that. Competition works.

Take, for example, a year ago a 46-inch plasma TV cost $11,526. Today you can buy the same thing for $2,300. Next year you will be able to buy it for $1,400. The next year you will be able to buy it for $700. Why? Competition. Competition breeds quality and value, only if you have a market under which you can operate. We don't have that today in health care. Innovation also works in health care.

Look at Lasik. Here is a procedure that is not paid for by the Government. It is not paid for by any of the insurance industry. But if you are nearsighted and you want to be able to look far away, you can get that done. When it first started, it was $4,000 an eye. Now there are places you can get it done—the same piece of equipment, the same computer—for $500 an eye. Why won't that work? It will work in health care. It will work. Innovation will come as a result of that.

What happens when we innovate. What we get is better quality at a lower price and better value. I am hopeful that as the American people look at this, they will be reminded of a couple things. This is universal coverage. Everybody in America gets treated the same by the Federal Government when it comes to health care. Everybody in America is on equal footing as far as the Income Tax Code is concerned when you go to buy your health care. No longer do we advantage the very rich with $2,700 a year in tax benefit and the very poor with $100. We totally neutralize that and say: Everybody ought to be treated the same under the Tax Code for health care. It is universal coverage.

No. 2, it takes away discrimination. Because you are poor, because you don't have the ability to have a job that has insurance coverage today, and if, in fact, you are at 133 percent of poverty, why should you be discriminated against because you are on the Medicaid Program? This is no offense to any practicing professional out there because there are great professionals who are taking care of Medicaid patients. But if you look at the marketeering, the ones with the best doctors, as a rule, because Medicaid pays so low, do they have time to take care of Medicaid patients? No. What happens is, somehow they don't have time. So what we have done is discriminated down with Medicaid patients.

Why shouldn't a Medicaid patient get the best doctor every time, just like a Senator? Why shouldn't they have access to capability? Why should they be discriminated against by having a Medicaid stamp on their forehead? We are talking about universal access, equality of care, and personal freedom and choice. You get to decide what is best for you and your health care and your family.

By the way, when you get this money and you haven't spent it all, you get to save it for next year and the year after and the year after. You can buy what is best for you with that money.

This money also goes to retirees. If you retire at 60 and are not eligible for Medicare, you still get your tax credit. We don't discriminate against anybody. Everybody gets the tax credit.

The final thing I would say, it doesn't cost the American taxpayer one additional dollar in income tax. There will be no increased cost with this plan. Actually, we have tried to make it revenue neutral. My worry is that it will save us money. We have tried to make it where it does not. We have tried to make it the most generous thing we can to get the most coverage for everybody out there. Again, prevention first, free choice, freedom, and liberty. You get to decide who cares for you, what insurance, what hospital, and every American gets that. It is the Government not telling you what you must do but saying here is what you can do if you want.

I yield to the Senator from North Carolina if he has any additional comments.

Mr. BURR. I would only use that time to thank the Senator from Oklahoma. This is a crucial debate that this country needs to have, this institution needs to have. More importantly, we are at a point where we have to stop talking about what we are going to do and actually start doing something. The Senator from Oklahoma has stated it very well. What we can do is bring a higher level of care to all Americans—not just some Americans, to all Americans. Through that effort, all Americans receive a financial benefit. Our system prospers because we are able to take care of more, and we are able to provide an unlimited opportunity in the future because we unleash innovation and technology in health care.

I have wondered what it would be like if we had innovation at the same level in health care as, say, in cell phones; that we would have a new platform every 6 years, and that platform would provide an array of opportunities to us that we are not forced to take, but they are available to us if, in fact, we want them. Health care has been starved of innovation, in large measure because it treats every American differently. This is the first real opportunity for universal coverage, universal access, where every American has an opportunity at the best coverage available.

I thank the Senator from Oklahoma.

Mr. COBURN. I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. BROWN). The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

RENO-TAHOE YOUNG PROFESSIONALS NETWORK

Mr. REID. Mr. President, I rise today to honor the Reno-Tahoe Young Professionals Network, RTYPN. This important organization has been formed recently by local community leaders and will provide a significant service to northern Nevada. I am pleased to recognize the group here today.

The Reno-Tahoe area has been growing swiftly for the past decade. The region enjoys a strong and relatively diverse economy, offering a range of jobs

and professional opportunities. Reno-Tahoe also offers a wonderful quality of life and some of the finest recreational opportunities in the Nation.

Despite the overall growth and undeniable lures to the region, it has not succeeded as well in attracting and retaining young professionals, a demographic critical to its continued and future economic growth. To address this issue, the Economic Development Authority of Western Nevada, EDAWN—through the leadership of Chuck Alvey, Michael Thomas, and consultant Stacey Crowley—wisely recognized the need to provide young local professionals with an opportunity to meaningfully engage with regional business and community leaders and participate in directing the region's future.

Toward that end, EDAWN launched the RTYPN, an organization designed to teach valuable skills, provide networking and leadership opportunities and participate in the regional discussion about how to capitalize on the region's assets to grow a better community and economy for the future. With the partnership of organizations such as EDAWN and the Reno Sparks Chamber of Commerce, the creation of RTYPN shows the vision and resourcefulness of the Reno-Tahoe community and I am eager to learn of RTYPN's future successes.

NATIVE HAWAIIAN GOVERNMENT REORGANIZATION ACT

Mr. AKAKA. Mr. President, on January 17, 2007, Senator INOUYE and I introduced S. 310, the Native Hawaiian Government Reorganization Act of 2007 to extend the Federal policy of self-governance and self-determination to Hawaii's indigenous people. This measure is of critical importance to the people of Hawaii. It would, at long last, clarify the existing legal and political relationship of Native Hawaiians with the United States, allowing for the formation of a government-to-government relationship.

Mr. REID. Mr. President, I am very well aware of the support of the Senator from Hawaii for this measure and his determination to see it enacted. As a result of the hard work by Senator AKAKA as well as his colleague, Senator INOUYE, on behalf of this legislation, every Member of this body should know how important this bill is to the people of Hawaii.

Mr. INOUYE. I thank the Senator for his recognition of our continuing perseverance and unwavering resolve to move this measure forward. At its core, S. 310 is about equity. It is about establishing parity in the Federal policies towards Native Americans, Alaska Natives, and Native Hawaiians. Our U.S. Constitution is clear in the means by which it addresses the status of the indigenous, native people of this land. It is a status based not on consideration of race or ethnicity, but rather on the political relationship that existed between the United States and the native people who occupied and exercised sovereignty over lands that later became part of the United States.

Mr. AKAKA. Mr. President, the senior Senator from Hawaii is absolutely correct, and I appreciate both his comments and that of our majority leader about my efforts to date. I first introduced this bill, together with the members of Hawaii's Congressional Delegation, in 1999. And, I have introduced a similar bill every Congress. In each Congress, the bill has been favorably reported by the Senate Committee on Indian Affairs, and its companion measure has been favorably reported by the House Committee on Natural Resources.

During the 109th Congress, Senator INOUYE and I were successful in filing a cloture motion to proceed to the bill. This procedural action required 60 votes to bring the bill, S. 147, to the Senate floor for a full debate and vote. Falling four votes short of the required 60 votes, cloture was not invoked. As a result, the Senate has not yet voted on the substance and merits of this bill. In fact, the cloture vote demonstrated that if the measure was considered on an up-or-down vote, the votes are here to pass it by a simple majority.

Senator INOUYE and I are currently working to have S. 310 considered by the Senate Indian Affairs Committee in the near future, and brought to the Senate floor shortly thereafter. In the U.S. House of Representatives, the companion measure, H.R. 505, was scheduled for markup by the House Natural Resources Committee, but Hawaii Congressman ABERCROMBIE was not able to be present. At Congressman ABERCROMBIE's request, H.R. 505 is being rescheduled for committee consideration shortly.

Mr. REID. Mr. President, through his position on the Indian Affairs Committee, the senior Senator from Hawaii has demonstrated leadership on and knowledge of Indian issues. He has been second to no Member in this body with his empathetic advocacy for fair and equitable treatment of Native Americans. I can clearly understand what drives both Hawaii Senators to secure some measure of fairness and self-determination for the indigenous people of their beautiful home State. Senator AKAKA's description of events here in the Senate culminating with a failed cloture vote was accurate.

However, I want to be very clear to every Member of this body: As a Senator from Nevada, I strongly support S. 310. As majority leader, I am committed to ensuring Senate consideration of S. 310 and will work with the Senators from Hawaii to gain the support of members from both sides of the aisle. This is my commitment to the gentlemen from Hawaii.

Mr. INOUYE. We thank you, the leader. Native Hawaiian programs and institutions continue to be under attack in the courts. Hence, there is an urgency to act and to clarify that the status of Native Hawaiians is a political question best left to the political arena, namely the Congress, to resolve.

Mr. AKAKA. I deeply appreciate the leader's commitment and support. Hawaii is the only homeland of the Native Hawaiian people, and I remain committed to empowering the people of Hawaii and our Nation to preserve a Hawaii that respects Native Hawaiians and the contributions made by those who have made Hawaii their home.

BUDGET RESOLUTION

Mr. CHAMBLISS. Mr. President, I voted against the budget resolution for the 2008 fiscal year because it contained record-breaking tax increases on hard-working American families in a time when we should be putting more money back into the pockets of taxpayers, not taking it out. This year's budget resolution is historical because it proposes the largest tax increase ever—$916 billion in tax increases on the backs of the American people. This is almost four times the amount of the second largest tax hike in history, $240 billion proposed in 1993. By letting progrowth tax policies expire, this resolution reaches deep into the pockets of hard-working families and seeks to reduce the take-home pay of a family of four earning $50,000 by as much as 6 percent.

Additionally, this budget ignores the concerns of future generations. Proposed tax hikes would slow the economy, and stifle investment and job creation. Since 2003, over 7 million new jobs have been created. The U.S. economy is experiencing 5 uninterrupted years of growth, and since the tax cuts of 2003, the rate of economic growth has more than doubled. Tax increases move us in the wrong direction and that is why I am opposing this budget resolution—because it is wrong for the economy, wrong for hard-working families, and wrong for America.

Despite the inclusion of funding for several essential programs in this budget resolution, it is imperative that we realize the effect of this proposal as a whole. When we examine closely the entire package, it is clear that the tax increases on Americans included in this budget will serve to stunt our continued economic growth. Therefore, I opposed this budget resolution. We simply cannot afford to appease short-term priorities at the expense of long-term stability and prosperity. The success of our economy depends on and demands from us fair tax policies which enable hard-working Americans to prosper, leading us as a country to fiscal stability.

HONORING OUR ARMED FORCES

SERGEANT WAYNE R. CORNELL

Mr. NELSON of Nebraska. Mr. President, I rise today to honor Army SGT Wayne R. Cornell of Holstein, NE.

Sergeant Cornell will be remembered as a dedicated husband and father.

Having been deployed to Iraq earlier this year, Sergeant Cornell made certain he would be allowed to take his 2 weeks' leave in July. He was determined to make it home to Holstein, NE, in time to see his wife Patricia give birth to their third child.

With both his father and grandfather having served in the military, enlisting had always been a top priority for Sergeant Cornell. While at Silver Lake High School in Roseland, no matter what branch of service was making a recruiting visit to his school, Sergeant Cornell was always the first in line to meet with the military recruiter. In addition to his desire to enlist, Sergeant Cornell was also a skilled martial arts student and is remembered by his teachers as a kindhearted and well-meaning individual.

Shortly after graduating from high school in 1999, Sergeant Cornell chose to enlist in the Nebraska Army National Guard. During 4 years with the Guard, he served twice in Bosnia and once in Afghanistan. In addition to his service to his country, Sergeant Cornell also served his community as a volunteer firefighter. Last year he enlisted in the Army; he was deployed to Iraq when called up in February. On March 20, 2007, while serving with the Army's 1st Battalion, 28th Infantry, 4th Brigade, 1st Infantry Division, based out of Fort Riley, KS, Sergeant Cornell passed away when the vehicle he was traveling in was struck by a roadside bomb in Baghdad.

''He did it all for his family,'' said his wife Patricia. ''He was an awesome father, and he just made every sacrifice for us.'' In addition to his wife Patricia, Sergeant Cornell is survived by his two children, Dameion, 5, and Zoie, 3, of Holstein; mother Patricia Perrie of Holstein; father Larry Cornell of Fairmont, NE; and sisters Jadeen Cornell of Blue Hill, NE, and Janalle Gowlovech, of Sioux Falls, SD.

I offer my sincere condolences to Sergeant Cornell's family. Not only did he sacrifice for his family, he made the ultimate and most courageous sacrifice for his Nation. Every American and all Nebraskans are proud of the service of brave military personnel such as SGT Wayne Cornell.

Mr. HAGEL. Mr. President, I rise to express my sympathy over the loss of U.S. Army SGT Wayne Cornell of Nebraska. Sergeant Cornell was killed in Baghdad when an improvised explosive device detonated near his vehicle. He was 26 years old.

Sergeant Cornell grew up in the small town of Holstein, NE. A 1999 graduate of Silver Lake High School, his teachers had little doubt that he would serve his country after graduation. He enlisted with the Army National Guard soon after graduation and was deployed to Bosnia and Afghanistan.

In 2006, Sergeant Cornell decided to continue his career in the Armed Forces and enlisted with the Regular Army. He was deployed to Iraq in February 2007 with the 1st Battalion, 28th Infantry Regiment, 4th Brigade Combat Team, 1st Infantry Division based at Fort Riley, KS.

Sergeant Cornell was a deeply committed father and husband. He always put his family first in the decisions he made. The Army was his means to provide for his family, as well as serve his country. He and his wife Patricia had two children, Dameion and Zoie, and the family is expecting a third child in July.

In addition to his wife and children, Sergeant Cornell is survived by his father Larry Cornell, his mother Patricia Perrie, and sisters Jadeen Cornell and Janalle Gowlovech.

I ask my colleagues to join me and all Americans in honoring SGT Wayne Cornell.

MARCH MADNESS

Mr. COLEMAN. Mr. President, I rise today to spend a few minutes talking about March Madness. Millions of Americans are glued to their televisions to watch basketball this time of year, and I want to talk about a No. 1 seed that wasn't closely followed nationwide.

Everyone knows how Florida, Georgetown, UCLA, and Ohio State are faring in their tournament games, but the Winona State Warriors may not be on everyone's radar. Well, they should be. The Warriors set a Division II record by winning 57 straight games over the last two seasons. This breaks the previous record of 52 games which has been intact since 1946. Over this stretch, the Warriors have dominated most teams that they met with the average margin of victory being almost 20 points—including one victory by 81 points. Unfortunately, this streak ended on Saturday as they came just a few points short of winning back-to-back Division II championships when their opponents made a buzzer-beating shot.

I commend Coach Mike Leaf for his accomplishments. In the 9 years he has coached at Winona State, he has lead the Warriors to five regular-season Northern Sun Intercollegiate Conference titles, four tournament conference titles, four Division II tournament appearances, and the 2006 national title. He was also named national coach of the year after leading his team to the national championship last year.

It takes a great deal to bring together a championship basketball team. Coach Leaf has done this while serving as an inspiration to his players and the entire Winona community. He has taught his players to work hard and enjoy themselves while winning with class.

I ask my colleagues to join me in congratulating Coach Leaf, his staff, his players, the students of Winona State, and all the Warrior fans. I look forward to the continued successes of Coach Leaf and his team next year. Go Warriors!

S. CON. RES. 21

Mr. OBAMA. Mr. President, I rise today to speak about the budget resolution that the U.S. Senate adopted last Friday.

Every year, Congress considers a budget resolution, setting the Government's priorities for the coming year. For the past 2 years since my election to the Senate, I have been compelled to vote against budget resolutions that I believed were out of touch with our fiscal realities and national priorities. This year, I was proud to support the resolution.

I commend the outstanding leadership of Chairman CONRAD, who helped to produce a resolution that makes great progress getting our Nation's priorities back on track. Instead of deepening our fiscal hole with irresponsible tax giveaways to the wealthy, this budget makes an important departure from the Republican budgets of the recent past and brings our budget back into balance. Instead of gutting programs that help our most vulnerable citizens and communities, this budget allows these programs—like the State Children's Health Insurance Program, the Low-Income Home Energy Assistance Program, Medicare, COPS, and others—to keep serving those who rely on the important moral commitments our Nation has made. Instead of budget gimmicks and deferred responsibility, this budget brings greater transparency and responsibility back to Washington.

It does so first by reinstating pay-go. In a Democratic Senate, new mandatory spending, just like new tax cuts, must be paid for by offsetting spending reductions or revenue increases. Pay-go will require tough choices and difficult tradeoffs. We will not be able simply to pass along the debt to future generations for the choices we make today. We will have to be accountable for paying our own bills and collecting our own revenue. Pay-go by itself will not bring our budget back to balance, but it will prevent deficits from getting worse. Pay-go by itself cannot resolve our Nation's long-term liabilities, but it will restore the budget discipline that has been lacking in Washington for too long.

When I travel around the country or talk to families in Illinois, I hear about the same priorities again and again. People from all walks of life—farmers and small businesspeople, teachers and veterans, salespeople and service workers, doctors and senior citizens, people prospering and those struggling at the margins—all share a common set of concerns and aspirations. They want affordable health care for themselves and their children. They want a quality education for their children. They want to retire with dignity. They are concerned about our national security and our domestic security.

Unfortunately, many Americans are not convinced that their voices are heard here in Washington. They are not convinced because the President

proposed a budget that ignores their priorities. They are not convinced because they don't see enough serious efforts to reduce their health care costs or to improve educational opportunities. They are not convinced because it appears that for too long no one in Government has been held accountable for incompetent leadership and neglect of the public interest.

Fortunately, the budget resolution we adopted last week responds to their voices. It demonstrates to families across the Nation that we are once again paying attention to their concerns. They have a reason to start once again to have confidence in their Government.

Let me give a few reasons, why I supported this resolution.

The failure of our Nation to guarantee access to affordable health care for children is shameful, and the President's budget threatened to worsen the situation for children in working families. This budget rejects the President's proposed cuts to the State Children's Health Insurance Program, extends care to 6 million additional eligible children, and makes children's healthcare a priority for Congress.

This budget also makes progress to ensure that preschool children from disadvantaged backgrounds will receive quality care and education; that children, no matter where they go to school, will have an equal opportunity for quality education; and will make college more affordable so that our children can compete in a global marketplace. By rejecting the President's proposed cuts in education and training, this budget shores up the Federal end of the bargain to support No Child Left Behind and support programs that educate individuals with disabilities.

This budget also includes $100 million for grants to establish summer learning programs in local school districts through the Summer Term Education Program. I thank Chairman CONRAD for his assistance in getting my amendment to fund these programs included in the final resolution. These grants will help students in early elementary grades by supporting their participation in 6 weeks of summer school. Teachers tell us that students return to school each September at levels below their successes of the previous spring. Educators know this as ''summer learning loss,'' and research has shown that students, on average, lose more than 1 month of reading skills and 2 months of math skills during the summer. The impact of summer learning loss is greatest for children living in poverty, children with learning disabilities, and children who do not speak English at home. The achievement gap in education begins early in life and remains a burden for too many throughout their time in school. The Summer Term Education Program funded by this resolution will help to bridge this gap through structured summer learning opportunities.

The security of our Nation at home and abroad is also a critical priority, and honoring our veterans should be considered a sacred obligation. This budget fully funds our defense and homeland security funding needs and respects our duty to support our veterans. These brave men and women have sacrificed so much for us and for our Nation. Sadly, as uncovered by the Walter Reed scandal, our Government is failing them. This budget makes it possible to provide the quality health care and services that our veterans deserve. We cannot ignore the reality that there are financial and human costs to war. This budget recognizes that reality.

I am also pleased that the budget resolution includes an important bipartisan amendment that I offered with my colleagues, Senators BUNNING, BINGAMAN, LUGAR, and BOXER, to triple the administration's recommendation for carbon sequestration. This amendment provides an additional $200 million for Department of Energy efforts on carbon sequestration, for a total of $279 million in that account. Both environmental groups and the coal industry acknowledge the importance of better technology for carbon sequestration and control. The International Panel on Climate Change, environmental groups like NRDC, and the mining industry all are on record that the long-term deep geological storage of carbon is possible and is happening now on a small scale. But for it to occur on a far larger scale, we must redouble Federal efforts to make technologies widespread and economical in the next 15 years. A recent report by the Massachusetts Institute of Technology recommended a $5 billion program over the next 10 years to achieve that goal. My amendment today provides a significant increase down that path.

Too many Americans say they lack confidence in our tax system because they hear about well-connected individuals and corporations getting away without paying their fair share. I believe this budget will begin to restore the confidence necessary for a fair and effective tax system. Instead of reaching deeper into the pockets of hard-working Americans, this budget will collect taxes where taxes are due. This budget calls for strong new measures to close the tax gap, shut down tax scams, and address offshore tax havens. I am proud of my efforts with Senator LEVIN and the Permanent Subcommittee on Investigations to stop tax haven abuses, and I look forward to working with my colleagues in the 110th Congress to improve the fairness of our Tax Code.

The budget resolution we passed last week demonstrates that we can rise above ideology and gimmicks and begin tackling the serious challenges we face as a nation. It demonstrates that vision matters and leadership matters. I am grateful for Chairman CONRAD's extraordinary leadership and the terrific work of his talented, dedicated, and hard-working staff. They worked well in committee and on the floor to help assemble a budget resolution that a majority of us in the Senate could vote for in good conscience and with confidence that America's fiscal policies have a chance, at long last, to get back on track.

COMMENDING MAJOR GENERAL GALE S. POLLOCK

Mr. INOUYE. Mr. President, I would like to commend the Army leadership for selecting the first woman and nurse to serve as the Acting Army Surgeon General. Today, MG Gale S. Pollock, a nurse, is in charge of the Army Medical Department and leading the way in improving organizational efficiencies and streamlining the care of our wounded warriors.

Major General Pollock was born in Kearny, NJ, and entered the Army Nurse Corps in 1976 after earning her BSN from the Walter Reed Institute of Nursing through the University of Maryland. She also completed a master of business administration from Boston University, a master in health care administration from Baylor University, and a master in national security and strategy from the National Defense University. Major General Pollock also attended the U.S. Army Nurse Anesthesia Program and is a certified registered nurse anesthetist, CRNA, and a fellow in the American College of Healthcare Executives.

Major General Pollock's military education includes Senior Service College at the Industrial College of the Armed Forces, the U.S. Air Force War College, the Interagency Institute for Federal Health Care Executives, the Military Health System CAPSTONE program, the Principles of Advanced Nurse Administrators, and the NATO staff officer course.

On March 20, 2007, Major General Pollock, Chief of the Army Nurse Corps, was officially named Commander of the U.S. Army Medical Command and the Acting Army Surgeon General. Her previous military assignments include, Commander, Pacific Regional Medical Command and Tripler Army Medical Center, Honolulu, HI; Special Assistant to the Surgeon General for Information Management and Health Policy; Commander, Martin Army Community Hospital, Fort Benning, GA; Commander, U.S. Army Medical Department Activity, Fort Drum, NY; Staff Officer, Strategic Initiatives Command Group for the Army Surgeon General; Department of Defense, DoD, Healthcare Advisor to the Congressional Commission on Servicemembers and Veterans Transition Assistance; Health Fitness Advisor at the National Defense University; Senior Policy Analyst in Health Affairs, DoD; and Chief, Anesthesia Nursing Service at Walter Reed Army Medical Center, Washington, DC.

Major General Pollock brings extensive leadership, education, and experience to her new position as the Acting Army Surgeon General. As an Army nurse and woman, I applaud her many

accomplishments which have brought her to the highest level of rank and responsibility in military medicine.

HONORING JASON RAY

Mr. BURR. Mr. President, I rise today to honor the life of Jason Ray, a young man whose life was tragically cut short this past weekend while with the University of North Carolina basketball team during their trip to the NCAA Tournament games in New Jersey.

Jason, a 21-year-old native of Concord, NC, was set to graduate from UNC-Chapel Hill this May majoring in business administration with a minor in religion.

Jason was best known for regularly performing at sporting events as the university's mascot, ''Rameses.'' He was a member of UNC's cheerleading squad.

I have seen Jason perform at the school's sporting events. I admired his unmatched school spirit and his animated, energetic interaction with the Tar Heel fans.

The University of North Carolina community lost a dear friend in Jason on Monday. However, he left a legacy that will certainly last for the many generations of fans that watched him perform. College basketball holds a special place in North Carolinians' hearts. Jason's team spirit and dedication helped make rooting for UNC basketball a community tradition.

I send my thoughts and prayers to his family, teammates, classmates, fans, and friends.

COLLEGE NATIONAL CHAMPIONS

Mr. BURR. Mr. President, I rise today to congratulate a college basketball team that this past weekend won a national title.

I am speaking of Barton College in Wilson, NC, which beat the defending champion Winona State to win the Division II Basketball Championship.

Through their win, Barton College also ended Winona State's Division II record 57-game winning streak.

Now I have seen a lot of college basketball games over the course of my life, especially representing the State of North Carolina, where basketball is not just a game but a way of life, but this one ranks close to the top when it comes to exciting endings.

With only 45 seconds left to play in the game, Barton down by 7 points—a deficit that would be extremely difficult to overcome by any team—and assisted by the stellar performance of his teammates, Barton's Anthony Atkinson scored an unbelievable 10 points in the remaining 39 seconds, included a buzzer-beating lay-up, to win the Division II national title by a score of 77 to 75.

If you didn't see the game live, I would suggest you go on the Internet and watch the ending to this fantastic game.

It is simply unbelievable and is reminiscent of Christian Laettner's game-winning last-second jump shot in Duke's dramatic 104 to 103 victory over Kentucky in the East regional final of the 1992 NCAA Tournament.

For Barton College, a small private school with a student body of only 960 students, this win over Winona State, a relatively large school with an enrollment of over 8,000 students, represents a ''David and Goliath'' story for a smalltown North Carolina basketball team.

Again, I congratulate the NCAA Division II National Champion Barton Bulldogs and head coach Ron Lievense on an extremely exciting end to an extraordinary season.

BIOFUELS FOR ENERGY SECURITY AND TRANSPORTATION ACT

Mr. DOMENICI. Mr. President, over 18 months ago, the President signed into law the Energy Policy Act of 2005. The enactment of that legislation was a watershed event in structuring sound energy policy for this Nation's future. One of the linchpins of that act is its commitment to the development of ethanol and other alternative fuels that will move us toward greater energy security by displacing foreign sources of energy for our transportation fuels.

Since EPACT was enacted, we have seen a surge of interest in the development of infrastructure for production and distribution of ethanol and other biofuels. I am proud that the Energy Policy Act of 2005 is greatly responsible for that. EPACT is creating American energy and American jobs in America's heartland.

Just as I am proud of the new world of alternative fuels created in EPACT, I am also very proud of the bill Senator BINGAMAN and I have introduced to build on the renewable fuels provisions of that Act—the Biofuels for Energy Security and Transportation Act, the BEST Act—of 2007.

The Energy Policy Act established the first renewable fuels standard, which required the production of 7.5 billion gallons of ethanol annually by the year 2012. Private industry responded, and today we are on course to exceeding significantly the levels set in the Energy. Since August 2005, construction has begun on more than 70 new ethanol biorefineries, creating more than 160,000 new jobs, and last year, this country produced nearly 5 billion gallons of ethanol.

Building on that success, the BEST Act that Senator BINGAMAN and I have introduced increases the renewable fuels standard, RFS—beginning at a level of 8.5 billion gallons next year and increasing to 36 billion gallons in 2022. We get this ambitious RFS with the understanding that promotion and enhancement of advanced biofuels, such as cellulosic ethanol, will be essential to making this new goal a reality.

In his recent State of the Union speech, the President laid out an ambitious but worthy goal to reduce our consumption of gasoline by 20 percent in 10 years. The President envisioned biofuels as a key component to meeting this goal. In addition to implementing the 2005 Energy Bill, the BEST Act is another step, and a very significant one, in achieving that mark. By increasing our production and consumption of biofuels in the United States, we can decrease our reliance on foreign oil, while at the same time creating American jobs in a growing biofuels industry.

To complement the increase in the renewable fuels standard, our bill includes several measures to help promote the establishment of a biofuels infrastructure, including grants to States and localities to build biofuels corridors.

Another enhancement to speed production and distribution of these fuels is Federal loan guarantees specifically for these projects. I am pleased that we appear to be getting on the right path to implementing a significant loan guarantee program as envisioned in the title 17 of EPACT. This provision is absolutely essential to starting up some of the domestic clean energy investments we so urgently need to ensure our energy security. The BEST Act further refines those provisions to reflect the realities of commercial project finance.

Finally, the bill increases our investment in bioenergy research and development by 50 percent. This research is essential to developing methods to produce advanced biofuels, such as cellulosic ethanol, that we will need to meet our long-term goals.

Several weeks ago, Senator BINGAMAN and I sponsored a biofuels conference in the Energy and Natural Resources Committee to explore all of the issues related to this important piece of our energy policy. We heard from numerous government and private sector scientists, industry project developers, and the financial community. We explored every facet of the issues related to increased biofuels production and development. The BEST Act we have introduced is the culmination of our deliberations. I am very pleased with this effort and hopeful that it will be every bit as successful as the effort we spawned in the 2005 Energy bill.

ADDITIONAL STATEMENTS

RETIREMENT OF JOE DART

• Mr. KERRY. Mr. President. I honor a great and dedicated American, Joseph A. Dart, who for almost 30 years has championed the rights of workers across Massachusetts. As he prepares for a well-deserved retirement, I am grateful to be able to pay tribute to this wonderful man and give him the recognition he deserves for touching the lives of so many.

Joe has spent his career bringing real meaning to the American dream. As president of the Massachusetts Building Trades Council, AFL–CIO, and executive vice president of the Massachusetts AFL–CIO, Joe advocates for the rights of more than 75,000 construction trades men and women throughout the Commonwealth.

Joe has fought for, and defended, the right to collective bargaining and the empowerment that it has brought to working families throughout our history.

Joe helped write competitive bid laws for public construction projects, helped to pass the OSHA 10-hour law which requires all construction workers on public projects to undergo safety training, and helped to pass a law strengthening wage enforcement.

Throughout his years in public service, Joe has negotiated dozens of agreements to guarantee fair, competitive wages, a reasonable work week, and safe working conditions on billions of dollars of construction projects throughout the Commonwealth.

I am most fortunate to have had his support, friendship, and counsel throughout many campaigns and many years in office here in Massachusetts.

An exemplary community leader, Joe has worked tirelessly to uphold the rights of thousands of Massachusetts workers who entrusted him with this office. Massachusetts is grateful for the service he has provided. Countless families in Massachusetts are living better, safer lives because of Joe Dart and his commitment to organized labor.

On behalf of workers throughout our State, I am proud to honor him for his selfless dedication to countless works across the Commonwealth.●

RECOGNIZING DR. LEN PETERS

● Mrs. MURRAY. Mr. President, I would like to take this opportunity to recognize a great contributor to the State of Washington and to the national science and education communities. Dr. Len Peters recently stepped down as the Director of the Pacific Northwest National Laboratory in Richland, WA. Fortunately, Dr. Peters has agreed to remain in Richland, working for Battelle Memorial Institute to help promote and build education and community projects.

PNNL, a DOE national laboratory, experienced tremendous growth during Dr. Peters' tenure. The lab added 330 new members to its world-class staff, enabling the facility to better serve the Nation in the areas of renewable energy, national security, and environmental research. Dr. Peters led the staff in enhancing relationships with a number of research universities in the region, continuing his commitment to quality public-private relationships in the interest of furthering math and science education.

Dr. Peters came to PNNL in 2003, after serving as the vice provost for research at Virginia Polytechnic Institute and State University. Prior to guiding Virginia Tech's ambitious research portfolio, he served as acting vice president for research and graduate studies at the University of Kentucky. Dr. Peters spent nearly 20 years in the classroom, educating our next generation of scientists. He is a distinguished scholar and a leader in the field of atmospheric chemistry.

In his new role at Battelle, Dr. Peters will continue to serve Washington State through community outreach programs. His work to expand higher education opportunities in the Tri-Cities, as well as his leadership on the Hanford Reach Interpretive Center Board are examples of his strong commitment to building a better community, region and State.

I thank Dr. Len Peters for his guidance and commitment to PNNL over the past 3½ years. For the people of Washington State and the entire Pacific Northwest region, I thank Dr. Peters for his continued service to our community and wish him all the best in his future endeavors.●

MESSAGE FROM THE HOUSE

At 12:01 p.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 bills, in which it requests the concurrence of the Senate:

H.R. 137. An act to amend title 18, United States Code, to strengthen prohibitions against animal fighting, and for other purposes.

H.R. 580. An act to amend chapter 35 of title 28, United States Code, to provide for a 120-day limit to the term of a United States attorney appointed on an interim basis by the Attorney General, and for other purposes.

H.R. 753. An act to redesignate the Federal building located at 167 North Main Street in Memphis, Tennessee, as the ''Clifford Davis and Odell Horton Federal Building''.

H.R. 802. An act to amend the Act to Prevent Pollution from Ships to implement MARPOL Annex VI.

H.R. 1019. An act to designate the United States customhouse building located at 31 Gonzalez Clemente Avenue in Mayaguez, Puerto Rico, as the ''Rafael Martinez Nadal United States Customhouse Building''.

H.R. 1138. An act to designate the Federal building and United States courthouse located at 306 East Main Street in Elizabeth City, North Carolina, as the ''J. Herbert W. Small Federal Building and United States Courthouse''.

H.R. 1195. An act to amend the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users to make technical corrections, and for other purposes.

H.R. 1468. An act to ensure that, for each small business participating in the 8(a) business development program that was affected by Hurricane Katrina of 2005, the period in which it can participate is extended by 18 months.

The message further announced that the House has passed the following bill, without amendment:

S.494. An act to endorse further enlargement of the North Atlantic Treaty Organization (NATO) and to facilitate the timely admission of new members to NATO, and for other purposes.

MEASURES REFERRED

The following bills were read the first and the second times by unanimous consent, and referred as indicated:

H.R. 238. An act to repeal a prohibition on the use of certain funds for tunneling in certain areas with respect to the Los Angeles to San FernandoValley Metro Rail project, California; to the Committee on Banking, Housing, and Urban Affairs.

H.R. 1019. An act to designate the United States customhouse building located at 31 Gonzalez Clemente Avenue in Mayaguez, Puerto Rico , as the ''Rafael Martinez Nadal United States Customhouse Building''; to the Committee on Environment and Public Works.

H.R. 1138. An act to designate the Federal building and United States courthouse located at 306 East Main Street in Elizabeth City, North Carolina, as the ''J. Herbert W. Small Federal Building and United States Courthouse''; to the Committee on Environment and Public Works.

H.R. 1195. An act to amend the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users to make technical corrections, and for other purposes; to the Committee on Environment and Public Works.

H.R. 1468. An act to ensure that, for each small business participating in the 8(a) business development program that was affected by Hurricane Katrina of 2005, the period in which it can participate is extended by 18 months; to the Committee on Small Business and Entrepreneurship.

MEASURES PLACED ON THE CALENDAR

The following bills were read the first and second times by unanimous consent, and placed on the calendar:

H.R. 137. An act to amend title 18, United States Code, to strengthen prohibitions against animal fighting, and for other purposes.

H.R. 580. An act to amend chapter 35 of title 28, United States Code, to provide for a 120-day limit to the term of a United States attorney appointed on an interim basis by the Attorney General, and for other purposes.

MEASURES READ THE FIRST TIME

The following bills were read the first time:

S. 997. A bill to amend the Public Health Service Act to provide for human embryonic stem cell research.

S. 1001. A bill to restore Second Amendment rights in the District of Columbia.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM–49. A resolution adopted by the California State Lands Commission urging the Senate to pass Senate Resolution 151; to the Committee on Energy and Natural Resources.

Whereas, U.S. Senators Boxer and Feinstein have introduced S. 151 to prohibit new oil and gas leasing in federal waters off California; and

Whereas, California's 1,100 mile coastline, with its beautiful beaches, wild cliffs, abundant fish stocks and fragile environment is a national treasure and a valuable state resource, which is at the heart of a tourist industry that generates nearly five billion dollars in state and local taxes each year; and is the heart of the state's $43 billion ocean economy; and

Whereas, the citizens of California have long opposed new oil and gas drilling off their coastline and support protecting the fragile and valuable coastal environment over development of the relatively small amounts of oil and gas offshore California; and

Whereas, California initiated protection of its coast from oil and gas development when the California Legislature in 1955 and 1963, prohibited oil and gas leasing in the State waters off Monterey and Santa Cruz counties and portions of Los Angeles, Santa Barbara, San Luis Obispo, Humboldt, and Mendocino Counties; and

Whereas, the California State Lands Commission has not issued any offshore oil and gas lease for new areas since the 1969 spill from a well in Federal waters off Santa Barbara that released over three million gallons of crude oil, coating Santa Barbara County's ocean beaches; and

Whereas, the California Legislature continued the State's efforts to restrict oil and development in its own waters by enacting the California Coastal Sanctuary Act in 1994, which codified the Commission's earlier administrative prohibition of new offshore leases and created a statutory statewide coastal sanctuary that prohibits future oil and gas leasing in all State coastal waters, from Mexico to the Oregon border, in perpetuity; and

Whereas, the U.S. Congress has protected California coastline from expanded offshore drilling for more than twenty years, renewing this protection in the form of a legislative moratorium contained in the annual appropriations bill for the Department of the Interior; and

Whereas, the need for new oil development can be reduced by improving automobile fuel efficiency and energy efficiency, utilizing and further researching renewable energy and alternative fuels, and fully funding energy conservation and efficiency programs, including solar and renewables, weatherization, and other initiatives; thus increasing energy independence and reducing the reliance on foreign oil; and

Whereas, in spite of the steady opposition to new oil and gas leasing off California, various proposals have been made in the last five years to end the federal moratorium or to take steps, such as oil and gas inventories, that are intended to lead to new leasing; and

Whereas, the Commission has adopted six resolutions since 2001 supporting the existing moratorium on new federal leases and opposing the new initiatives to open the California coast to new oil and gas development and leases; and

Whereas, S. 151, recently introduced by Senator's Boxer and Feinstein would permanently ban new oil and gas leasing in federal waters, consistent with the state's own prohibition of new leasing in state waters; now, therefore, be it

Resolved by the California State Lands Commission, That it supports S. 151 and the prohibition it proposes for new oil and gas leases in federal waters off California and urges Congress to adopt this measure; and be it further

Resolved, That the Congress of the United States and the Federal government be encouraged to explore options to increase energy independence and reduce reliance on foreign oil, such as incentives to improve energy efficiency, requirements to improve automobile fuel efficiency, provide funding for research into renewable energy and alternative fuels, and fully funding energy conservation and efficiency; and be it further

Resolved, That the Commission's Executive Officer transmit copies of this resolution to the President and Vice President of the United States, to the Governor of California, to the Majority and Minority Leaders of the United States Senate, to the Speaker and Minority Leader of the United States House of Representatives, to the Chairs and Ranking Minority Members of the House Committee on Natural Resources, the House Committee on Energy and Commerce, the Senate Committee on Energy and Natural Resources, and the Senate Committee on Environment and Public Works and to each Senator and Representative from California in the Congress of the United States.

POM–50. A resolution adopted by the House of Representatives of the Legislature of the State of Michigan urging Congress to enact the Great Lakes Asian Carp Barrier Act; to the Committee on Environment and Public Works.

HOUSE RESOLUTION NO. 17

Whereas, two species of Asian carp are on the verge of invading the Great Lakes. Silver carp and bighead carp have advanced up the Mississippi River since their escape from southern fish farms in the early 1980s, and now have been identified within miles of Lake Michigan in the Illinois River near Chicago; and

Whereas, Asian carp pose a significant risk to the ecology and economy of the Great Lakes region. Asian carp can grow as large as 100 pounds and are voracious feeders. They compete with native fish for food and degrade water quality by disturbing sediments. They could become a dominant species in the Great Lakes, threatening a $4.5 billion commercial and recreational fishery. Silver carp can also jump up to 10 feet out of the water when disturbed, posing a risk to recreational boaters; and

Whereas, Asian carp are the latest in a long line of exotic species to threaten the Great Lakes. Over 180 exotic species have invaded the Great Lakes since European settlement. The most harmful exotic species, zebra mussels and sea lampreys, have cost an estimated $100 million per year to control during the 1990s. Scientists project that Asian carp could have a similar impact on the Great Lakes; and

Whereas, the only thing preventing the movement of Asian carp into the Great Lakes is a temporary electrical barrier in the Chicago Sanitary and Ship Canal operated by the United States Army Corps of Engineers. In addition, the Army Corps and the state of Illinois are constructing a permanent electrical barrier to replace the temporary barrier; and

Whereas, to date, over $12 million has been spent on construction and operation of the electrical barriers. To help match federal funding, the state of Michigan has contributed nearly $70,000 toward the completion of the permanent electrical barrier; and

Whereas, current funding is insufficient to complete construction of the permanent barrier and only finances operation of the temporary barrier through the first half of fiscal year 2007. In addition, there is no funding to renovate the temporary barrier as a permanent backup to the new barrier; and

Whereas, The Great Lakes Asian Carp Barrier Act (H.R. 553 and S. 336) would provide funds to upgrade the current barrier and complete construction of the permanent barrier; now, therefore, be it

Resolved by the House of Representatives, That we memorialize the United States Congress to enact the Great Lakes Asian Carp Barrier Act (H.R. 553 and S. 336) to protect the Great Lakes from Asian carp; and be it further

Resolved, That copies of this resolution be transmitted to the President of the United States Senate, the Speaker of the United States House of Representatives, and the members of the Michigan congressional delegation.

POM–51. A resolution adopted by the House of Representatives of the General Assembly of the State of Kentucky urging Congress to repeal the Government Pension Offset and the Windfall Elimination Provision; to the Committee on Finance.

HOUSE RESOLUTION NO. 45

Whereas, the intent of Congress in the enactment of the Government Pension Offset (GPO) and the Windfall Elimination Provision (WEP) was to protect the Social Security program and eliminate perceived abuses in the payment of dual benefits to certain beneficiaries; and

Whereas, the GPO and WEP, have resulted in devastating, unintended consequences for hundreds of thousands of teachers and other public employees nationwide; and

Whereas, the GPO affects teachers and other public employees in Kentucky and other states who are participants in public retirement systems but who do not participate in the Social Security retirement program; and

Whereas, under the GPO, a teacher who receives benefits under the Kentucky Teachers' Retirement System will suffer at least a two-thirds reductions in the Social Security survivor benefits the teacher would otherwise receive from a spouse's private-sector earnings; and

Whereas, teachers in fifteen states, including Kentucky, do not participate in the Social Security program; and

Whereas, the WEP reduces the Social Security benefits of a teacher or other public employee who has participated and received earnings sufficient to qualify for Social Security retirement benefits as well as the benefits procured under the Kentucky Teachers' Retirement System or other public retirement system; and

Whereas, the GPO and WEP unfairly target public employees, especially our highly valued teachers who sacrifice lucrative earnings in the private sector to educate our children; and

Whereas, Kentucky has a significant teacher shortage and loses more than 2000 teachers annually to retirement and must actively recruit new teachers to meet growing enrollment demands; and

Whereas, a federal proposal to repel both the GPO and WEP, the Social Security Fairness Act of 2007, has been introduced in the U.S. House of Representatives and the U.S. Senate and clearly indicates an awareness and acknowledgment of the devastating impact of these provisions on teachers and other public employees; Now, therefore, be it

Resolved by the House of Representatives of the General Assembly of the Commonwealth of Kentucky:

Section 1. The House of Representatives of the Commonwealth of Kentucky urges the Congress of the United States to enact the Social Security Fairness Act of 2007 or similar legislation to repeal the GPO and WEP provisions of the Social Security law.

Section 2. The Clerk of the House of Representatives shall transmit copies of this Resolution to the President and Vice President of the United States to the Speaker of the U.S. House of Representatives, the Majority Floor Leader of the U.S. Senate, and

to each Senator and Representative from the Commonwealth of Kentucky in the Congress of the United States.

POM–52. A resolution adopted by the House of Representatives of the Legislature of the State of Michigan urging the President and Congress to appropriate additional funding for the Low Income Home Energy Assistance Program; to the Committee on Health, Education, Labor, and Pensions.

HOUSE RESOLUTION NO. 33

Whereas, Home heating is a fundamental necessity in northern climate states during the months from October through March, However, low-income households in Michigan and across the nation struggle to pay for this basic necessity. High energy bills in winter force many low-income households into difficult situations, such as forgoing medicine or food in order to pay energy bills or putting themselves in danger by using stoves and portable heaters to provide warmth; and

Whereas, In the early 1980s, Congress recognized the need for heating and other home energy assistance when it enacted legislation to create the Low Income Home Energy Assistance Program (LIHEAP). The LIHEAP program has become a crucial safety net for low-income households and families across the nation, especially in northern climate states. LIHEAP assistance has helped millions of families keep their homes at safe and healthy temperatures; and

Whereas, Last year Congress appropriated a record level $3.2 billion in LIHEAP funding. In spite of this, only a fraction of eligible low income households received assistance. According to the United States Department of Health and Human Services, last winter only 15 percent of 38 million eligible low-income households actually received assistance from the LIHEAP program; and

Whereas, This year, with the adoption of a September 29th, continuing resolution, Congress has appropriated only $1.98 billion for LIHEAP. The President's proposed FY 2008 budget calls for funding to be reduced further to $1.78 billion. Under these funding proposals, it is estimated that Michigan will receive as much as $47 million dollars less than last year. This will surely mean that state energy assistance programs will be forced to shut down programs and turn needy people away. Last year, even with the record level funding, only 35 percent of eligible low-income households in Michigan received LIHEAP assistance; and

Whereas, such inadequate LIHEAP funding could be disastrous for Michigan. The state is struggling through one of the nation's worst economic situations. Currently, nearly one third of Michigan households are at or below 60 percent of the state's median income, and the unemployment rate, which is already much higher than the national average, keeps growing. Clearly, such tough economic times coupled with a cold, harsh winter, and high heating fuel prices, make LIHEAP funding vital for the state of Michigan; now, therefore be it

Resolved by the House of Representatives. That we urge the President and the Congress of the United States to immediately increase funding for LIHEAP to at least last year's level of $3.2 billion; and be it further

Resolved, That copies of this resolution be transmitted to the Office of the President of the United States, the President of the United States Senate, the Speaker of the United States House of Representatives, and the members of the Michigan congressional delegation.

POM–53. A resolution adopted by the House of Representatives of the Legislature of the State of Michigan urging Congress to enact the Employee Free Choice Act; to the Committee on Health, Education, Labor, and Pensions.

HOUSE RESOLUTION NO. 21

Whereas, In 1935, the United States established, by law, that workers must be free to form unions. The freedom to form or join a union is internationally recognized as a fundamental human right; and

Whereas, Union membership provides workers better wages and benefits, and protection from discrimination and unsafe workplaces. Unions benefit communities by strengthening tax bases, promoting equal treatment, and enhancing civic participation; and

Whereas, Even though on paper America's workers have the freedom to choose for themselves whether to have a union, in reality, workers across the nation are routinely denied that right. More than 40 million United States workers say they would join a union now if they had the opportunity; and

Whereas, When the right of workers to form a union is violated, wages fall, race and gender pay gaps widen, workplace discrimination increases, and job safety standards disappear; and

Whereas, Many thousands of workers in our country are routinely threatened, coerced, or fired each year because they try to form a union. Most violations of workers' freedom to choose a union occur behind closed doors, and each year millions of dollars are spent to frustrate workers' efforts to form unions; and

Whereas, A worker's fundamental right to choose a union is a public issue that requires a public policy solution, including legislative remedies; and

Whereas, The Employee Free Choice Act (H.R. 800) has been introduced in the United States Congress in order to restore workers' freedom to join a union; now, therefore, be it

Resolved by the House of Representatives, That we memorialize the United States Congress to enact the Employee Free Choice Act, which would authorize the National Labor Relations Board to certify a union as the bargaining representative when a majority of employees voluntarily sign authorizations designating that union to represent them; provide for first contract mediation and, arbitration; and establish meaningful penalties for violations of a worker's freedom to choose a union; and be it further

Resolved, That copies of this resolution be transmitted to the President of the United States, the President of the United States Senate, the Speaker of the United States House of Representatives, and the members of the Michigan congressional delegation.

POM–54. A resolution adopted by the Senate of the Legislature of the State of Michigan urging the President and Congress to increase funding for the Low Income Home Energy Assistance Program and to facilitate the establishment of programs that provide information about responsible energy use; to the Committee on Health, Education, Labor, and Pensions.

SENATE RESOLUTION NO. 10

Whereas, Each winter, public and private programs offering help to low-income families trying to heat their homes usually find their budgets stretched thin; and

Whereas, Fortunately, there is a federally funded program that provides energy assistance to low-income households. The Low Income Home Energy Assistance Program (LIHEAP) is a federal block grant program that provides billions of dollars annually to help low-income households pay energy bills. LIHEAP funds have averted numerous tragedies by enabling needy families to keep their homes at healthy and safe temperatures during the bitter cold months of winter; and

Whereas, Utility companies, government agencies, and nonprofit organizations often make information available to low-income families to help reduce their heating bills. Such information often recognizes the need for reducing home energy costs through the use of conservation technologies and flexible bill payment practices designed to help empower low-income consumers to pay their utility bills on a discounted basis; and

Whereas, Coordinated and efficient consumer education programs of federal, state, and local agencies could help consumers take responsibility for their winter heating bills. Educational programming on things such as how to set proper temperatures in the home, the use of programmable thermostats, tips on household budgeting, how to weatherize a home, and energy efficiency training could better prepare low-income households with the skills needed to control their winter heating costs; and

Whereas, The President's proposed budget for next year would reduce the percentage of eligible needy families that receive LIHEAP assistance. The President is requesting only $1.782 billion for LIHEAP in FY 2008. This is far less than the $5.1 billion that is authorized for the program under the U.S. Energy Policy Act of 2005 and a dramatic 44 percent reduction from FY 2006 funding levels. According to the National Energy Assistance Directors' Association (NEADA), the President's proposed cut to LIHEAP would force states to eliminate energy assistance to more than a million households; and

Whereas, The President's proposal would hit Michigan particularly hard. No other northern climate state is suffering through such tough economic times. Michigan finished last year with one of the nation's worst unemployment rates, second only to Mississippi. Since 2003, the unemployment rate in Michigan has exceeded the national rate by an ever-widening margin. As the number of unemployed persons in the state grows, so, too, does the number of households seeking energy assistance. In spite of this, under the President's proposal, it is estimated that the state would receive nearly $50 million less than it did last year. Clearly, we should educate customers on how to use energy wisely and we should adequately fund the LIHEAP program to ensure that low-income families in Michigan and across the nation receive the help they need during the bitter cold months of winter; now, therefore, be it

Resolved by the Senate, That we memorialize the President and the Congress of the United States, particularly the Michigan congressional delegation and the chairman of the Committee on Energy and Commerce, to do all they can to provide additional funding for the Low Income Home Energy Assistance Program and facilitate the establishment of programs that provide information on responsible energy use; and be it further

Resolved, That copies of this resolution be transmitted to the Office of the President of the United States, the President of the United States Senate, the Speaker of the United States House of Representatives, and the members of the Michigan congressional delegation.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. INOUYE, from the Committee on Commerce, Science, and Transportation, with an amendment in the nature of a substitute:

S. 39. A bill to establish a coordinated national ocean exploration program within the

National Oceanic and Atmospheric Administration, and for other purposes (Rept. No. 110–39).

By Mr. KENNEDY, from the Committee on Health, Education, Labor, and Pensions, with an amendment in the nature of a substitute:

S. 558. A bill to provide parity between health insurance coverage of mental health benefits and benefits for medical and surgical services.

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 Mr. DURBIN (for himself, Mr. COLEMAN, Mr. DODD, Mr. HAGEL, Mr. OBAMA, Mr. KERRY, Mr. ROBERTS, Mr. MENENDEZ, Mr. COCHRAN, Mr. LIEBERMAN, Mr. LEVIN, Mr. SMITH, Mr. STEVENS, Mr. AKAKA, Mr. CHAMBLISS, Ms. STABENOW, Ms. SNOWE, Ms. CANTWELL, Mr. BAUCUS, Mr. WARNER, Mr. PRYOR, and Mr. KENNEDY):

S. 991. A bill to establish the Senator Paul Simon Study Abroad Foundation under the authorities of the Mutual Educational and Cultural Exchange Act of 1961; to the Committee on Foreign Relations.

By Mrs. BOXER (for herself, Mr. INHOFE, Mr. LAUTENBERG, Mr. ALEXANDER, Mr. CARDIN, Mr. LIEBERMAN, Mrs. CLINTON, Ms. KLOBUCHAR, and Mr. CRAIG):

S. 992. A bill to achieve emission reductions and cost savings through accelerated use of cost-effective lighting technologies in public buildings, and for other purposes; to the Committee on Environment and Public Works.

By Mrs. CLINTON (for herself and Mr. DODD):

S. 993. A bill to improve pediatric research; to the Committee on Health, Education, Labor, and Pensions.

By Mr. TESTER (for himself and Mr. SALAZAR):

S. 994. A bill to amend title 38, United States Code, to eliminate the deductible and change the method of determining the mileage reimbursement rate under the beneficiary travel program administered by the Secretary of Veteran Affairs, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. COLEMAN (for himself, Mr. COCHRAN, and Ms. KLOBUCHAR):

S. 995. A bill to provide for a hospital in Cass County, Minnesota; to the Committee on Finance.

By Mrs. FEINSTEIN (for herself and Mrs. BOXER):

S. 996. A bill to amend title 49, United States Code, to expand passenger facility fee eligibility for certain noise compatibility projects; to the Committee on Commerce, Science, and Transportation.

By Mr. HARKIN (for himself, Mr. KENNEDY, Mr. HATCH, Mrs. FEINSTEIN, Mr. SMITH, Mr. REID, and Mr. SPECTER):

S. 997. A bill to amend the Public Health Service Act to provide for human embryonic stem cell research; read the first time.

By Mr. BUNNING:

S. 998. A bill to exempt the natural aging process in the determination of the production period for distilled spirits under section 263A of the Internal Revenue Code of 1986; to the Committee on Finance.

By Mr. COCHRAN (for himself, Mr. KENNEDY, Mr. WARNER, Mr. DORGAN, Mrs. MURRAY, Ms. COLLINS, Mr. REED, Ms. CANTWELL, and Mr. COLEMAN):

S. 999. A bill to amend the Public Health Service Act to improve stroke prevention, diagnosis, treatment, and rehabilitation; to the Committee on Health, Education, Labor, and Pensions.

By Mr. STEVENS (for himself and Ms. LANDRIEU):

S. 1000. A bill to enhance the Federal Telework Program; to the Committee on Homeland Security and Governmental Affairs.

By Mrs. HUTCHISON (for herself, Mr. ALEXANDER, Mr. ALLARD, Mr. BAUCUS, Mr. BOND, Mr. BROWNBACK, Mr. BURR, Mr. BUNNING, Mr. CHAMBLISS, Mr. COBURN, Mr. COCHRAN, Mr. CORKER, Mr. CORNYN, Mr. CRAIG, Mr. CRAPO, Mr. DEMINT, Mrs. DOLE, Mr. DOMENICI, Mr. ENSIGN, Mr. ENZI, Mr. GRAHAM, Mr. GRASSLEY, Mr. HATCH, Mr. HAGEL, Mr. INHOFE, Mr. ISAKSON, Mr. KYL, Mr. LOTT, Mr. MARTINEZ, Mr. MCCAIN, Ms. MURKOWSKI, Mr. NELSON of Nebraska, Mr. ROBERTS, Mr. SESSIONS, Mr. SHELBY, Mr. SMITH, Mr. STEVENS, Mr. SUNUNU, Mr. TESTER, Mr. THOMAS, Mr. THUNE, and Mr. VITTER):

S. 1001. A bill to restore Second Amendment rights in the District of Columbia; read the first time.

By Mr. KENNEDY (for himself, Mr. ENZI, and Mr. ROBERTS):

S. 1002. A bill to amend the Older Americans Act of 1965 to reinstate certain provisions relating to the nutrition services incentive program; considered and passed.

By Mr. KENNEDY (for himself, Mr. KERRY, Mrs. BOXER, Mr. HARKIN, Mr. LAUTENBERG, Mr. DODD, Mr. LIEBERMAN, Mrs. FEINSTEIN, Ms. MIKULSKI, Mr. BROWN, Mr. DURBIN, Mr. SCHUMER, Ms. CANTWELL, Mr. BIDEN, Mr. LEVIN, Mr. MENENDEZ, Mrs. MURRAY, Mrs. CLINTON, Mr. FEINGOLD, Ms. STABENOW, and Mr. WHITEHOUSE):

S.J. Res. 10. A joint resolution proposing an amendment to the Constitution of the United States relative to equal rights for men and women; to the Committee on the Judiciary.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mrs. FEINSTEIN (for herself, Ms. COLLINS, Mr. FEINGOLD, Mr. LEVIN, Ms. SNOWE, Mr. KERRY, Mr. BIDEN, Ms. CANTWELL, Mr. LIEBERMAN, Mr. WYDEN, Mrs. CLINTON, Mr. CRAPO, and Mr. SANDERS):

S. Res. 125. A resolution designating May 18, 2007, as ''Endangered Species Day'', and encouraging the people of the United States to become educated about, and aware of, threats to species, success stories in species recovery, and the opportunity to promote species conservation worldwide; to the Committee on the Judiciary.

By Mr. AKAKA (for himself, Mr. DODD, Mrs. CLINTON, Mr. COCHRAN, Mr. DURBIN, Mr. KOHL, Mr. KENNEDY, Mr. MENENDEZ, Mr. SCHUMER, Mr. INOUYE, Ms. STABENOW, Mr. CARDIN, Mr. LEVIN, Mr. CRAPO, Mr. DEMINT, Mrs. FEINSTEIN, Mr. BAUCUS, Mr. THOMAS, Mrs. LINCOLN, Mr. ALLARD, and Mr. ENZI):

S. Res. 126. A resolution designating April 2007 as ''Financial Literacy Month''; considered and agreed to.

By Mr. INHOFE (for himself and Mr. DODD):

S. Res. 127. A resolution designating April 8, 2007 as ''National Cushing's Syndrome Awareness Day''; considered and agreed to.

By Mr. REID (for himself and Mr. MCCONNELL):

S. Res. 128. A resolution to authorize testimony, document production, and legal representation in United States v. Philip G. Balcombe, Sansi G. Coonan, John S. Dear, Jan Lustig, Michella A. Marusa, Martin J. Ryan, Eleanore M. Vouselas, and Bruno Keller; considered and agreed to.

By Mr. REID (for himself and Mr. MCCONNELL):

S. Res. 129. A resolution to authorize testimony, document production, and legal representation in State of Alaska v. Robert S. Mulford and Don G. Muller; considered and agreed to.

ADDITIONAL COSPONSORS

S. 223

At the request of Mr. FEINGOLD, the name of the Senator from West Virginia (Mr. BYRD) was added as a cosponsor of S. 223, a bill to require Senate candidates to file designations, statements, and reports in electronic form.

S. 288

At the request of Mr. KERRY, the name of the Senator from Vermont (Mr. SANDERS) was added as a cosponsor of S. 288, a bill to amend titles 10 and 14, United States Code, to provide for the use of gold in the metal content of the Medal of Honor.

S. 329

At the request of Mr. CRAPO, the name of the Senator from Montana (Mr. TESTER) was added as a cosponsor of S. 329, a bill to amend title XVIII of the Social Security Act to provide coverage for cardiac rehabilitation and pulmonary rehabilitation services.

S. 350

At the request of Mr. VITTER, the names of the Senator from Nevada (Mr. ENSIGN), the Senator from Arizona (Mr. KYL) and the Senator from Oklahoma (Mr. INHOFE) were added as cosponsors of S. 350, a bill to prohibit certain abortion-related discrimination in government activities.

S. 351

At the request of Mr. VITTER, the names of the Senator from Nevada (Mr. ENSIGN) and the Senator from South Carolina (Mr. DEMINT) were added as cosponsors of S. 351, a bill to amend title X of the Public Health Service Act to prohibit family planning grants from being awarded to any entity that performs abortions.

S. 459

At the request of Ms. SNOWE, the name of the Senator from Minnesota (Ms. KLOBUCHAR) was added as a cosponsor of S. 459, a bill to require that health plans provide coverage for a minimum hospital stay for mastectomies, lumpectomies, and lymph node dissection for the treatment of breast cancer and coverage for secondary consultations.

S. 474

At the request of Mrs. HUTCHISON, the name of the Senator from Oklahoma

(Mr. COBURN) was added as a cosponsor of S. 474, a bill to award a congressional gold medal to Michael Ellis DeBakey, M.D.

S. 502

At the request of Mr. CRAPO, the name of the Senator from Alabama (Mr. SHELBY) was added as a cosponsor of S. 502, a bill to repeal the sunset on the reduction of capital gains rates for individuals and on the taxation of dividends of individuals at capital gains rates.

S. 506

At the request of Mr. LAUTENBERG, the names of the Senator from Connecticut (Mr. LIEBERMAN) and the Senator from Vermont (Mr. SANDERS) were added as cosponsors of S. 506, a bill to improve efficiency in the Federal Government through the use of high-performance green buildings, and for other purposes.

S. 548

At the request of Mr. LEAHY, the name of the Senator from Virginia (Mr. WARNER) was added as a cosponsor of S. 548, a bill to amend the Internal Revenue Code of 1986 to provide that a deduction equal to fair market value shall be allowed for charitable contributions of literary, musical, artistic, or scholarly compositions created by the donor.

S. 604

At the request of Mr. LAUTENBERG, the name of the Senator from New Mexico (Mr. BINGAMAN) was added as a cosponsor of S. 604, a bill to amend title 10, United States Code, to limit increases in the certain costs of health care services under the health care programs of the Department of Defense, and for other purposes.

S. 609

At the request of Mr. ROCKEFELLER, the names of the Senator from New York (Mrs. CLINTON), the Senator from Rhode Island (Mr. REED), the Senator from Massachusetts (Mr. KERRY), the Senator from Idaho (Mr. CRAIG), the Senator from Florida (Mr. NELSON), the Senator from Mississippi (Mr. COCHRAN), the Senator from Louisiana (Ms. LANDRIEU), the Senator from Hawaii (Mr. AKAKA), the Senator from Washington (Ms. CANTWELL) and the Senator from Wyoming (Mr. THOMAS) were added as cosponsors of S. 609, 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. 613

At the request of Mr. LUGAR, the name of the Senator from Nebraska (Mr. HAGEL) was added as a cosponsor of S. 613, a bill to enhance the overseas stabilization and reconstruction capabilities of the United States Government, and for other purposes.

S. 614

At the request of Mr. SCHUMER, the name of the Senator from Indiana (Mr. BAYH) was added as a cosponsor of S. 614, a bill to amend the Internal Revenue Code to double the child tax credit for the first year, to expand the credit dependent care services, to provide relief from the alternative minimum tax, and for other purposes.

S. 638

At the request of Mr. BYRD, the name of the Senator from Tennessee (Mr. ALEXANDER) was added as a cosponsor of S. 638, a bill to amend the Internal Revenue Code of 1986 to provide for collegiate housing and infrastructure grants.

S. 659

At the request of Mr. HAGEL, the name of the Senator from Iowa (Mr. GRASSLEY) was added as a cosponsor of S. 659, a bill to amend section 1477 of title 10, United States Code, to provide for the payment of the death gratuity with respect to members of the Armed Forces without a surviving spouse who are survived by a minor child.

S. 694

At the request of Mrs. CLINTON, the names of the Senator from Montana (Mr. TESTER) and the Senator from Rhode Island (Mr. WHITEHOUSE) were added as cosponsors of S. 694, a bill to direct the Secretary of Transportation to issue regulations to reduce the incidence of child injury and death occurring inside or outside of light motor vehicles, and for other purposes.

S. 714

At the request of Mr. AKAKA, the name of the Senator from New Jersey (Mr. LAUTENBERG) was added as a cosponsor of S. 714, a bill to amend the Animal Welfare Act to ensure that all dogs and cats used by research facilities are obtained legally.

S. 790

At the request of Mr. LUGAR, the name of the Senator from New York (Mr. SCHUMER) was added as a cosponsor of S. 790, a bill to amend the Richard B. Russell National School Lunch Act to permit the simplified summer food programs to be carried out in all States and by all service institutions.

S. 797

At the request of Mr. CARDIN, the name of the Senator from Massachusetts (Mr. KENNEDY) was added as a cosponsor of S. 797, a bill to amend the National Trails System Act to designate the Star-Spangled Banner Trail in the States of Maryland and Virginia and the District of Columbia as a National Historic Trail.

S. 798

At the request of Mr. CARDIN, the names of the Senator from Louisiana (Ms. LANDRIEU) and the Senator from Massachusetts (Mr. KENNEDY) were added as cosponsors of S. 798, a bill to establish the Star-Spangled Banner and War of 1812 Bicentennial Commission, and for other purposes.

S. 807

At the request of Mrs. LINCOLN, the names of the Senator from Minnesota (Mr. COLEMAN) and the Senator from Oklahoma (Mr. COBURN) were added as cosponsors of S. 807, a bill to amend the Comprehensive Environmental Response Compensation and Liability Act of 1980 to provide that manure shall not be considered to be a hazardous substance, pollutant, or contaminant.

S. 823

At the request of Mr. OBAMA, the name of the Senator from Maryland (Ms. MIKULSKI) was added as a cosponsor of S. 823, a bill to amend the Public Health Service Act with respect to facilitating the development of microbicides for preventing transmission of HIV/AIDS and other diseases, and for other purposes.

S. 849

At the request of Mr. LEAHY, the name of the Senator from Ohio (Mr. BROWN) was added as a cosponsor of S. 849, a bill to promote accessibility, accountability, and openness in Government by strengthening section 552 of title 5, United States Code (commonly referred to as the Freedom of Information Act), and for other purposes.

S. 863

At the request of Mr. SESSIONS, the name of the Senator from Arizona (Mr. MCCAIN) was added as a cosponsor of S. 863, a bill to amend title 18, United States Code, with respect to fraud in connection with major disaster or emergency funds.

S. 897

At the request of Ms. MIKULSKI, the names of the Senator from Illinois (Mr. DURBIN), the Senator from Minnesota (Mr. COLEMAN) and the Senator from Georgia (Mr. ISAKSON) were added as cosponsors of S. 897, a bill to amend the Internal Revenue Code of 1986 to provide more help to Alzheimer's disease caregivers.

S. 898

At the request of Ms. MIKULSKI, the name of the Senator from Georgia (Mr. ISAKSON) was added as a cosponsor of S. 898, a bill to amend the Public Health Service Act to fund breakthroughs in Alzheimer's disease research while providing more help to caregivers and increasing public education about prevention.

S. 921

At the request of Mr. THOMAS, the name of the Senator from California (Mrs. BOXER) was added as a cosponsor of S. 921, a bill to amend title XVIII of the Social Security Act to provide for the coverage of marriage and family therapist services and mental health counselor services under part B of the Medicare program, and for other purposes.

S. 937

At the request of Mrs. CLINTON, the name of the Senator from Minnesota (Mr. COLEMAN) was added as a cosponsor of S. 937, a bill to improve support and services for individuals with autism and their families.

S. 963

At the request of Mr. MENENDEZ, the names of the Senator from Pennsylvania (Mr. SPECTER) and the Senator

from New Jersey (Mr. LAUTENBERG) were added as cosponsors of S. 963, a bill to authorize the Secretary of Education to make grants to educational organizations to carry out educational programs about the Holocaust.

S. 966

At the request of Mr. SCHUMER, the name of the Senator from Minnesota (Mr. COLEMAN) was added as a cosponsor of S. 966, a bill to enable the Department of State to respond to a critical shortage of passport processing personnel, and for other purposes.

S. 972

At the request of Mr. LAUTENBERG, the name of the Senator from Montana (Mr. BAUCUS) was added as a cosponsor of S. 972, a bill to provide for the reduction of adolescent pregnancy, HIV rates, and other sexually transmitted diseases, and for other purposes.

S. 987

At the request of Mr. BINGAMAN, the names of the Senator from Washington (Ms. CANTWELL), the Senator from Colorado (Mr. SALAZAR), the Senator from Idaho (Mr. CRAIG), the Senator from Florida (Mr. MARTINEZ) and the Senator from Hawaii (Mr. AKAKA) were added as cosponsors of S. 987, a bill to enhance the energy security of the United States by promoting biofuels and for other purposes.

S. 988

At the request of Ms. MIKULSKI, the name of the Senator from Wyoming (Mr. THOMAS) was added as a cosponsor of S. 988, a bill to extend the termination date for the exemption of returning workers from the numerical limitations for temporary workers.

S. RES. 76

At the request of Mr. FEINGOLD, the names of the Senator from Massachusetts (Mr. KERRY), the Senator from California (Mrs. BOXER), the Senator from California (Mrs. FEINSTEIN), the Senator from Maine (Ms. SNOWE), the Senator from Maryland (Ms. MIKULSKI), the Senator from New York (Mrs. CLINTON), the Senator from Connecticut (Mr. LIEBERMAN), the Senator from Ohio (Mr. BROWN) and the Senator from Nebraska (Mr. HAGEL) were added as cosponsors of S. Res. 76, a resolution calling on the United States Government and the international community to promptly develop, fund, and implement a comprehensive regional strategy in Africa to protect civilians, facilitate humanitarian operations, contain and reduce violence, and contribute to conditions for sustainable peace in eastern Chad, and Central African Republic, and Darfur, Sudan.

S. RES. 82

At the request of Mr. HAGEL, the name of the Senator from Georgia (Mr. CHAMBLISS) was added as a cosponsor of S. Res. 82, a resolution designating August 16, 2007 as ''National Airborne Day''.

S. RES. 112

At the request of Mr. SCHUMER, the name of the Senator from California (Mrs. FEINSTEIN) was added as a cosponsor of S. Res. 112, a resolution designating April 6, 2007, as ''National Missing Persons Day''.

S. RES. 122

At the request of Mr. HAGEL, the names of the Senator from South Dakota (Mr. THUNE), the Senator from Texas (Mrs. HUTCHISON) and the Senator from North Carolina (Mrs. DOLE) were added as cosponsors of S. Res. 122, a resolution commemorating the 25th anniversary of the construction and dedication of the Vietnam Veterans Memorial.

AMENDMENT NO. 643

At the request of Mr. COCHRAN, the name of the Senator from Georgia (Mr. CHAMBLISS) was added as a cosponsor of amendment No. 643 proposed to H.R. 1591, a bill making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes.

AMENDMENT NO. 647

At the request of Mr. SESSIONS, the name of the Senator from Arizona (Mr. MCCAIN) was added as a cosponsor of amendment No. 647 intended to be proposed to H.R. 1591, a bill making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. DURBIN (for himself, Mr. COLEMAN, Mr. DODD, Mr. HAGEL, Mr. OBAMA, Mr. KERRY, Mr. ROBERTS, Mr. MENENDEZ, Mr. COCHRAN, Mr. LIEBERMAN, Mr. LEVIN, Mr. SMITH, Mr. STEVENS, Mr. AKAKA, Mr. CHAMBLISS, Ms. STABENOW, Ms. SNOWE, Ms. CANTWELL, Mr. BAUCUS, Mr. WARNER, Mr. PRYOR, and Mr. KENNEDY):

S. 991. A bill to establish the Senator Paul Simon Study Abroad Foundation under the authorities of the Mutual Educational and Cultural Exchange Act of 1961; to the Committee on Foreign Relations.

Mr. DURBIN. Mr. President, I have spoken many times about one of our Nation's greatest public servants, the late Senator Paul Simon. He was an honorable man who devoted his life to working for the public good.

In the months before his untimely death, Senator Simon returned to Washington to talk to his former colleagues about the need to strengthen our Nation's international understanding and our ability to remain a world leader in the 21st century. His desire to promote peace and security through mutual understanding and sensitivity to the rest of the world was borne out of the tragic events of September 11, 2001.

Senator Simon struggled with the question of how America could lead when so few of our citizens have the proper knowledge and understanding of the world beyond our borders. He knew that America's security, global competitiveness, and diplomatic efforts in working towards a peaceful society rest on our young people's global competence and ability to appreciate languages and cultural and social realities beyond what they may have experienced in the United States. He envisioned a United States populated by a generation of Americans with a greater knowledge and understanding of the world—a generation of our Nation's future leaders that have been abroad and have a personal connection to another part of the world.

Senator Simon's tireless efforts led to Congress's establishment of the Abraham Lincoln Study Abroad Commission. I was honored to serve on this bipartisan Commission, and it was a privilege for me to introduce legislation last year that brought Senator Simon's dream one step closer to reality. The bill, based on the Commission's recommendations, would have established a study abroad program for undergraduate students that would help build global awareness and international understanding.

I am once again proud to stand here today and introduce legislation that embodies Senator Simon's vision. The bill has been renamed the Senator Paul Simon Study Abroad Foundation Act so that all future generations will remember Senator Simon's commitment to international education.

The goal of this legislation remains the same: to encourage and support the experience of studying abroad in developing countries—in countries whose people, culture, language, government, and religion might be very different from ours. This bill aims to have at least 1 million undergraduate students study abroad annually within 10 years and to expand study abroad opportunities for students who are currently underrepresented.

The Senator Paul Simon Study Abroad Foundation Act would establish study abroad as a national priority and provide the catalyst for the education community to commit to making study abroad an institutional priority.

This legislation would create an independent public-private entity, the Senator Paul Simon Foundation, that would award grants to carry out the goal of making study abroad in high-quality programs in diverse locations around the world the routine, rather than the exception, for college students. Students who were previously unable to study abroad due to financial constraints would be eligible for grants. Grants also would provide colleges, universities and nongovernmental institutions with the financial incentive to develop programs that make it easier for college students to study abroad.

The future of our country depends on having globally literate citizens—those who are able to look at other points of view and incorporate those ideas into their thinking and manner of interacting with others. I have shared this

Paul Simon quote before, and I will do so again because it is the most poignant example of Paul's vision in his own words:

A nation cannot drift into greatness. We must dream, and we must be willing to make small sacrifices to achieve those dreams. This major national initiative can lift our vision and responsiveness to the rest of the world.

I ask my colleagues to join with me and with Senator COLEMAN in support of this legislation and to see to it that Senator Paul Simon's dream of building a stronger and more culturally aware nation is realized.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 991

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 ''Senator Paul Simon Study Abroad Foundation Act of 2007''.

SEC. 2. FINDINGS.

Congress makes the following findings:

(1) According to President George W. Bush, ''America's leadership and national security rest on our commitment to educate and prepare our youth for active engagement in the international community.''.

(2) According to former President William J. Clinton, ''Today, the defense of United States interests, the effective management of global issues, and even an understanding of our Nation's diversity require ever-greater contact with, and understanding of, people and cultures beyond our borders.''.

(3) Congress authorized the establishment of the Commission on the Abraham Lincoln Study Abroad Fellowship Program pursuant to section 104 of the Miscellaneous Appropriations and Offsets Act, 2004 (division H of Public Law 108–199). Pursuant to its mandate, the Commission has submitted to Congress and the President a report of its recommendations for greatly expanding the opportunity for students at institutions of higher education in the United States to study abroad, with special emphasis on studying in developing nations.

(4) Studies consistently show that United States students score below their counterparts in other advanced countries on indicators of international knowledge. This lack of global literacy is a national liability in an age of global trade and business, global interdependence, and global terror.

(5) By numbers ranging from 77 to more than 90 percent, Americans believe that it is important for their children to learn other languages, study abroad, attend a college where they can interact with international students, learn about other countries and cultures, and generally be prepared for the global age, according to a December 2005 national survey commissioned by NAFSA: Association of International Educators.

(6) In today's world, it is more important than ever for the United States to be a responsible, constructive leader that other countries are willing to follow. Such leadership cannot be sustained without an informed citizenry with much more knowledge and awareness of the world than most Americans currently possess.

(7) Study abroad has proven to be a very effective means of imparting international and foreign-language competency to students.

(8) In any given year, only approximately one percent of all students enrolled in United States institutions of higher education study abroad.

(9) Less than 10 percent of the students who graduate from United States institutions of higher education with bachelors degrees have studied abroad.

(10) Far more study abroad must take place in the developing countries. Ninety-five percent of the world's population growth over the next 50 years will occur outside of Europe. Yet in the academic year 2004–2005, 60 percent of United States students studying abroad studied in Europe, and 45 percent studied in four countries—the United Kingdom, Italy, Spain, and France—according to the Institute of International Education.

(11) The Final Report of the National Commission on Terrorist Attacks Upon the United States (The 9/11 Commission Report) recommended that the United States increase support for ''scholarship, exchange, and library programs''. The 9/11 Public Discourse Project, successor to the 9/11 Commission, noted in its November 14, 2005, status report that this recommendation was ''unfulfilled,'' and stated that ''The U.S. should increase support for scholarship and exchange programs, our most powerful tool to shape attitudes over the course of a generation.''. In its December 5, 2005, Final Report on the 9/11 Commission Recommendations, the 9/11 Public Discourse Project gave the government a grade of ''D'' for its implementation of this recommendation.

(12) Investing in a national study abroad program would help turn a grade of ''D'' into an ''A'' by equipping United States students to communicate United States values and way of life through the unique dialogue that takes place among citizens from around the world when individuals study abroad.

SEC. 3. PURPOSES.

The purposes of this Act are—

(1) to significantly enhance the global competitiveness and international knowledge base of the United States by ensuring that more students in United States institutions of higher education have the opportunity to acquire foreign language skills and international knowledge through significantly expanded study abroad;

(2) to enhance the foreign policy capacity of the United States by significantly expanding and diversifying the talent pool of individuals with non-traditional foreign language skills and cultural knowledge in the United States who are available for recruitment by United States foreign affairs agencies, legislative branch agencies, and nongovernmental organizations involved in foreign affairs activities;

(3) to ensure that an increasing portion of study abroad by United States students will take place in nontraditional study abroad destinations such as the People's Republic of China, countries of the Middle East region, and developing countries; and

(4) to create greater cultural understanding of the United States by exposing foreign students and their families to American students in countries that have not traditionally hosted large numbers of American students.

SEC. 4. DEFINITIONS.

In this Act:

(1) APPROPRIATE CONGRESSIONAL COMMITTEES.—The term ''appropriate congressional committees'' means—

(A) the Committee on Foreign Affairs and the Committee on Appropriations of the House of Representatives; and

(B) the Committee on Foreign Relations and the Committee on Appropriations of the Senate.

(2) BOARD.—The term ''Board'' means the Board of Directors of the Foundation established pursuant to section 5(d).

(3) CHIEF EXECUTIVE OFFICER.—The term ''Chief Executive Officer'' means the chief executive officer of the Foundation appointed pursuant to section 5(c).

(4) FOUNDATION.—The term ''Foundation'' means the Senator Paul Simon Study Abroad Foundation established by section 5(a).

(5) INSTITUTION OF HIGHER EDUCATION.—The term ''institution of higher education'' has the meaning given the term in section 101(a) of the Higher Education Act of 1965 (20 U.S.C. 1001(a)).

(6) NONTRADITIONAL STUDY ABROAD DESTINATION.—The term ''nontraditional study abroad destination'' means a location that is determined by the Foundation to be a less common destination for United States students who study abroad.

(7) STUDY ABROAD.—The term ''study abroad'' means an educational program of study, work, research, internship, or combination thereof that is conducted outside the United States and that carries academic credit toward fulfilling the participating student's degree requirements.

SEC. 5. ESTABLISHMENT AND MANAGEMENT OF THE SENATOR PAUL SIMON STUDY ABROAD FOUNDATION.

(a) ESTABLISHMENT.—

(1) IN GENERAL.—There is established in the executive branch a corporation to be known as the ''Senator Paul Simon Study Abroad Foundation'' that shall be responsible for carrying out this Act under the authorities of the Mutual Educational and Cultural Exchange Act of 1961 (22 U.S.C. 2451 et seq.). The Foundation shall be a government corporation, as defined in section 103 of title 5, United States Code.

(2) BOARD OF DIRECTORS.—The Foundation shall be governed by a Board of Directors chaired by the Secretary of State in accordance with subsection (d).

(3) INTENT OF CONGRESS.—It is the intent of Congress in establishing the structure of the Foundation set forth in this subsection to create an entity that will administer a study abroad program that—

(A) serves the long-term foreign policy and national security needs of the United States; but

(B) operates independently of short-term political and foreign policy considerations.

(b) MANDATE OF FOUNDATION.—In administering the program referred to in subsection (a)(3), the Foundation shall—

(1) promote the objectives and purposes of this Act;

(2) through responsive, flexible grant-making, promote access by students at diverse institutions of higher education, including two-year institutions, minority-serving institutions, and institutions that serve nontraditional students;

(3) through creative grant-making, promote access by diverse students, including minority students, students of limited financial means, and nontraditional students;

(4) raise funds from the private sector to supplement funds made available under this Act; and

(5) be committed to minimizing administrative costs and to maximizing the availability of funds for grants under this Act.

(c) CHIEF EXECUTIVE OFFICER.—

(1) IN GENERAL.—There shall be in the Foundation a Chief Executive Officer who shall be responsible for the management of the Foundation.

(2) APPOINTMENT.—The Chief Executive Officer shall be appointed by the Board and shall be a recognized leader in higher education, business, or foreign policy, chosen on the basis of a rigorous search.

(3) RELATIONSHIP TO BOARD.—The Chief Executive Officer shall report to and be under the direct authority of the Board.

(4) COMPENSATION AND RANK.—

(A) IN GENERAL.—The Chief Executive Officer shall be compensated at the rate provided for level III of the Executive Schedule under section 5314 of title 5, United States Code, and shall have the equivalent rank of Deputy Secretary.

(B) AMENDMENT.—Section 5314 of title 5, United States Code, is amended by adding at the end the following:

''Chief Executive Officer, Senator Paul Simon Study Abroad Foundation.''.

(5) AUTHORITIES AND DUTIES.—The Chief Executive Officer shall be responsible for the management of the Foundation and shall exercise the powers and discharge the duties of the Foundation.

(6) AUTHORITY TO APPOINT OFFICERS.—In consultation and with approval of the Board, the Chief Executive Officer shall appoint all officers of the Foundation.

(d) BOARD OF DIRECTORS.—

(1) ESTABLISHMENT.—There shall be in the Foundation a Board of Directors.

(2) DUTIES.—The Board shall perform the functions specified to be carried out by the Board in this Act and may prescribe, amend, and repeal bylaws, rules, regulations, and procedures governing the manner in which the business of the Foundation may be conducted and in which the powers granted to it by law may be exercised.

(3) MEMBERSHIP.—The Board shall consist of—

(A) the Secretary of State (or the Secretary's designee), the Secretary of Education (or the Secretary's designee), the Secretary of Defense (or the Secretary's designee), and the Administrator of the United States Agency for International Development (or the Administrator's designee); and

(B) five other individuals with relevant experience in matters relating to study abroad (such as individuals who represent institutions of higher education, business organizations, foreign policy organizations, or other relevant organizations) who shall be appointed by the President, by and with the advice and consent of the Senate, of which—

(i) one individual shall be appointed from among a list of individuals submitted by the majority leader of the House of Representatives;

(ii) one individual shall be appointed from among a list of individuals submitted by the minority leader of the House of Representatives;

(iii) one individual shall be appointed from among a list of individuals submitted by the majority leader of the Senate; and

(iv) one individual shall be appointed from among a list of individuals submitted by the minority leader of the Senate.

(4) CHIEF EXECUTIVE OFFICER.—The Chief Executive Officer of the Foundation shall serve as a nonvoting, ex officio member of the Board.

(5) TERMS.—

(A) OFFICERS OF THE FEDERAL GOVERNMENT.—Each member of the Board described in paragraph (3)(A) shall serve for a term that is concurrent with the term of service of the individual's position as an officer within the other Federal department or agency.

(B) OTHER MEMBERS.—Each member of the Board described in paragraph (3)(B) shall be appointed for a term of 3 years and may be reappointed for a term of an additional 3 years.

(C) VACANCIES.—A vacancy in the Board shall be filled in the manner in which the original appointment was made.

(6) CHAIRPERSON.—There shall be a Chairperson of the Board. The Secretary of State shall serve as the Chairperson.

(7) QUORUM.—A majority of the members of the Board described in paragraph (3) shall constitute a quorum, which, except with respect to a meeting of the Board during the 135-day period beginning on the date of the enactment of this Act, shall include at least one member of the Board described in paragraph (3)(B).

(8) MEETINGS.—The Board shall meet at the call of the Chairperson.

(9) COMPENSATION.—

(A) OFFICERS OF THE FEDERAL GOVERNMENT.—

(i) IN GENERAL.—A member of the Board described in paragraph (3)(A) may not receive additional pay, allowances, or benefits by reason of the member's service on the Board.

(ii) TRAVEL EXPENSES.—Each such member of the Board shall receive travel expenses, including per diem in lieu of subsistence, in accordance with applicable provisions under subchapter I of chapter 57 of title 5, United States Code.

(B) OTHER MEMBERS.—

(i) IN GENERAL.—Except as provided in clause (ii), a member of the Board described in paragraph (3)(B)—

(I) shall be paid compensation out of funds made available for the purposes of this Act at the daily equivalent of the highest rate payable under section 5332 of title 5, United States Code, for each day (including travel time) during which the member is engaged in the actual performance of duties as a member of the Board; and

(II) while away from the member's home or regular place of business on necessary travel in the actual performance of duties as a member of the Board, shall be paid per diem, travel, and transportation expenses in the same manner as is provided under subchapter I of chapter 57 of title 5, United States Code.

(ii) LIMITATION.—A member of the Board may not be paid compensation under clause (i)(II) for more than 90 days in any calendar year.

SEC. 6. ESTABLISHMENT AND OPERATION OF PROGRAM.

(a) ESTABLISHMENT OF THE PROGRAM.—There is hereby established a program, which shall—

(1) be administered by the Foundation; and

(2) award grants to—

(A) individuals for study abroad;

(B) nongovernmental institutions that provide and promote study abroad opportunities, in consortium with institutions described in subparagraph (C); and

(C) institutions of higher education, individually or in consortium,

in order to accomplish the objectives set forth in subsection (b).

(b) OBJECTIVES.—The objectives of the program established under subsection (a) are that, within 10 years of the date of the enactment of this Act—

(1) not less than one million undergraduate students in United States institutions of higher education will study abroad annually for credit;

(2) the demographics of study-abroad participation will reflect the demographics of the United States undergraduate population; and

(3) an increasing portion of study abroad will take place in nontraditional study abroad destinations, with a substantial portion of such increases taking place in developing countries.

(c) MANDATE OF THE PROGRAM.—In order to accomplish the objectives set forth in subsection (b), the Foundation shall, in administering the program established under subsection (a), take fully into account the recommendations of the Commission on the Abraham Lincoln Study Abroad Fellowship Program (established pursuant to section 104 of the Miscellaneous Appropriations and Offsets Act, 2004 (division H of Public Law 108–199)).

(d) STRUCTURE OF GRANTS.—In accordance with the recommendations of the Commission on the Abraham Lincoln Study Abroad Fellowship Program, grants awarded under the program established under subsection (a) shall be structured to the maximum extent practicable to promote appropriate reforms in institutions of higher education in order to remove barriers to participation by students in study abroad.

(e) BALANCE OF LONG-TERM AND SHORT-TERM STUDY ABROAD PROGRAMS.—In administering the program established under subsection (a), the Foundation shall seek an appropriate balance between—

(1) longer-term study abroad programs, which maximize foreign-language learning and intercultural understanding; and

(2) shorter-term study abroad programs, which maximize the accessibility of study abroad to nontraditional students.

SEC. 7. ANNUAL REPORT.

Not later than March 31, 2008, and each March 31 thereafter, the Foundation shall submit to Congress a report on the implementation of this Act during the prior fiscal year.

SEC. 8. POWERS OF THE FOUNDATION; RELATED PROVISIONS.

(a) POWERS.—The Foundation—

(1) shall have perpetual succession unless dissolved by a law enacted after the date of the enactment of this Act;

(2) may adopt, alter, and use a seal, which shall be judicially noticed;

(3) may make and perform such contracts, grants, and other agreements with any person or government however designated and wherever situated, as may be necessary for carrying out the functions of the Foundation;

(4) may determine and prescribe the manner in which its obligations shall be incurred and its expenses allowed and paid, including expenses for representation;

(5) may lease, purchase, or otherwise acquire, improve, and use such real property wherever situated, as may be necessary for carrying out the functions of the Foundation;

(6) may accept cash gifts or donations of services or of property (real, personal, or mixed), tangible or intangible, for the purpose of carrying out the provisions of this Act;

(7) may use the United States mails in the same manner and on the same conditions as the executive departments;

(8) may contract with individuals for personal services, who shall not be considered Federal employees for any provision of law administered by the Office of Personnel Management;

(9) may hire or obtain passenger motor vehicles; and

(10) shall have such other powers as may be necessary and incident to carrying out this Act.

(b) PRINCIPAL OFFICE.—The Foundation shall maintain its principal office in the metropolitan area of Washington, District of Columbia.

(c) APPLICABILITY OF GOVERNMENT CORPORATION CONTROL ACT.—

(1) IN GENERAL.—The Foundation shall be subject to chapter 91 of subtitle VI of title 31, United States Code, except that the Foundation shall not be authorized to issue obligations or offer obligations to the public.

(2) CONFORMING AMENDMENT.—Section 9101(3) of title 31, United States Code, is amended by adding at the end the following:

''(R) the Senator Paul Simon Study Abroad Foundation.''.

(d) INSPECTOR GENERAL.—

(1) IN GENERAL.—The Inspector General of the Department of State shall serve as Inspector General of the Foundation, and, in acting in such capacity, may conduct reviews, investigations, and inspections of all aspects of the operations and activities of the Foundation.

(2) AUTHORITY OF THE BOARD.—In carrying out the responsibilities under this subsection, the Inspector General shall report to and be under the general supervision of the Board.

(3) REIMBURSEMENT AND AUTHORIZATION OF SERVICES.—

(A) REIMBURSEMENT.—The Foundation shall reimburse the Department of State for all expenses incurred by the Inspector General in connection with the Inspector General's responsibilities under this subsection.

(B) AUTHORIZATION FOR SERVICES.—Of the amount authorized to be appropriated under section 10(a) for a fiscal year, up to $2,000,000 is authorized to be made available to the Inspector General of the Department of State to conduct reviews, investigations, and inspections of operations and activities of the Foundation.

SEC. 9. GENERAL PERSONNEL AUTHORITIES.

(a) DETAIL OF PERSONNEL.—Upon request of the Chief Executive Officer, the head of an agency may detail any employee of such agency to the Foundation on a reimbursable basis. Any employee so detailed remains, for the purpose of preserving such employee's allowances, privileges, rights, seniority, and other benefits, an employee of the agency from which detailed.

(b) REEMPLOYMENT RIGHTS.—

(1) IN GENERAL.—An employee of an agency who is serving under a career or career conditional appointment (or the equivalent), and who, with the consent of the head of such agency, transfers to the Foundation, is entitled to be reemployed in such employee's former position or a position of like seniority, status, and pay in such agency, if such employee—

(A) is separated from the Foundation for any reason, other than misconduct, neglect of duty, or malfeasance; and

(B) applies for reemployment not later than 90 days after the date of separation from the Foundation.

(2) SPECIFIC RIGHTS.—An employee who satisfies paragraph (1) is entitled to be reemployed (in accordance with such paragraph) within 30 days after applying for reemployment and, on reemployment, is entitled to at least the rate of basic pay to which such employee would have been entitled had such employee never transferred.

(c) HIRING AUTHORITY.—Of persons employed by the Foundation, not to exceed 30 persons may be appointed, compensated, or removed without regard to the civil service laws and regulations.

(d) BASIC PAY.—The Chief Executive Officer may fix the rate of basic pay of employees of the Foundation without regard to the provisions of chapter 51 of title 5, United States Code (relating to the classification of positions), subchapter III of chapter 53 of such title (relating to General Schedule pay rates), except that no employee of the Foundation may receive a rate of basic pay that exceeds the rate for level IV of the Executive Schedule under section 5315 of such title.

(e) DEFINITIONS.—In this section—

(1) the term ''agency'' means an executive agency, as defined by section 105 of title 5, United States Code; and

(2) the term ''detail'' means the assignment or loan of an employee, without a change of position, from the agency by which such employee is employed to the Foundation.

SEC. 10. AUTHORIZATION OF APPROPRIATIONS.

(a) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this Act $80,000,000 for fiscal year 2008 and each subsequent fiscal year.

(b) ALLOCATION OF FUNDS.—

(1) IN GENERAL.—The Foundation may allocate or transfer to any agency of the United States Government any of the funds available for carrying out this Act. Such funds shall be available for obligation and expenditure for the purposes for which the funds were authorized, in accordance with authority granted in this Act or under authority governing the activities of the United States Government agency to which such funds are allocated or transferred.

(2) NOTIFICATION.—The Foundation shall notify the appropriate congressional committees not less than 15 days prior to an allocation or transfer of funds pursuant to paragraph (1).

By Mrs. BOXER (for herself, Mr. INHOFE, Mr. LAUTENBERG, Mr. ALEXANDER, Mr. CARDIN, Mr. LIEBERMAN, Mrs. CLINTON, Ms. KLOBUCHAR, and Mr. CRAIG):

S. 992. A bill to achieve emission reductions and cost savings through accelerated use of cost-effective lighting technologies in public buildings, and for other purposes; to the Committee on Environment and Public Works.

Mrs. BOXER. Mr. President, today I am pleased to introduce the ''Public Buildings Cost Reduction Act of 2007.'' I am joined by my Environment and Public Works Committee colleagues Senators INHOFE, LAUTENBERG, ALEXANDER, CARDIN, LIEBERMAN, CLINTON, and KLOBUCHAR. This bill will reduce air pollution and save taxpayer money by accelerating the use of cost-effective technologies that reduce energy use in public buildings.

The goal of this legislation is to have the government lead by example. This bill will help to ensure less polluting and more cost-effective General Services Administration, or GSA, buildings. Under this legislation, the GSA, which is the Nation's largest public real estate organization, must establish a program to speed the use of cost-effective and energy-efficient technology and other actions, called ''cost-effective technologies and practices'', in its buildings. GSA also must assure that a manager is named who is responsible for accelerating the use of cost-effective technologies and practices for each GSA building.

In addition, the GSA must review current and available highly-efficient lighting within 90 days, and complete a plan within 6 months for installing highly-efficient lighting in GSA buildings. Within 1 year after enactment, GSA must issue a detailed timetable to replace all existing inefficient lighting in GSA buildings as quickly as feasible, within 5 years, using available funds.

A second provision in the bill requires GSA to complete a broader plan that will: (1) achieve a 20-percent reduction in operating costs at GSA facilities to the maximum extent feasible within 5 years after enactment through the application of cost-effective, highly efficient technologies and practices, using available funds; (2) describe the current and needed funding for these programs and any issues that may inhibit their implementation; (3) recommend uniform standards for federal agencies for highly efficient technologies; and (4) recommend ways to allow federal agencies to keep their savings from using efficient technologies and practices, to use them for additional investments and other purposes.

The bill also creates an EPA grant program to help local governments make their buildings more efficient. This $20 million per year matching grant program at EPA will help local governments renovate their buildings to make them more cost-effective and energy efficient. The grant program will require a 40 percent match from the local government, and will require grantees to show they will cut utility bills by 40 percent through renovations of a building or buildings that use highly efficient technologies and practices. Further, EPA will have to verify the efficiency and savings and issue guidelines for the program. Grants of up to $1 million will be allowed. In addition, the bill requires reports to Congress on progress under the program, savings achieved, and recommendations.

I ask unanimous consent that the text of my bill be printed in the RECORD.

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

S. 992

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 ''Public Buildings Cost Reduction Act of 2007''.

SEC. 2. COST-EFFECTIVE TECHNOLOGY ACCELERATION PROGRAM.

(a) ESTABLISHMENT.—The Administrator of General Services (referred to in this section as the ''Administrator'') shall establish a program to accelerate the use of more cost-effective technologies and practices at GSA facilities.

(b) ACCELERATED USE OF COST-EFFECTIVE LIGHTING TECHNOLOGIES.—

(1) REVIEW.—

(A) IN GENERAL.—As part of the program under this subsection, not later than 90 days after the date of enactment of this Act, the Administrator shall conduct a review of—

(i) current use of cost-effective lighting technologies in GSA facilities; and

(ii) the availability to managers of GSA facilities of cost-effective lighting technologies.

(B) REQUIREMENTS.—The review under subparagraph (A) shall—

(i) examine the use of cost-effective lighting technologies and other cost-effective technologies and practices by Federal agencies in GSA facilities; and

(ii) identify, in consultation with the Environmental Protection Agency, cost-effective lighting technology standards that could be used for all types of GSA facilities.

(2) REPLACEMENT.—

(A) IN GENERAL.—As part of the program under this subsection, not later than 180 days

after the date of enactment of this Act, the Administrator shall establish a cost-effective lighting technology acceleration program to achieve maximum feasible replacement of existing lighting technologies with more cost-effective lighting technologies in each GSA facility using available appropriations.

(B) ACCELERATION PLAN TIMETABLE.—

(i) IN GENERAL.—To implement the program established under subparagraph (A), not later than 1 year after the date of enactment of this Act, the Administrator shall establish a timetable including milestones for specific activities needed to replace existing lighting technologies with more cost-effective lighting technologies, to the maximum extent feasible (including at the maximum rate feasible), at each GSA facility.

(ii) GOAL.—The goal of the timetable under clause (i) shall be to complete, using available appropriations, maximum feasible replacement of existing lighting technologies with more cost-effective lighting technologies by not later than the date that is 5 years after the date of enactment of this Act.

(c) GSA FACILITY COST-EFFECTIVE TECHNOLOGIES AND PRACTICES.—Not later than 180 days after the date of enactment of this Act, and annually thereafter, the Administrator shall—

(1) ensure that a manager responsible for accelerating the use of cost-effective technologies and practices is designated for each GSA facility; and

(2) submit to Congress a plan, to be implemented to the maximum extent feasible (including at the maximum rate feasible) using available appropriations, by not later than the date that is 5 years after the date of enactment of this Act, that—

(A) identifies the specific activities needed to achieve a 20-percent reduction in operational costs through the application of cost-effective technologies and practices from 2003 levels at GSA facilities by not later than 5 years after the date of enactment of this Act;

(B) describes activities required and carried out to estimate the funds necessary to achieve the reduction described in subparagraph (A);

(C) describes the status of the implementation of cost-effective technologies and practices at GSA facilities, including—

(i) the extent to which programs, including the program established under subsection (b), are being carried out in accordance with this Act; and

(ii) the status of funding requests and appropriations for those programs;

(D) identifies within the planning, budgeting, and construction process all types of GSA facility-related procedures that inhibit new and existing GSA facilities from implementing cost-effective technologies and practices;

(E) recommends language for uniform standards for use by Federal agencies in implementing cost-effective technologies and practices;

(F) in coordination with the Office of Management and Budget, reviews the budget process for capital programs with respect to alternatives for—

(i) permitting Federal agencies to retain all identified savings accrued as a result of the use of cost-effective technologies and practices; and

(ii) identifying short- and long-term cost savings that accrue from cost-effective technologies and practices;

(G) achieves cost savings through the application of cost-effective technologies and practices sufficient to pay the incremental additional costs of installing the cost-effective technologies and practices by not later than the date that is 5 years after the date of installation; and

(H) includes recommendations to address each of the matters, and a plan for implementation of each recommendation, described in subparagraphs (A) through (G).

(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section, to remain available until expended.

SEC. 3. ENVIRONMENTAL PROTECTION AGENCY DEMONSTRATION GRANT PROGRAM FOR LOCAL GOVERNMENTS.

(a) GRANT PROGRAM.—

(1) IN GENERAL.—The Administrator of the Environmental Protection Agency (referred to in this section as the ''Administrator'') shall establish a demonstration program under which the Administrator shall provide competitive grants to assist local governments (such as municipalities and counties), with respect to local government buildings—

(A) to deploy cost-effective technologies and practices; and

(B) to achieve operational cost savings, through the application of cost-effective technologies and practices, as verified by the Administrator.

(2) COST SHARING.—The Federal share of the cost of an activity carried out using a grant provided under this section shall be 40 percent.

(3) MAXIMUM AMOUNT.—The amount of a grant provided under this subsection shall not exceed $1,000,000.

(b) GUIDELINES.—

(1) IN GENERAL.—Not later than 1 year after the date of enactment of this Act, the Administrator shall issue guidelines to implement the grant program established under subsection (a).

(2) REQUIREMENTS.—The guidelines under paragraph (1) shall establish—

(A) standards for monitoring and verification of operational cost savings through the application of cost-effective technologies and practices reported by grantees under this section;

(B) standards for grantees to implement training programs, and to provide technical assistance and education, relating to the retrofit of buildings using cost-effective technologies and practices; and

(C) a requirement that each local government that receives a grant under this section shall achieve facility-wide cost savings, through renovation of existing local government buildings using cost-effective technologies and practices, of at least 40 percent as compared to the baseline operational costs of the buildings before the renovation (as calculated assuming a 3-year, weather-normalized average).

(c) COMPLIANCE WITH STATE AND LOCAL LAW.—Nothing in this section or any program carried out using a grant provided under this section supersedes or otherwise affects any State or local law, to the extent that the State or local law contains a requirement that is more stringent than the relevant requirement of this section.

(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $20,000,000 for each of fiscal years 2007 through 2012.

(e) REPORTS.—

(1) IN GENERAL.—The Administrator shall provide annual reports to Congress on cost savings achieved and actions taken and recommendations made under this section, and any recommendations for further action.

(2) FINAL REPORT.—The Administrator shall issue a final report at the conclusion of the program, including findings, a summary of total cost savings achieved, and recommendations for further action.

(f) TERMINATION.—The program under this section shall terminate on September 30, 2012.

SEC. 4. DEFINITIONS.

In this Act:

(1) COST-EFFECTIVE LIGHTING TECHNOLOGY.—

(A) IN GENERAL.—The term ''cost-effective lighting technology'' means a lighting technology that—

(i) will result in substantial operational cost savings by ensuring an installed consumption of not more than 1 watt per square foot; or

(ii) is contained in a list under—

(I) section 553 of Public Law 95–619 (42 U.S.C. 8259b); and

(II) Federal acquisition regulation 23–203.

(B) INCLUSIONS.—The term ''cost-effective lighting technology'' includes—

(i) lamps;

(ii) ballasts;

(iii) luminaires;

(iv) lighting controls;

(v) daylighting; and

(vi) early use of other highly cost-effective lighting technologies.

(2) COST-EFFECTIVE TECHNOLOGIES AND PRACTICES.—The term ''cost-effective technologies and practices'' means a technology or practice that—

(A) will result in substantial operational cost savings by reducing utility costs; and

(B) complies with the provisions of section 553 of Public Law 95–619 (42 U.S.C. 8259b) and Federal acquisition regulation 23–203.

(3) OPERATIONAL COST SAVINGS.—

(A) IN GENERAL.—The term ''operational cost savings'' means a reduction in end-use operational costs through the application of cost-effective technologies and practices, including a reduction in electricity consumption relative to consumption by the same customer or at the same facility in a given year, as defined in guidelines promulgated by the Administrator pursuant to section 3(b), that achieves cost savings sufficient to pay the incremental additional costs of using cost-effective technologies and practices by not later than the date that is 5 years after the date of installation.

(B) INCLUSIONS.—The term ''operational cost savings'' includes savings achieved at a facility as a result of—

(i) the installation or use of cost-effective technologies and practices; or

(ii) the planting of vegetation that shades the facility and reduces the heating, cooling, or lighting needs of the facility.

(C) EXCLUSION.—The term ''operational cost savings'' does not include savings from measures that would likely be adopted in the absence of cost-effective technology and practices programs, as determined by the Administrator.

(4) GSA FACILITY.—

(A) IN GENERAL.—The term ''GSA facility'' means any building, structure, or facility, in whole or in part (including the associated support systems of the building, structure, or facility) that—

(i) is constructed (including facilities constructed for lease), renovated, or purchased, in whole or in part, by the Administrator for use by the Federal Government; or

(ii) is leased, in whole or in part, by the Administrator for use by the Federal Government—

(I) except as provided in subclause (II), for a term of not less than 5 years; or

(II) for a term of less than 5 years, if the Administrator determines that use of cost-effective technologies and practices would result in the payback of expenses.

(B) INCLUSION.—The term ''GSA facility'' includes any group of buildings, structures, or facilities described in subparagraph (A) (including the associated energy-consuming support systems of the buildings, structures, and facilities).

(C) EXEMPTION.—The Administrator may exempt from the definition of ''GSA facility''

under this paragraph a building, structure, or facility that meets the requirements of section 543(c) of Public Law 95–619 (42 U.S.C. 8253(c)).

By Mrs. CLINTON (for herself and Mr. DODD):

S. 993. A bill to improve pediatric research; to the Committee on Health, Education, Labor, and Pensions.

Mrs. CLINTON. Mr. President, today I am introducing the Pediatric Research Improvement Act, legislation to reauthorize the Pediatric Rule and extend it permanently. I believe that doing so is critically important to ensure that the drugs designed for children are safe and effective for children. This legislation will result in better health outcomes for our children, grandchildren, and many generations of children to come.

In 1998, the FDA issued a regulation called the pediatric rule, which allowed the agency to require companies to perform pediatric clinical trials on medications used by children. It is important to note that this requirement does not slow the drug approval process. If a drug is not likely to be used in the pediatric population, it is not subject to this testing. Companies can also apply for a deferral, so that they can perform necessary tests after a drug has been approved and is being used in the adult population.

In October 2002, a U.S. District Court found that the FDA had exceeded its statutory authority when it promulgated the Pediatric Rule, and that Congress needed to explicitly award the FDA the power to require these clinical trials.

In response, I worked with my colleagues in Congress to pass the Pediatric Research Equity Act, legislation that codified the Pediatric Rule, and which was signed into law on December 3, 2003.

Since 2003, over 100 drugs have been evaluated under PREA—and since 1998, more than 1,000 drugs have fallen under the authority of the pediatric rule. The legislation has successfully resulted in increased pediatric evaluations. We've been able to collect data on drugs commonly used in children—like azithromycin, an antibiotic used to treat bronchitis, pneumonia, and other respiratory infections—as well as drugs that may not be so commonly used, but that help keep children alive, like emtriva, one of the newer drugs we have to treat AIDS.

But unless we act to reauthorize this legislation now, the pediatric rule is set to sunset on September 30 of this year, placing in jeopardy the ability of the agency to require these safeguards for our children.

In order to address this, I am introducing the Pediatric Research Improvement Act to remove the sunset for the pediatric rule, so that we will never again be in danger of losing the authority to make sure that the drugs designed for children are safe for children.

In addition to making the rule permanent, this reauthorization would do the following:

Improves Coordination between Pediatric Specialists and Others at the FDA. In order to improve coordination with the pediatric exclusivity provisions of the Best Pharmaceuticals for Children Act (BPCA), PRIA would expand an internal FDA committee to review all issues of pediatric-related labeling and assessments. Doing so ensures that a drug that falls under PRIA or BPCA is reviewed not only by experts for that particular drug, but those with pediatric expertise.

Streamlines the process for obtaining pediatric data on already-marketed drugs. If a company chooses not to pursue pediatric exclusivity for an already marketed drug under the Best Pharmaceuticals for Children Act, the Secretary has the authority to require the submission of pediatric data for the drug. This authority has never been utilized, in part due to the lengthy administrative process required. PRIA would streamline this administrative process and help get essential data on drugs for which it is vitally needed, while preserving the ability of companies to have a fair review of the agency's decisions.

Increases Data about the Use and Applicability of PRIA. PRIA would require two reports—one from the Institute of Medicine and one from the GAO—that would allow us to have better data on the number and ways in which the pediatric rule is used, and evaluate its contributions to ensuring overall pediatric drug safety.

This legislation is supported by the American Academy of Pediatrics, Elizabeth Glaser Pediatric AIDS Foundation, Ambulatory Pediatric Association, American Pediatric Society, Association of Medical School Pediatric Department Chairs, and the Society for Pediatric Research.

I look forward to working with my colleagues in Congress to pass this vital piece of legislation as quickly as possible, and help to ensure that our pediatricians and other health professionals have the tools they need to provide safe and effective treatment to our Nation's children.

By Mr. TESTER (for himself and Mr. SALAZAR):

S. 994. A bill to amend title 38, United States Code, to eliminate the deductible and change the method of determining the mileage reimbursement rate under the beneficiary travel program administered by the Secretary of Veteran Affairs, and for other purposes; to the Committee on Veterans' Affairs.

Mr. TESTER. Mr. President, today I am proud to introduce legislation that will go a long ways toward meeting our Nation's obligations to our rural veterans. The Disabled Fairness Act will make a real improvement in the lives of America's rural veterans—more than 17,000 of whom live in my State.

For many veterans who live far from a VA hospital or community health center, transportation remains the single biggest obstacle to care. Today, disabled veterans are eligible to have only a small fraction of their transportation costs reimbursed. They must pay the first $18 per month out of their own pocket. And after that, they receive reimbursement at the rate of just 11 cents per mile—less than one-quarter of the current rate of 48.5 cents per mile for Government employees. The reimbursement rate has not been changed since 1977. That is unacceptable.

In Montana, we have several very good VA health clinics, as well as one of the best hospitals in the VA system, the Ft. Harrison Hospital in Helena. But the smaller clinics simply cannot provide all the services that Ft. Harrison offers. That is no complaint against these clinics, it is just a fact.

So when a disabled veteran in my State gets in his car and drives 200 miles from Havre to the Ft. Harrison VA hospital in Helena to receive treatment for an injury he suffered while defending our country, he will be reimbursed $4. On the way back, he will be eligible to be reimbursed $22. That is $26 total for a trip that the Federal Government estimates will actually cost $194. That is a slap in the face to someone whose life has been fundamentally altered by the wounds they suffered on the field of battle.

In the last month, AAA reports that the price of gas in Montana has increased 36 cents over the last month. That means disabled veterans are spending much more of their own money to get to a VA hospital, especially in places like Montana, where a trip to the hospital can mean a journey of hundreds of miles.

The Disabled Veterans Fairness Act ends this practice. My bill repeals the $18 per month deductible that disabled veterans must satisfy before they can be eligible for reimbursement for mileage traveled to and from a VA hospital for treatment. The bill also raises the reimbursement rate from the current level of 11 cents per mile to the prevailing rate for Federal employees, as determined by the General Services Administration.

I also want to thank Senator SALAZAR for his advice on this legislation. I am proud to have him as a cosponsor. He has worked so hard to improve the lives of rural veterans, and I look forward to supporting his efforts in the coming months as well.

By Mrs. FEINSTEIN (for herself and Mrs. BOXER):

S. 996. A bill to amend title 49, United States Code, to expand passenger facility fee eligibility for certain noise compatibility projects; to the Committee on Commerce, Science, and Transportation.

Mrs. FEINSTEIN. Mr. President, I rise today to introduce legislation to allow the Los Angeles World Airports

to provide the Lennox and Inglewood School Districts, which lie directly in the Los Angeles International Airport's flight path, with noise reduction funds.

This bill would authorize the Los Angeles World Airports to allow the use of passenger facility fees for noise reduction projects at these schools.

In 1980, the Lennox School District and the City of Los Angeles settled a lawsuit, allowing aircraft carrying up to 40 million people per year to fly overhead the schools. The City also agreed to provide approximately $2.5 million to the Lennox School District.

Currently, an airplane flies a few hundred feet above the Lennox and Inglewood schools about every three minutes. The noise is deafening. It rattles windows, disrupts lessons, and makes it very difficult for these students to learn.

In February 2005, the Lennox and Inglewood School Districts settled a lawsuit with the Los Angeles World Airports under which the Los Angeles International Airport agreed to provide the School Districts with more than $110 million in noise mitigation funds over 10 years. These funds are essential for the improvement of conditions at these schools.

Unfortunately, the Federal Aviation Administration interpreted the 1980 agreement and Federal law in a way that prevents the payment of the funds under the 2005 agreement.

Thus, Federal legislation is necessary to allow the use of passenger facility fees for noise reduction projects at the Lennox and Inglewood schools. I am introducing legislation to do just this.

This bill was drafted with the assistance of the Federal Aviation Administration, and it has the support of the Lennox and Inglewood School Districts, the Los Angeles World Airports, and the Los Angeles Mayor, Antonio Villaraigosa. My colleague in the House of Representatives, Congresswoman JANE HARMAN, will introduce this same bill today.

I urge my colleagues to join me in supporting this non-controversial legislation that will allow for the use of passenger facility fees for noise reduction projects in the Lennox and Inglewood School Districts. I ask unanimous consent that the text of this legislation be printed in the RECORD.

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

S. 996

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

SECTION 1. EXPANDED PASSENGER FACILITY FEE ELIGIBILITY FOR NOISE COMPATIBILITY PROJECTS.

Section 40117(b) of title 49, United States Code, is amended by adding at the end the following:

''(7) NOISE MITIGATION FOR CERTAIN SCHOOLS.—

''(A) IN GENERAL.—In addition to the uses specified in paragraphs (1), (4), and (6), the Secretary may authorize a passenger facility fee imposed under paragraph (1) or (4) at a large hub airport that is the subject of an amended judgment and final order in condemnation filed on January 7, 1980, by the Superior Court of the State of California for the county of Los Angeles, to be used for a project to carry out noise mitigation for a building, or for the replacement of a relocatable building with a permanent building, in the noise impacted area surrounding the airport at which such building is used primarily for educational purposes, notwithstanding the air easement granted or any terms to the contrary in such judgment and final order, if—

''(i) the Secretary determines that the building is adversely affected by airport noise;

''(ii) the building is owned or chartered by the school district that was the plaintiff in case number 986,442 or 986,446, which was resolved by such judgment and final order;

''(iii) the project is for a school identified in 1 of the settlement agreements effective February 16, 2005, between the airport and each of the school districts;

''(iv) in the case of a project to replace a relocatable building with a permanent building, the eligible project costs are limited to the actual structural construction costs necessary to mitigate aircraft noise in instructional classrooms to an interior noise level meeting current standards of the Federal Aviation Administration; and

''(v) the project otherwise meets the requirements of this section for authorization of a passenger facility fee.

''(B) ELIGIBLE PROJECT COSTS.—In subparagraph (A)(iv), the term 'eligible project costs' means the difference between the cost of standard school construction and the cost of construction necessary to mitigate classroom noise to the standards of the Federal Aviation Administration.''.

By Mr. STEVENS (for himself and Ms. LANDRIEU):

S. 1000. A bill to enhance the Federal Telework Program; to the Committee on Homeland Security and Governmental Affairs.

Mr. STEVENS. Mr. President, today I am joined by Senator LANDRIEU in introducing the Telework Enhancement Act of 2007. This legislation will build on the existing Federal telework program to ensure maximum participation in the program among those in the Federal workforce. This measure will improve the cost-efficiency of the Federal Government and will also serve to reduce traffic congestion and thereby save fuel and greenhouse gas emissions. It will also enhance efforts by the Federal Government with respect to continuity of operations, COOP, provide employee incentives to attract and retain highly skilled Federal personnel, and provide a model for the private sector.

In 2000, the key legislation affecting telework in the Federal Government was signed into law as part of that year's highway bill. The enacted provision provided that ''each executive agency . . . establish a policy under which eligible employees of the agency may participate in telecommuting to the maximum extent possible without diminished employee performance.'' The measure was intended to apply to 25 percent of the Federal workforce, and to an additional 25 percent of the workforce each year thereafter.

The objective of that measure, as outlined in the bill's conference report, was to ''reduce traffic congestion'' and to allow Federal employees to telework to the maximum extent possible. The Report also made clear that each Federal agency was to establish telework criteria, and remove any ''managerial, logistical, organizational, or other barriers to full implementation and successful functioning of the policy. . . and provide for adequate administrative, human resources, technical, and logistical support for carrying out the policy.''

The lead agencies that have carried out this telework mandate are Office of Personnel Management, OPM, and the General Services Administration, GSA. Together these agencies formed a common Web site www.telework.gov to facilitate the advancement of the program, which has had a degree of success. As of 2004, of the 1.7 million Federal employees in the 82 agencies, 752,337 had been deemed eligible for telework, which was an increase from 521,542 in 2001. But despite a very loose definition of ''telework,'' which only requires that an employee work from home 1 day per week to be considered a ''teleworker,'' 140,694, or 19 percent of those eligible, were deemed as having teleworked in 2004. Critics argue that this low percentage of teleworkers comparable to the much larger pool of telework-eligible employees can be attributed to insufficient employee education, program coordination, and workforce culture issues.

While OPM and GSA should be commended for the strides they have made in implementing the Federal telework program, there are several enhancements to the program that can be made legislatively to facilitate the original goal of maximizing telework among eligible Federal employees.

The bill we introduce today would, among other things: invert the telework eligibility presumption to make all Federal employees eligible unless expressly determined otherwise; revise the definition of ''telework'' to be an arrangement where the employee regularly works at an alternate site at least 2 business days per week in order to reduce his/her commute, the current definition only requires 1 day; require that each agency designate a full-time Telework Managing Officer, TMO, within the agency's chief administrative office, or comparable agency office, to oversee the respective agency's telework program; require that the TMO coordinate the telework policy for the agency or office, serve as the liaison between employees and managers, and keep employees informed of their telework eligibility; require the TMO to work to expand the agency's telework program, oversee the COOP program, and develop a telework performance and accountability system; require the TMO to submit a report to the head of the agency annually with an analysis of measures in place to carry out the telework policy; and require the Government Accountability

Office, GAO, to evaluate each agency's telework policy, and publish a report that rates each policy and the level of employee participation.

The events of September 11, 2001, the anthrax attacks that occurred shortly thereafter, and the recent severe weather experienced across the country have focused our attention on the importance of energy independence, as well as our need to be prepared in the event of a disaster. This legislation would be a step toward achieving these broader national strategic objectives, and I urge my colleagues to support it.

I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 1000

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 ''Telework Enhancement Act of 2007''.

SEC. 2. FEDERAL GOVERNMENT TELEWORK REQUIREMENT.

(a) IN GENERAL.—

(1) ELIGIBILITY.—Within 1 year after the date of enactment of this Act, the head of each Executive agency shall establish a policy under which each employee of the agency, except as provided in subsection (d), shall be eligible to participate in telework.

(2) PARTICIPATION POLICY.—The policy shall ensure that eligible employees participate in telework to the maximum extent possible without diminishing employee performance or agency operations.

(b) APPLICATION TO JUDICIAL BRANCH EMPLOYEES.—Within 1 year after the date of enactment of this Act, the Chief Justice of the United States shall establish a policy for employees of the judicial branch under which such employees, except employees designated by the Chief Justice as employees to whom the policy does not apply, shall participate in telework to the maximum extent possible without diminishing employee performance or judicial operations.

(c) APPLICATION TO LEGISLATIVE BRANCH EMPLOYEES.—

(1) HOUSE OF REPRESENTATIVES.—Within 1 year after the date of enactment of this Act, the Speaker of the House of Representatives, in consultation with the Minority Leader of the House, shall establish a policy for employees of the House of Representatives under which such employees, except employees designated by the Speaker as employees to whom the policy does not apply, shall participate in telework to the maximum extent possible without diminishing employee performance or House operations.

(2) SENATE.—Within 1 year after the date of enactment of this Act, the Majority Leader of the Senate, in consultation with the Minority Leader of the Senate, shall establish a policy for employees of the Senate under which such employees, except employees designated by the Majority Leader as employees to whom the policy does not apply, shall participate in telework to the maximum extent possible without diminishing employee performance or Senate operations.

(3) OTHER LEGISLATIVE BRANCH EMPLOYEES.—Within 1 year after the date of enactment of this Act, the Speaker of the House of Representatives and the Majority Leader of the Senate jointly shall establish a policy for employees of the legislative branch who are not employees of either House under which such employees, except employees designated by the Speaker and the Majority Leader as employees to whom the policy does not apply, shall participate in telework to the maximum extent possible without diminishing employee performance or legislative branch operations.

(d) INELIGIBLE EMPLOYEES.—

(1) EXECUTIVE AGENCIES.—Subsection (a)(1) does not apply to executive agency employees—

(A) whose duties involve the daily handling of secure materials, necessary contact with special equipment, or daily physical presence;

(B) who are assigned to national security or intelligence functions; or

(C) whose functions are otherwise inappropriate for teleworking and which are designated by the head of the agency as functions to which the policy does not apply.

(2) JUDICIAL AND LEGISLATIVE BRANCH EMPLOYEES.—The Chief Justice and the officers of the Senate and House of Representatives described in subsection (c) may designate as ineligible to participate in telework employees whose duties are the same as, or similar to, the duties described in paragraph (1).

SEC. 3. TRAINING AND MONITORING.

The head of each executive agency shall ensure that—

(1) telework training is incorporated in the agency's new employee orientation procedures;

(2) periodic employee reviews are conducted for all employees, including those described in section 1(a)(3), to ascertain whether telework is appropriate for the employee's job description and the extent to which it is being utilized by the employee.

SEC. 4. TELEWORK MANAGING EMPLOYEE.

(a) IN GENERAL.—The head of each executive agency, the Chief Justice, the Speaker of the House of Representatives, and the Majority Leader of the Senate shall appoint a full time senior level employee of the agency, the judicial branch, the House of Representatives, and the Senate, respectively as the Telework Managing Officer. The Telework Managing Office shall be established within the office of the chief administrative officer or a comparable office with similar functions.

(b) DUTIES.—The Telework Managing Officer shall—

(1) serve as liaison between employees engaged in teleworking and their employing entity;

(2) ensure that the organization's telework policy is communicated effectively to employees;

(3) encourage all eligible employees to engage in telework to the maximum practicable extent consistent with meeting performance requirements and maintaining operations;

(4) assist the head of the agency in the development and maintenance of agencywide telework policies;

(5) educate administrative units on telework policies, programs, and training courses;

(6) provide written notification to all employees of specific telework programs and employee eligibility;

(7) focus on expanding and monitoring agency telework programs;

(8) recommend and oversee telework-specific pilot programs for employees and managers, including tracking performance and monitoring activities;

(9) promote teleconferencing devices;

(10) develop monthly productivity awards for teleworkers;

(11) develop and administer a telework performance reporting system; and

(12) assist the head of the agency in designating employees to telework to continue agency operations in the event of a major disaster (as defined in section 102 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5122)).

(c) REPORT.—The Telework Managing Officer shall submit a report to the head of the employing agency, the Chief Justice, the Speaker of the House of Representatives, or the Majority Leader of the Senate, as the case may be, and the Comptroller General at least once every 12 months that includes a statement of the applicable telework policy, a description of measures in place to carry out the policy, and an analysis of the participation by employees of the entity in teleworking during the preceding 12-month period.

SEC. 5. ANNUAL TELEWORK AGENCY RATING.

(a) IN GENERAL.—The Comptroller General shall establish a system for evaluating—

(1) the telework policy of each executive agency, the judicial branch, and the legislative branch; and

(2) on an annual basis the participation in teleworking by their employees.

(b) REPORT.—The Comptroller General shall publish a report each year rating—

(1) the telework policy of each entity to which this Act applies;

(2) the degree of participation by employees of each such entity in teleworking during the 12-month period covered by the report; and

(3) for each executive agency—

(A) the number of employees in the agency;

(B) the number of those employees who are eligible to telework;

(C) the number of employees who engage on a regular basis in teleworking; and

(D) the number of employees who engage on an occasional or sporadic basis in teleworking.

SEC. 7 DEFINITIONS.

In this Act:

(1) EMPLOYEE.—The term ''employee'' has the meaning given that term by section 8101(1) of title 5, United States Code, but does not include—

(A) justices of the Supreme Court, judges of Courts of Appeals, or judges of the District Courts;

(B) a Member of the United States House of Representatives; or

(C) a United States Senator.

(2) EXECUTIVE AGENCY.—The term ''Executive agency'' has the meaning given that term by section 105 of title 5, United States Code.

(3) TELEWORK.—The term ''telework'' means a work arrangement in which an employee regularly performs officially assigned duties at home or other worksites geographically convenient to the residence of the employee that—

(A) reduces or eliminates the employee's commute between his or her residence and his or her place of employment; and

(B) occurs at least 2 business days per week on a recurring basis.

Mr. KENNEDY. Mr. President, stroke is a devastating disease that affects young and old, women and men, regardless of their race or ethnic background. The physical, emotional, and financial toll of stroke on individuals and their families is enormous.

Fortunately, we have achieved major advances in the prevention and treatment of stroke in recent years that have reduced the high toll of death and disability. The Nation's investment in research through the National Institutes of Health has led to many of

these advances, and it's tragic that so many stroke patients do not yet have access to these advances.

That's why Senator COCHRAN and I have introduced the bipartisan Stroke Treatment and Ongoing Prevention Act in Congress, to help bring what we've learned in the laboratory to the bedside of the patient more quickly. Both Houses of Congress know the importance of this issue, and identical legislation has been introduced in the House of Representatives. This bill is intended to become a national commitment to end the suffering from stroke. It will also be a promise that every American can lead a better and healthier life.

By Mr. KENNEDY (for himself, Mr. KERRY, Mrs. BOXER, Mr. HARKIN, Mr. LAUTENBERG, Mr. DODD, Mr. LIEBERMAN, Mrs. FEINSTEIN, Ms. MIKULSKI, Mr. BROWN, Mr. DURBIN, Mr. SCHUMER, Ms. CANTWELL, Mr. BIDEN, Mr. LEVIN, Mr. MENENDEZ, Mrs. MURRAY, Mrs. CLINTON, Mr. FEINGOLD, Ms. STABENOW, and Mr. WHITEHOUSE):

S.J. Res. 10. A joint resolution proposing an amendment to the Constitution of the United States relative to equal rights for men and women; to the Committee on the Judiciary.

Mr. KENNEDY. Mr. President, it's a privilege to join my colleagues in reintroducing the Equal Rights Amendment to the Constitution. Our strong commitment to equal rights for men and women should be clearly reflected in the Nation's founding document.

The ERA is essential to guarantee that the freedoms protected by our Constitution apply equally to men and women. From the beginning of our history as a Nation, women have had to wage a constant, long and difficult battle to win the same basic rights granted to men. That battle goes on today, since discrimination still continues in many ways.

Despite passage of the Equal Pay Act and the Civil Rights Act in the 1960s, discrimination against women continues to permeate the workforce and many areas of the economy. Today, women earn about 77 cents for each dollar earned by men, and the gap is even greater for women of color. In 2004, African American women earned only 67 percent of the earnings of white men, and Hispanic women earned only 56 percent.

Women with college and professional degrees have achieved advances in a number of professional and managerial occupations in recent years. Yet more than 60 percent of working women are still clustered in a narrow range of traditionally female, traditionally low-paying occupations, and female-headed households continue to dominate the bottom rungs of the economic ladder.

A stronger effort is clearly needed to finally live up to our commitment of full equality. The Equal Rights Amendment alone cannot remedy all discrimination, but it will clearly strengthen the ongoing efforts of women across the country to obtain equal treatment.

We know from the failed ratification experiences of the past that amending the Constitution to include the ERA will not be easy to achieve. But its extraordinary significance requires us to continue the battle to finally see it approved by Congress and ratified by the States. The women of America deserve no less.

I ask unanimous consent that the text of the resolution be printed in the RECORD.

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

S.J. RES. 10

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following article is proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by the legislatures of three-fourths of the several States:

''ARTICLE—

''SECTION 1. Equality of rights under the law shall not be denied or abridged by the United States or by any State on account of sex.

''SECTION 2. The Congress shall have the power to enforce, by appropriate legislation, the provisions of this article.

''SECTION 3. This article shall take effect 2 years after the date of ratification.''.

SUBMITTED RESOLUTIONS

SENATE RESOLUTION 125—DESIGNATING MAY 18, 2007, AS ''ENDANGERED SPECIES DAY'', AND ENCOURAGING THE PEOPLE OF THE UNITED STATES TO BECOME EDUCATED ABOUT, AND AWARE OF, THREATS TO SPECIES, SUCCESS STORIES IN SPECIES RECOVERY, AND THE OPPORTUNITY TO PROMOTE SPECIES CONSERVATION WORLDWIDE

Mrs. FEINSTEIN (for herself, Ms. COLLINS, Mr. FEINGOLD, Mr. LEVIN, Ms. SNOWE, Mr. KERRY, Mr. BIDEN, Ms. CANTWELL, Mr. LIEBERMAN, Mr. WYDEN, Mrs. CLINTON, Mr. CRAPO, and Mr. SANDERS) submitted the following resolution; which was referred to the Committee on the Judiciary:

S. RES. 125

Whereas in the United States and around the world, more than 1,000 species are officially designated as at risk of extinction and thousands more also face a heightened risk of extinction;

Whereas the actual and potential benefits derived from many species have not yet been fully discovered and would be permanently lost if not for conservation efforts;

Whereas recovery efforts for species such as the whooping crane, Kirtland's warbler, the peregrine falcon, the gray wolf, the gray whale, the grizzly bear, and others have resulted in great improvements in the viability of such species;

Whereas saving a species requires a combination of sound research, careful coordination, and intensive management of conservation efforts, along with increased public awareness and education;

Whereas two-thirds of endangered or threatened species reside on private lands;

Whereas voluntary cooperative conservation programs have proven to be critical for habitat restoration and species recovery; and

Whereas education and increasing public awareness are the first steps in effectively informing the public about endangered species and species restoration efforts: Now, therefore, be it

Resolved, That the Senate—

(1) designates May 18, 2007, as ''Endangered Species Day''; and

(2) encourages—

(A) educational entities to spend at least 30 minutes on Endangered Species Day teaching and informing students about threats to, and the restoration of, endangered species around the world, including the essential role of private landowners and private stewardship to the protection and recovery of species;

(B) organizations, businesses, private landowners, and agencies with a shared interest in conserving endangered species to collaborate on educational information for use in schools; and

(C) the people of the United States to observe the day with appropriate ceremonies and activities.

Mrs. FEINSTEIN. Mr. President, I rise today to submit a resolution to establish the second annual ''Endangered Species Day'' on May 18, 2007. I am submitting this resolution with Senators COLLINS, FEINGOLD, LEVIN, SNOWE, KERRY, BIDEN, CANTWELL, LIEBERMAN, WYDEN, CLINTON, CRAPO, and SANDERS whose co-sponsorship I appreciate.

I want to commend my constituent Mr. David Robinson, who first suggested the establishment of an ''Endangered Species Day.'' Individuals like Mr. Robinson do make a difference.

The designation of an ''Endangered Species Day'' provides a multitude of opportunities for young people, students, and the general public to learn more about endangered species both in our country and abroad.

Last year, thirty-six events were held across the country to highlight endangered species success stories. The Governor of Maine, the Rhode Island State legislature, and the cities and counties of Santa Barbara, San Diego, and San Francisco also declared State and local Endangered Species Days. Zoos and aquariums across the country, such as the Roger Williams Zoo and the San Diego Zoo, also held educational events.

Endangered Species Day 2006 provided an opportunity for schools, libraries, museums, zoos, aquariums, botanical gardens, agencies, businesses, community groups, and conservation organizations to educate the public about the importance of protecting endangered species and to highlight everyday actions that individuals and groups can take to help protect our nation's wildlife, fish, and plants.

Based on the success of last year, I believe that ''Endangered Species Day'' fosters increased communication and awareness about many of the most endangered species by encouraging such activities as school field trips to the

zoo or attending a lecture at the local library.

In my home State of California, I am especially proud of the conservation and management efforts that have helped significantly restore populations of California condor, winter run chinook salmon, the least Bell's vireo songbird, and the California gray whale.

Despite these success stories, we need to be aware that more can be done. At this time, we have more than 1,800 species in the U.S. and abroad, which are designated as ''at risk'' for extinction. One small step is to increase awareness about the seriousness of the circumstances facing many of these endangered species and educating the public about these species.

I am submitting this resolution with the hope that ''Endangered Species Day'' can spark the wonder and interest in our youth to continue the conservation efforts we have begun, but still are far from finishing.

I urge my colleagues to join me in supporting this resolution.

SENATE RESOLUTION 126—DESIGNATING APRIL 2007 AS ''FINANCIAL LITERACY MONTH''

Mr. AKAKA (for himself, Mr. DODD, Mrs. CLINTON, Mr. COCHRAN, Mr. DURBIN, Mr. KOHL, Mr. KENNEDY, Mr. MENENDEZ, Mr. SCHUMER, Mr. INOUYE, Ms. STABENOW, Mr. CARDIN, Mr. LEVIN, Mr. CRAPO, Mr. DEMINT, Mrs. FEINSTEIN, Mr. BAUCUS, Mr. THOMAS, Mrs. LINCOLN, Mr. ALLARD, and Mr. ENZI) submitted the following resolution; which was considered and agreed to:

S. RES. 126

Whereas the personal savings rate of people in the United States declined from minus 0.5 percent in 2005 to minus 1.0 percent in 2006, making 2005 and 2006 the only years since the Great Depression years of 1932 and 1933 when the savings rate has been negative;

Whereas the 2006 Retirement Confidence Survey conducted by the Employee Benefit Research Institute found that only 42 percent of workers or their spouses calculated how much they need to save for retirement, down from 53 percent in 2000;

Whereas consumer debt exceeded $2,400,000,000,000 in 2006;

Whereas household debt reached a record $12,800,000,000,000 in 2006;

Whereas, during the second quarter of 2006, a record high of 14.5 percent of disposable personal income went to paying the interest on personal debt;

Whereas over 1,000,000 individuals in the United States filed for bankruptcy in 2006;

Whereas nearly half of adults in the United States are not aware that they can access their credit reports for free;

Whereas, in a 2006 survey, the Jump$tart Coalition for Personal Financial Literacy found that high school seniors scored an average of only 52.4 percent on an exam testing knowledge of basic personal finance;

Whereas approximately 10,000,000 households in the United States do not have accounts at mainstream financial institutions such as banks or credit unions;

Whereas expanding access to the mainstream financial system will provide individuals with less expensive and more secure options for managing their finances and building wealth;

Whereas the 2004 Survey of the States compiled by the National Council on Economic Education found that only 17 States require an economics course to be offered to high school students;

Whereas quality personal financial education is essential to ensure that individuals are prepared to manage money, credit, and debt, and to become responsible workers, heads of households, investors, entrepreneurs, business leaders, and citizens;

Whereas increased financial literacy empowers individuals to make wise financial decisions and reduces the confusion caused by the increasingly complex economy of the United States;

Whereas a greater understanding of, and familiarity with, financial markets and institutions will lead to increased economic activity and growth;

Whereas, in 2003, Congress found it important to coordinate Federal financial literacy efforts and formulate a national strategy; and

Whereas, in light of that finding, Congress established the Financial Literacy and Education Commission and designated the Office of Financial Education of the Department of the Treasury to provide support for the Commission: Now, therefore, be it

Resolved, That the Senate—

(1) designates April 2007 as ''Financial Literacy Month'' to raise public awareness about—

(A) the importance of financial education in the United States; and

(B) the serious consequences that may result from a lack of understanding about personal finances; and

(2) calls on the Federal Government, States, localities, schools, nonprofit organizations, businesses, and the people of the United States to observe the month with appropriate programs and activities.

SENATE RESOLUTION 127—DESIGNATING APRIL 8, 2007 AS ''NATIONAL CUSHING'S SYNDROME AWARENESS DAY''

Mr. INHOFE (for himself and Mr. DODD) submitted the following resolution; which was considered and agreed to:

S. RES. 127

Whereas Cushing's Syndrome annually affects an estimated 10 to 15 people per million, most of whom are currently between the ages of 20 and 50;

Whereas Cushing's Syndrome is an endocrine or hormonal disorder caused by prolonged exposure of the body's tissue to high levels of the hormone cortisol;

Whereas exposure to cortisol can occur by overproduction in the body or by taking glucocrticoid hormones, which are routinely prescribed for asthma, rheumatoid arthritis, lupus, or as an immunosuppressant following transplantation;

Whereas the syndrome may also result from pituitary adenomas, ectopic ACTH syndrome, adrenal tumors, and Familial Cushing's Syndrome;

Whereas Cushing's Syndrome can cause abnormal weight gain, skin changes, and fatigue and ultimately lead to diabetes, high blood pressure, depression, osteoporosis, and death;

Whereas Cushing's Syndrome is diagnosed through a series of tests, often requiring x-ray examinations of adrenal or pituitary glands to locate tumors;

Whereas many people who suffer from Cushing's Syndrome are misdiagnosed or go undiagnosed for years because many of the symptoms are mirrored in milder diseases, thereby delaying important treatment options;

Whereas treatments for Cushing's Syndrome include surgery, radiation, chemotherapy, cortisol-inhibiting drugs, and reducing the dosage of glucocorticoid hormones;

Whereas Cushing's Syndrome was discovered by Dr. Harvey Williams Cushing, who was born on April 8th, 1869;

Whereas the Dr. Harvey Cushing stamp was part of the United States Postal Service's ''Great American'' series, initiated in 1980 to recognize individuals for making significant contributions to the heritage and culture of the United States;

Whereas President Ronald Reagan spoke on April 8, 1987, in the Rose Garden at a White House ceremony to unveil the commemorative stamp honoring Dr. Harvey Cushing;

Whereas following the ceremony, President Reagan hosted a reception in the State Dining Room for Mrs. John Hay Whitney, Dr. Cushing's daughter, and representatives of the American Association of Neurological Surgeons; and

Whereas the Senate is an institution that can raise awareness in the general public and the medical community of Cushing's Syndrome; Now, therefore, be it

Resolved, That the Senate—

(1) designates April 8, 2007, as ''National Cushing's Syndrome Awareness Day'';

(2) recognizes that all Americans should become more informed and aware of Cushing's Syndrome;

(3) calls upon the people of the United States to observe the date with appropriate ceremonies and activities; and

(4) directs the Secretary of the Senate to transmit a copy of this resolution to the Cushing's Understanding, Support & Help Organization.

SENATE RESOLUTION 128—TO AUTHORIZE TESTIMONY, DOCUMENT PRODUCTION, AND LEGAL REPRESENTATION IN UNITED STATES V. PHILIP G. BALCOMBE, SANSI G. COONAN, JOHN S. DEAR, JAN LUSTIG, MICHELLA A. MARUSA, MARTIN J. RYAN, ELEANORE M. VOUSELAS, AND BRUNO KELLER

Mr. REID (for himself and Mr. MCCONNELL) submitted the following resolution; which was considered and agreed to:

S. RES. 128

Whereas, in the case of United States v. Philip G. Balcombe, Sansi G. Coonan, John S. Dear, Jan Lustig, Michella A. Marusa, Martin J. Ryan, Eleanore M. Vouselas, and Bruno Keller, Cr. No. 07–207, pending in federal district court in Albuquerque, New Mexico, testimony and documents have been requested from Maggie Murray, an employee in the office of Senator Pete Domenici;

Whereas, pursuant to sections 703(a) and 704(a)(2) of the Ethics in Government Act of 1978, 2 U.S.C. §§ 288b(a) and 288c(a)(2), the Senate may direct its counsel to represent employees of the Senate with respect to any subpoena, order, or request for testimony relating to their official responsibilities;

Whereas, by the privileges of the Senate of the United States and Rule XI of the Standing Rules of the Senate, no evidence under the control or in the possession of the Senate may, by the judicial or administrative process, be taken from such control or possession but by permission of the Senate;

Whereas, when it appears that evidence under the control or in the possession of the

Senate may promote the administration of justice, the Senate will take such action as will promote the ends of justice consistent with the privileges of the Senate: Now, therefore, be it

Resolved, That Maggie Murray and any other employees of Senator Domenici's office from whom testimony or the production of documents may be required are authorized to testify and produce documents in the case of United States v. Philip G. Balcombe, Sansi G. Coonan, John S. Dear, Jan Lustig, Michella A. Marusa, Martin J. Ryan, Eleanore M. Vouselas, and Bruno Keller, except concerning matters for which a privilege should be asserted.

SEC. 2. The Senate Legal Counsel is authorized to represent Maggie Murray and other employees of Senator Domenici's staff in the actions referenced in section one of this resolution.

SENATE RESOLUTION 129—TO AUTHORIZE TESTIMONY, DOCUMENT PRODUCTION, AND LEGAL REPRESENTATION IN STATE OF ALASKA V. ROBERT S. MULFORD AND DON G. MULLER

Mr. REID (for himself and Mr. MCCONNELL) submitted the following resolution; which was considered and agreed to:

S. RES. 129

Whereas, in the cases of State of Alaska v. Robert S. Mulford (Cr. No. 4FA–07–547) and Don G. Muller (Cr. No. 4FA–07–548), pending in state court in Fairbanks, Alaska, testimony and documents have been requested from Diane Hutchison, an employee in the office of Senator Ted Stevens;

Whereas, pursuant to sections 703(a) and 704(a)(2) of the Ethics in Government Act of 1978, 2 U.S.C. §§288b(a) and 288c(a)(2), the Senate may direct its counsel to represent employees of the Senate with respect to any subpoena, order, or request for testimony relating to their official responsibilities;

Whereas, by the privileges of the Senate of the United States and Rule XI of the Standing Rules of the Senate, no evidence under the control or in the possession of the Senate may, by the judicial or administrative process, be taken from such control or possession but by permission of the Senate;

Whereas, when it appears that evidence under the control or in the possession of the Senate may promote the administration of justice, the Senate will take such action as will promote the ends of justice consistent with the privileges of the Senate: Now, therefore, be it

Resolved that Diane Hutchison and any other employees of Senator Stevens' office from whom testimony or the production of documents may be required are authorized to testify and produce documents in the cases of *State of Alaska* v. *Robert S. Mulford* and Don G. Muller, except concerning matters for which a privilege should be asserted.

Sec. 2. The Senate Legal Counsel is authorized to represent Diane Hutchison and other employees of Senator Stevens' staff in the actions referenced in section one of this resolution.

AMENDMENTS SUBMITTED AND PROPOSED

SA 648. Mr. COBURN submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes.

SA 649. Mr. COBURN submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra.

SA 650. Mr. MCCAIN submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 651. Mr. MCCAIN submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 652. Mr. WARNER (for himself and Mr. WEBB) submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 653. Mr. GREGG submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 654. Mr. INHOFE submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 655. Mrs. HUTCHISON submitted an amendment intended to be proposed by her to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 656. Mr. COBURN submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra.

SA 657. Mr. COBURN submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra.

SA 658. Mr. GRASSLEY (for himself and Mr. BAUCUS) submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 659. Mr. DORGAN submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 660. Mrs. BOXER submitted an amendment intended to be proposed by her to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 661. Mr. KOHL (for himself, Ms. SNOWE, Mr. FEINGOLD, and Ms. LANDRIEU) submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 662. Mr. DOMENICI submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 663. Ms. STABENOW (for herself and Mr. LEVIN) submitted an amendment intended to be proposed by her to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 664. Mr. OBAMA (for himself, Mrs. MCCASKILL, Ms. MIKULSKI, Mr. HARKIN, Mr. KERRY, Ms. CANTWELL, Mr. BIDEN, Mr. BINGAMAN, Mr. CASEY, Mr. DURBIN, Mr. BAUCUS, Ms. LANDRIEU, and Mr. LEAHY) submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra.

SA 665. Mr. REED submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 666. Mrs. CLINTON submitted an amendment intended to be proposed by her to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 667. Mrs. CLINTON (for herself and Mr. FEINGOLD) submitted an amendment intended to be proposed by her to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 668. Mrs. CLINTON submitted an amendment intended to be proposed by her to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 669. Mr. LIEBERMAN (for himself, Mrs. BOXER, Mr. KENNEDY, Mrs. CLINTON, Ms. CANTWELL, Mr. AKAKA, Mr. BIDEN, Ms. LANDRIEU, and Mr. MENENDEZ) submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 670. Mr. LUGAR submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 671. Mr. DOMENICI submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 672. Mr. CRAIG submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 673. Mr. HAGEL (for himself, Mr. HARKIN, Mr. GRASSLEY, and Mr. DURBIN) submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 674. Mr. COCHRAN (for himself and Mr. LOTT) submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 675. Mr. THOMAS submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 676. Mr. FEINGOLD (for himself, Mrs. BOXER, and Mr. LEAHY) submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 677. Mr. LEAHY submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 678. Mr. LEAHY submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 679. Ms. COLLINS (for herself and Mr. LIEBERMAN) submitted an amendment intended to be proposed by her to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 680. Mr. KENNEDY (for himself, Mr. ENZI, Mr. BAUCUS, and Mr. GRASSLEY) submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra.

SA 681. Mr. LEAHY submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 682. Mr. LEAHY (for himself, Mr. BOND, Ms. LANDRIEU, Mr. DODD, Mr. BINGAMAN, Ms. MIKULSKI, Ms. CANTWELL, Mr. BAUCUS, Mr. BROWN, Mr. KERRY, Mr. DURBIN, Mr. ROCKEFELLER, Mr. DOMENICI, and Mr. BIDEN) submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 683. Mr. DORGAN (for himself, Mr. CONRAD, Mr. JOHNSON, and Mr. THUNE) submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 684. Mr. OBAMA (for himself, Mrs. MCCASKILL, Ms. MIKULSKI, Mr. HARKIN, Mr. KERRY, Ms. CANTWELL, Mr. BIDEN, and Mr. BINGAMAN) submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 685. Mr. KENNEDY submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 686. Mr. KENNEDY submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 687. Mr. KERRY submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 688. Mr. LEVIN submitted an amendment intended to be proposed by him to the

bill H.R. 1591, supra; which was ordered to lie on the table.

SA 689. Mr. LUGAR submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 690. Mr. COCHRAN (for Mr. LUGAR) proposed an amendment to the bill H.R. 1591, supra.

SA 691. Mr. WEBB (for himself and Mr. BYRD) submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 692. Mr. WEBB proposed an amendment to the bill H.R. 1591, supra.

SA 693. Mr. DODD submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 694. Mr. WARNER submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 695. Mr. WARNER submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 696. Mr. WARNER submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 697. Mr. WARNER (for himself, Mr. BYRD, Ms. COLLINS, Mr. NELSON of Nebraska, Ms. SNOWE, Mr. SALAZAR, Ms. MURKOWSKI, and Mr. SMITH) submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 698. Mr. WARNER submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 699. Mr. GRASSLEY submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 700. Mr. GRASSLEY submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 701. Mr. GRASSLEY submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 702. Mr. DEMINT submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 703. Mr. DEMINT submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 704. Mr. DEMINT submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 705. Mr. HAGEL (for himself, Mr. WEBB, and Mr. SALAZAR) submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 706. Mr. BURR submitted an amendment intended to be proposed to amendment SA 641 proposed by Mr. BYRD to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 707. Mr. HAGEL (for himself, Mr. WEBB, and Mr. SALAZAR) submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 708. Mr. KYL submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 709. Mr. WYDEN (for himself, Mr. REID, Mr. BAUCUS, Mr. BINGAMAN, Mr. SMITH, Ms. CANTWELL, Mr. DOMENICI, Mrs. BOXER, Mr. CRAIG, Mrs. MURRAY, Mr. CRAPO, Mr. TESTER, Mr. STEVENS, Mr. BENNETT, Ms. MURKOWSKI, Mr. SALAZAR, and Mrs. FEINSTEIN) proposed an amendment to the bill H.R. 1591, supra.

SA 710. Mr. KYL submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 711. Mr. GREGG submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 712. Mr. DOMENICI submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 713. Mr. COLEMAN (for himself and Ms. KLOBUCHAR) submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 714. Mr. VOINOVICH submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 715. Mr. COBURN submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 716. Mr. BURR proposed an amendment to amendment SA 709 proposed by Mr. WYDEN (for himself, Mr. REID, Mr. BAUCUS, Mr. BINGAMAN, Mr. SMITH, Ms. CANTWELL, Mr. DOMENICI, Mrs. BOXER, Mr. CRAIG, Mrs. MURRAY, Mr. CRAPO, Mr. TESTER, Mr. STEVENS, Mr. BENNETT, Ms. MURKOWSKI, Mr. SALAZAR, and Mrs. FEINSTEIN) to the bill H.R. 1591, supra.

SA 717. Mr. COBURN submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra.

SA 718. Mr. COBURN submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra.

SA 719. Mr. ALEXANDER submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 720. Mr. ALEXANDER submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 721. Mr. ALEXANDER submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 722. Mr. DOMENICI (for himself and Mrs. HUTCHISON) submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 723. Mr. DOMENICI submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 724. Mrs. BOXER submitted an amendment intended to be proposed by her to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 725. Mrs. BOXER submitted an amendment intended to be proposed by her to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 726. Mr. KERRY submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 727. Mr. STEVENS submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 728. Mr. BOND submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table .

SA 729. Mr. VITTER submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 730. Mr. VITTER submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 731. Mr. VITTER submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 732. Ms. LANDRIEU submitted an amendment intended to be proposed by her to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 733. Ms. LANDRIEU submitted an amendment intended to be proposed by her to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 734. Mr. SANDERS submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 735. Mr. SANDERS submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 736. Mr. SANDERS submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 737. Mr. SANDERS (for himself, Mr. REED, Mr. BINGAMAN, Mr. MENENDEZ, Mr. KERRY, Mr. HARKIN, Mr. WYDEN, Mrs. CLINTON, and Mr. SUNUNU) submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 738. Mr. BIDEN submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 739. Mr. BIDEN (for himself, Mr. KENNEDY, Mr. KERRY, Mr. DURBIN, and Mr. PRYOR) submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 740. Mr. CASEY submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 741. Mr. KENNEDY submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 742. Mr. BAUCUS submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 743. Mr. LAUTENBERG submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 744. Ms. STABENOW submitted an amendment intended to be proposed by her to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 745. Mr. PRYOR submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 746. Mr. TESTER submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 747. Mr. PRYOR submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 748. Mr. CHAMBLISS submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 749. Mr. ENSIGN submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 750. Mr. ENSIGN submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 751. Mr. ENSIGN submitted an amendment intended to be proposed by him to the

bill H.R. 1591, supra; which was ordered to lie on the table.

SA 752. Mr. ENSIGN submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 753. Mr. ENSIGN submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 754. Mr. SHELBY (for himself and Ms. MIKULSKI) submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 755. Mr. LEAHY (for himself and Mr. SPECTER) submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 756. Ms. LANDRIEU submitted an amendment intended to be proposed by her to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 757. Mr. BYRD (for himself and Mr. INOUYE) submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 758. Mr. INOUYE submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 759. Mrs. CLINTON (for herself and Mr. SCHUMER) submitted an amendment intended to be proposed by her to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 760. Mr. ENSIGN submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 761. Mr. ENSIGN submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 762. Mr. VOINOVICH (for himself, Mr. INHOFE, Mr. WARNER, Mrs. HUTCHISON, Mr. CRAIG, Mr. COBURN, and Mr. ENZI) submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 763. Mr. BROWNBACK (for himself and Mr. ROBERTS) submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 764. Mr. BINGAMAN submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 765. Mr. SMITH (for himself and Mr. COLEMAN) submitted an amendment intended to be proposed to amendment SA 680 submitted by Mr. KENNEDY (for himself, Mr. EMZI, Mr. BAUCUS, and Mr. GRASSLEY) to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 766. Mr. BIDEN submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 767. Mr. KENNEDY (for himself, Mr. LIEBERMAN, Mr. LEAHY, Mr. SMITH, and Mr. LEVIN) submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 768. Mrs. CLINTON (for herself and Mr. SCHUMER) submitted an amendment intended to be proposed by her to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 769. Ms. SNOWE submitted an amendment intended to be proposed by her to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 770. Ms. SNOWE (for herself and Mr. KOHL) submitted an amendment intended to be proposed by her to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 771. Ms. SNOWE submitted an amendment intended to be proposed by her to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 772. Ms. SNOWE submitted an amendment intended to be proposed by her to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 773. Mr. LEAHY submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 774. Mr. BAUCUS submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 775. Mr. BAUCUS submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 776. Ms. LANDRIEU (for herself and Mr. COCHRAN) submitted an amendment intended to be proposed by her to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 777. Mr. THUNE submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 778. Ms. COLLINS submitted an amendment intended to be proposed by her to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 779. Ms. SNOWE submitted an amendment intended to be proposed by her to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 780. Mr. GRASSLEY (for himself and Mr. BAUCUS) submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 781. Mrs. LINCOLN (for herself, Mr. SMITH, and Ms. CANTWELL) submitted an amendment intended to be proposed by her to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 782. Mrs. LINCOLN submitted an amendment intended to be proposed by her to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 783. Mr. DORGAN submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 784. Mr. DURBIN (for himself, Mr. BIDEN, Mr. MENENDEZ, Mr. LEVIN, and Mr. CARDIN) submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 785. Mr. DURBIN (for himself, Mrs. BOXER, and Mr. BROWN) submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 786. Mr. BINGAMAN (for himself and Mrs. HUTCHISON) submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 787. Mr. LEVIN (for himself, Ms. STABENOW, and Mr. DURBIN) submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 788. Mr. GREGG submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 789. Mr. GREGG submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 790. Mr. GREGG submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 791. Mr. BAYH submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table .

SA 792. Mr. BAYH submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table .

SA 793. Ms. KLOBUCHAR submitted an amendment intended to be proposed by her to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 794. Mr. SALAZAR submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 795. Mr. THUNE submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 796. Mr. REID submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table .

SA 797. Mr. GRASSLEY submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 798. Mr. GRASSLEY submitted an amendment intended to be proposed to amendment SA 680 submitted by Mr. KENNEDY (for himself, Mr. ENZI, Mr. BAUCUS, and Mr. GRASSLEY) to the bill H.R. 1591, supra.

SA 799. Mr. LUGAR (for himself, Mr. BOND, and Mr. COLEMAN) submitted an amendment intended to be proposed by him to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 800. Mrs. LINCOLN (for herself, Mr. SMITH, and Ms. CANTWELL) submitted an amendment intended to be proposed to amendment SA 680 submitted by Mr. KENNEDY (for himself, Mr. ENZI, Mr. BAUCUS, and Mr. GRASSLEY) to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 801. Mrs. LINCOLN (for herself, Mr. SMITH, and Ms. CANTWELL) submitted an amendment intended to be proposed to amendment SA 658 submitted by Mr. GRASSLEY (for himself and Mr. BAUCUS) and intended to be proposed to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 802. Mrs. LINCOLN submitted an amendment intended to be proposed to amendment SA 658 submitted by Mr. GRASSLEY (for himself and Mr. BAUCUS) and intended to be proposed to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 803. Mrs. LINCOLN submitted an amendment intended to be proposed to amendment SA 680 submitted by Mr. KENNEDY (for himself, Mr. ENZI, Mr. BAUCUS, and Mr. GRASSLEY) to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 804. Mrs. LINCOLN submitted an amendment intended to be proposed to amendment SA 780 submitted by Mr. GRASSLEY (for himself and Mr. BAUCUS) and intended to be proposed to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 805. Mrs. LINCOLN submitted an amendment intended to be proposed to amendment SA 780 submitted by Mr. GRASSLEY (for himself and Mr. BAUCUS) and intended to be proposed to the bill H.R. 1591, supra; which was ordered to lie on the table.

SA 806. Mr. THOMAS submitted an amendment intended to be proposed to amendment SA 675 submitted by Mr. THOMAS and intended to be proposed to the bill H.R. 1591, supra; which was ordered to lie on the table.

TEXT OF AMENDMENTS

SA 648. Mr. COBURN submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; as follows:

At the appropriate place, add the following: Notwithstanding any other provision of this Act, none of the funds appropriated or otherwise made available in this Act may be available for reimbursing State and local law enforcement entities for security and related costs, including overtime, associated with the 2008 Presidential Candidate Nominating Conventions, and the total amount made available in this Act in Title II, Chapter 2, under the heading ''State and Local Law Enforcement Assistance'' is reduced by $100,000,000.

SA 649. Mr. COBURN submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; as follows:

At the appropriate place, add the following: Notwithstanding any other provision of this Act, Sec. 3608(b) of this Act shall not take effect.

SA 650. Mr. MCCAIN submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

Beginning on page 144, strike line 23 through line 4 on page 145.

SA 651. Mr. MCCAIN submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

Beginning on page 139, strike line 3 through line 17.

SA 652. Mr. WARNER (for himself and Mr. WEBB) submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. _____. WAIVER FOR CERTAIN STATES, LOCAL EDUCATIONAL AGENCIES, AND SCHOOLS.

A State, local educational agency, or school shall be held harmless and not subject to the penalties provision under section 1111(g) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6311(g)), the requirements of school or local educational agency improvement, corrective action, restructuring, or other sanctions or penalties under section 1116 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6313), or any other sanctions or penalties relating to academic assessments under the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.) for the 2006–2007 school year if the following criteria are met:

(1) The State (in the case of a local educational agency or school, the State within which such local educational agency or school exists) had 1 or more approved academic assessment plans for the 2005–2006 school year.

(2) The State (in the case of a local educational agency or school, the State within which such local educational agency or school exists) had 1 or more of such plans subsequently held invalid by the Department of Education for the 2006–2007 school year.

(3) The Governor of the State (in the case of a local educational agency or school, the State within which such local educational agency or school exists) certifies, in writing, to the Secretary of Education that—

(A) the State cannot effectively train its educators on a new or alternative assessment or assessments in place of the assessment or assessments for which the plan or plans were held invalid by the Department of Education, prior to the date the assessment or assessments are to be administered; and

(B) the administration of any new or alternative assessment or assessments, in place of the assessment or assessments for which the plan or plans were held invalid by the Department of Education, in the 2006–2007 school year is not in the best interest of the public school system and the children such system serves.

(4) The Governor of the State (in the case of a local educational agency or school, the State within which such local educational agency or school exists) certifies, in writing, to the Secretary of Education that the local educational agency or school failed to make adequate yearly progress (as described in section 1111(b)(2) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6311(b)(2))) based on academic assessments administered in the 2006–2007 school year or the State would be subject to the penalties provision under section 1111(g) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6311(g)) or any other sanctions or penalties relating to academic assessments under the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.) for the 2006–2007 school year solely because the State, local educational agency, or school meets each of the criteria described in paragraphs (1) through (3).

SA 653. Mr. GREGG submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 50, strike line 7 and all that follows through page 52, line 5.

On page 52, line 8 strike ''1711'' and insert in lieu thereof ''1710''.

On page 56, line 6 strike ''1712'' and insert in lieu thereof ''1711''.

SA 654. Mr. INHOFE submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 22, strike line 17 and all that follows through ''(B) the Secretary'' on line 21 and insert the following:

(A) the commander of such facility or quarters, as applicable, shall—

(i) in the case of a facility or quarters recommended for closure or realignment under the 2005 round of defense base closure and realignment, comply with the requirements applicable to such closure or realignment pursuant to the Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101–510; 10 U.S.C. 2687 note) and submit to the Secretary a report comparing the costs and feasibility of—

(I) accelerating the schedule for closing or realigning the facility or quarters; and

(II) transferring the operations and personnel from such facility or quarters to an alternate temporary and adequate facility or quarters until such closure or realignment is completed; or

(ii) in the case of a facility or quarters not recommended for closure or realignment under the 2005 round of defense base closure and realignment, submit to the Secretary a detailed plan to correct the deficiency; and

(B) the Secretary

SA 655. Mrs. HUTCHISON submitted an amendment intended to be proposed by her to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 28, between lines 18 and 19, insert the following:

SEC. 13____. (a)(1) Notwithstanding any other provision of law, the Secretary of Veterans Affairs (referred to in this section as the ''Secretary'') may convey to the State of Texas, without consideration, all right, title, and interest of the United States in and to the parcel of real property comprising the location of the Marlin, Texas, Department of Veterans Affairs Medical Center.

(2) The property conveyed under paragraph (1) shall be used by the State of Texas for the purposes of a prison.

(b) In carrying out the conveyance under subsection (a), the Secretary—

(1) shall not be required to comply with, and shall not be held liable under, any Federal law (including a regulation) relating to the environment or historic preservation; but

(2) may, at the discretion of the Secretary, conduct environmental cleanup on the parcel to be conveyed, at a cost not to exceed $500,000, using amounts made available for environmental cleanup of sites under the jurisdiction of the Secretary.

SA 656. Mr. COBURN submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; as follows:

At the appropriate place, insert the following:

SEC. _____. (a) POSTING OF CERTAIN REPORTS ON INTERNET WEBSITES.—Each report described in subsection (b) shall be posted on the Internet website of the department or agency submitting that report for the public not later than 48 hours after the submission of that report to Congress.

(b) COVERED REPORTS.—The reports described in this subsection are each report (including any review, evaluation, assessment, or analysis) required by a provision of this Act to be submitted by any department or agency to Congress or any committee of the Senate or the House of Representatives.

(c) REDACTION OF CERTAIN INFORMATION.—In posting a report on the Internet website of the department or agency under subsection (a), the head of that department or agency may redact any information the release of which to the public would compromise the national security of the United States.

SA 657. Mr. COBURN submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

In title IV, strike sections 411 and all that follows through the section heading for section 471 and insert the following:

SEC. 411. CROP DISASTER ASSISTANCE.

(a) IN GENERAL.—Subject to the availability of appropriated funds under section 421, the Secretary shall make emergency financial assistance authorized under this section available to producers on a farm that have incurred qualifying losses described in subsection (c).

(b) ADMINISTRATION.—

(1) IN GENERAL.—Except as provided in paragraph (2), the Secretary shall make assistance available under this section in the same manner as provided under section 815 of the Agriculture, Rural Development, Food and Drug Administration and Related Agencies Appropriations Act, 2001 (Public Law 106–387; 114 Stat. 1549A–55), including using the same loss thresholds for quantity and economic losses as were used in administering that section, except that the payment rate shall be 55 percent of the established price, instead of 65 percent.

(2) NONINSURED PRODUCERS.—For producers on a farm that were eligible to acquire crop insurance for the applicable production loss and failed to do so or failed to submit an application for the noninsured assistance program for the loss, the Secretary shall make assistance in accordance with paragraph (1), except that the payment rate shall be 20 percent of the established price, instead of 50 percent.

(c) QUALIFYING LOSSES.—Assistance under this section shall be made available to producers on farms, other than producers of sugar beets, that incurred qualifying quantity or quality losses for the applicable crop due to damaging weather or any related condition (including losses due to crop diseases, insects, and delayed harvest), as determined by the Secretary.

(d) QUALITY LOSSES.—

(1) IN GENERAL.—In addition to any payment received under subsection (b), subject to the availability of appropriated funds under section 421, the Secretary shall make payments to producers on a farm described in subsection (a) that incurred a quality loss for the applicable crop of a commodity in an amount equal to the product obtained by multiplying—

(A) the payment quantity determined under paragraph (2);

(B)(i) in the case of an insurable commodity, the coverage level elected by the insured under the policy or plan of insurance under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.); or

(ii) in the case of a noninsurable commodity, the applicable coverage level for the payment quantity determined under paragraph (2); by

(C) 55 percent of the payment rate determined under paragraph (3).

(2) PAYMENT QUANTITY.—For the purpose of paragraph (1)(A), the payment quantity for quality losses for a crop of a commodity on a farm shall equal the lesser of—

(A) the actual production of the crop affected by a quality loss of the commodity on the farm; or

(B)(i) in the case of an insurable commodity, the actual production history for the commodity by the producers on the farm under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.); or

(ii) in the case of a noninsurable commodity, the established yield for the crop for the producers on the farm under section 196 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333).

(3) PAYMENT RATE.—

(A) IN GENERAL.—For the purpose of paragraph (1)(B), the payment rate for quality losses for a crop of a commodity on a farm shall be equal to the difference between (as determined by the applicable State committee of the Farm Service Agency)—

(i) the per unit market value that the units of the crop affected by the quality loss would have had if the crop had not suffered a quality loss; and

(ii) the per unit market value of the units of the crop affected by the quality loss.

(B) FACTORS.—In determining the payment rate for quality losses for a crop of a commodity on a farm, the applicable State committee of the Farm Service Agency shall take into account—

(i) the average local market quality discounts that purchasers applied to the commodity during the first 2 months following the normal harvest period for the commodity;

(ii) the loan rate and repayment rate established for the commodity under the marketing loan program established for the commodity under subtitle B of title I of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7931 et seq.);

(iii) the market value of the commodity if sold into a secondary market; and

(iv) other factors determined appropriate by the committee.

(4) ELIGIBILITY.—

(A) IN GENERAL.—For producers on a farm to be eligible to obtain a payment for a quality loss for a crop under this subsection—

(i) the amount obtained by multiplying the per unit loss determined under paragraph (1) by the number of units affected by the quality loss shall be reduced by the amount of any indemnification received by the producers on the farm for quality loss adjustment for the commodity under a policy or plan of insurance under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.); and

(ii) the remainder shall be at least 25 percent of the value that all affected production of the crop would have had if the crop had not suffered a quality loss.

(B) INELIGIBILITY.—If the amount of a quality loss payment for a commodity for the producers on a farm determined under this paragraph is equal to or less than zero, the producers on the farm shall be ineligible for assistance for the commodity under this subsection.

(5) ELIGIBLE PRODUCTION.—The Secretary shall carry out this subsection in a fair and equitable manner for all eligible production, including the production of fruits and vegetables, other specialty crops, and field crops.

(e) ELECTION OF CROP YEAR.—If a producer incurred qualifying crop losses in more than 1 of the crop years during the applicable period, the producers on a farm shall elect to receive assistance under this section for losses incurred in only 1 of the crop years.

(f) PAYMENT LIMITATION.—

(1) LIMITATION.—Assistance provided under this section to the producers on a farm for losses to a crop, together with the amounts specified in paragraph (2) applicable to the same crop, may not exceed 95 percent of what the value of the crop would have been in the absence of the losses, as estimated by the Secretary.

(2) OTHER PAYMENTS.—In applying the limitation in paragraph (1), the Secretary shall include the following:

(A) Any crop insurance payment made under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) or payment under section 196 of the Federal Agricultural Improvement and Reform Act of 1996 (7 U.S.C. 7333) that the producers on the farm receive for losses to the same crop.

(B) The value of the crop that was not lost (if any), as estimated by the Secretary.

(g) TIMING.—

(1) IN GENERAL.—Subject to paragraph (2), the Secretary shall make payments to producers on a farm for a crop under this section not later than 60 days after the date the producers on the farm submit to the Secretary a completed application for the payments.

(2) INTEREST.—If the Secretary does not make payments to the producers on a farm by the date described in paragraph (1), the Secretary shall pay to the producers on a farm interest on the payments at a rate equal to the current (as of the sign-up deadline established by the Secretary) market yield on outstanding, marketable obligations of the United States with maturities of 30 years.

SEC. 412. LIVESTOCK ASSISTANCE.

(a) LIVESTOCK COMPENSATION PROGRAM.—

(1) USE OF APPROPRIATED FUNDS.—Effective beginning on the date of enactment of this Act, subject to the availability of appropriated funds under section 421, the Secretary shall carry out the 2002 Livestock Compensation Program announced by the Secretary on October 10, 2002 (67 Fed. Reg. 63070), to provide compensation for livestock losses during the applicable period for losses (including losses due to blizzards that began in calendar year 2006 and continued in January 2007) due to a disaster, as determined by the Secretary, except that the payment rate shall be 80 percent of the payment rate established for the 2002 Livestock Compensation Program.

(2) ELIGIBLE APPLICANTS.—In carrying out the program described in paragraph (1), the Secretary shall provide assistance to any applicant for livestock losses during the applicable period that—

(A)(i) conducts a livestock operation that is located in a disaster county, including any applicant conducting a livestock operation with eligible livestock (within the meaning of the livestock assistance program under section 101(b) of division B of Public Law 108–324 (118 Stat. 1234)); or

(ii) produces an animal described in section 10806(a)(1) of the Farm Security and Rural Investment Act of 2002 (21 U.S.C. 321d(a)(1));

(B) demonstrates to the Secretary that the applicant suffered a material loss of pasture or hay production, or experienced substantially increased feed costs, due to damaging weather or a related condition during the calendar year, as determined by the Secretary; and

(C) meets all other eligibility requirements established by the Secretary for the program.

(3) MITIGATION.—In determining the eligibility for or amount of payments for which a producer is eligible under the livestock compensation program, the Secretary shall not penalize a producer that takes actions (recognizing disaster conditions) that reduce the average number of livestock the producer owned for grazing during the production year for which assistance is being provided.

(4) PAYMENTS FOR REDUCTION IN GRAZING ON FEDERAL LAND.—

(A) IN GENERAL.—In carrying out this subsection, the Secretary shall make payments to livestock producers that are in proportion to any reduction during calendar year 2007 in grazing on Federal land in a disaster county leased by the producers a result of actions described in subparagraph (B).

(B) FEDERAL ACTIONS.—Actions referred to in subparagraph (A) are actions taken during calendar year 2007 by the Bureau of Land Management or other Federal agency to restrict or prohibit grazing otherwise allowed under the terms of the lease of the producers in order to expedite the recovery of the Federal land from drought, wildfire, or other natural disaster declared by the Secretary during the applicable period.

(5) LIMITATION.—The Secretary shall ensure, to the maximum extent practicable, that producers on a farm do not receive duplicative payments under this subsection and

another Federal program with respect to any loss.

(b) LIVESTOCK INDEMNITY PAYMENTS.—

(1) IN GENERAL.—Subject to the availability of appropriated funds under section 421, the Secretary shall make livestock indemnity payments to producers on farms that have incurred livestock losses during the applicable period (including losses due to blizzards that began in calendar year 2006 and continued in January 2007) due to a disaster, as determined by the Secretary, including losses due to hurricanes, floods, anthrax, wildfires, and extreme heat.

(2) PAYMENT RATES.—Indemnity payments to a producer on a farm under paragraph (1) shall be made at a rate of not less than 30 percent of the market value of the applicable livestock on the day before the date of death of the livestock, as determined by the Secretary.

(c) EWE LAMB REPLACEMENT AND RETENTION.—

(1) IN GENERAL.—Subject to the availability of appropriated funds under section 421, the Secretary shall use $13,000,000 of the funds made available under that section to make payments to producers located in disaster counties under the Ewe Lamb Replacement and Retention Payment Program under part 784 of title 7, Code of Federal Regulations (or a successor regulation) for each qualifying ewe lamb retained or purchased during the period beginning on January 1, 2006, and ending on December 31, 2006, by the producers.

(2) INELIGIBILITY FOR OTHER ASSISTANCE.—A producer that receives assistance under this subsection shall not be eligible to receive assistance under subsection (a).

(d) ELECTION OF PRODUCTION YEAR.—If a producer incurred qualifying production losses in more than one of the production years, the producers on a farm shall elect to receive assistance under this section in only one of the production years.

(e) EXCEPTION.—Notwithstanding any other provision of this section, livestock producers on a farm shall be eligible to receive assistance under subsection (a) or livestock indemnity payments under subsection (b) if the producers on a farm—

(1) have livestock operations in a county included in the geographic area covered by a major disaster or emergency designated by the President under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.) due to blizzards, ice storms, or other winter–related causes during the period of December 2006 through January 2007; and

(2) meet all eligibility requirements for the assistance or payments other than the requirements relating to disaster declarations by the Secretary under subsections (a) and (b)(1).

Subtitle B—Miscellaneous

SEC. 421. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—The Secretary shall use to carry out this title funds derived from annual appropriations for the Department of Agriculture, as determined by the Secretary.

(b) LIMITATION.—Notwithstanding any other provision of this title, the authority provided by this title and the amendments made by this title shall apply only to the extent that funds are appropriated in advance in an annual appropriations Act for the Department of Agriculture.

Subtitle C—Emergency Designation

SEC. 431. EMERGENCY DESIGNATION.

SA 658. Mr. GRASSLEY (for himself and Mr. BAUCUS) submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

Strike all after the first word and insert the following:

V—FAIR MINIMUM WAGE AND TAX RELIEF

Subtitle A—Fair Minimum Wage

SEC. 500. SHORT TITLE.

This subtitle may be cited as the ''Fair Minimum Wage Act of 2007''.

SEC. 501. MINIMUM WAGE.

(a) IN GENERAL.—Section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) is amended to read as follows:

''(1) except as otherwise provided in this section, not less than—

''(A) $5.85 an hour, beginning on the 60th day after the date of enactment of the Fair Minimum Wage Act of 2007;

''(B) $6.55 an hour, beginning 12 months after that 60th day; and

''(C) $7.25 an hour, beginning 24 months after that 60th day;''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect 60 days after the date of enactment of this Act.

SEC. 502. APPLICABILITY OF MINIMUM WAGE TO THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS.

(a) IN GENERAL.—Section 6 of the Fair Labor Standards Act of 1938 (29 U.S.C. 206) shall apply to the Commonwealth of the Northern Mariana Islands.

(b) TRANSITION.—Notwithstanding subsection (a), the minimum wage applicable to the Commonwealth of the Northern Mariana Islands under section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) shall be—

(1) $3.55 an hour, beginning on the 60th day after the date of enactment of this Act; and

(2) increased by $0.50 an hour (or such lesser amount as may be necessary to equal the minimum wage under section 6(a)(1) of such Act), beginning 6 months after the date of enactment of this Act and every 6 months thereafter until the minimum wage applicable to the Commonwealth of the Northern Mariana Islands under this subsection is equal to the minimum wage set forth in such section.

Subtitle B—Small Business Tax Incentives

SEC. 510. SHORT TITLE; AMENDMENT OF CODE.

(a) SHORT TITLE.—This subtitle may be cited as the ''Small Business and Work Opportunity Act of 2007''.

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this subtitle 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.

PART I—SMALL BUSINESS TAX RELIEF PROVISIONS

Subpart A—General Provisions

SEC. 511. EXTENSION OF INCREASED EXPENSING FOR SMALL BUSINESSES.

Section 179 (relating to election to expense certain depreciable business assets) is amended by striking ''2010'' each place it appears and inserting ''2011''.

SEC. 512. EXTENSION AND MODIFICATION OF 15-YEAR STRAIGHT-LINE COST RECOVERY FOR QUALIFIED LEASEHOLD IMPROVEMENTS AND QUALIFIED RESTAURANT IMPROVEMENTS; 15-YEAR STRAIGHT-LINE COST RECOVERY FOR CERTAIN IMPROVEMENTS TO RETAIL SPACE.

(a) EXTENSION OF LEASEHOLD AND RESTAURANT IMPROVEMENTS.—

(1) IN GENERAL.—Clauses (iv) and (v) of section 168(e)(3)(E) (relating to 15-year property) are each amended by striking ''January 1, 2008'' and inserting ''January 1, 2009''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to property placed in service after December 31, 2007.

(b) MODIFICATION OF TREATMENT OF QUALIFIED RESTAURANT PROPERTY AS 15-YEAR PROPERTY FOR PURPOSES OF DEPRECIATION DEDUCTION.—

(1) TREATMENT TO INCLUDE NEW CONSTRUCTION.—Paragraph (7) of section 168(e) (relating to classification of property) is amended to read as follows:

''(7) QUALIFIED RESTAURANT PROPERTY.—The term 'qualified restaurant property' means any section 1250 property which is a building (or its structural components) or an improvement to such building if more than 50 percent of such building's square footage is devoted to preparation of, and seating for on-premises consumption of, prepared meals.''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to any property placed in service after the date of the enactment of this Act, the original use of which begins with the taxpayer after such date.

(c) RECOVERY PERIOD FOR DEPRECIATION OF CERTAIN IMPROVEMENTS TO RETAIL SPACE.—

(1) 15-YEAR RECOVERY PERIOD.—Section 168(e)(3)(E) (relating to 15-year property) is amended by striking ''and'' at the end of clause (vii), by striking the period at the end of clause (viii) and inserting '', and'', and by adding at the end the following new clause:

''(ix) any qualified retail improvement property placed in service before January 1, 2009.''.

(2) QUALIFIED RETAIL IMPROVEMENT PROPERTY.—Section 168(e) is amended by adding at the end the following new paragraph:

''(8) QUALIFIED RETAIL IMPROVEMENT PROPERTY.—

''(A) IN GENERAL.—The term 'qualified retail improvement property' means any improvement to an interior portion of a building which is nonresidential real property if—

''(i) such portion is open to the general public and is used in the retail trade or business of selling tangible personal property to the general public, and

''(ii) such improvement is placed in service more than 3 years after the date the building was first placed in service.

''(B) IMPROVEMENTS MADE BY OWNER.—In the case of an improvement made by the owner of such improvement, such improvement shall be qualified retail improvement property (if at all) only so long as such improvement is held by such owner. Rules similar to the rules under paragraph (6)(B) shall apply for purposes of the preceding sentence.

''(C) CERTAIN IMPROVEMENTS NOT INCLUDED.—Such term shall not include any improvement for which the expenditure is attributable to—

''(i) the enlargement of the building,

''(ii) any elevator or escalator,

''(iii) any structural component benefitting a common area, or

''(iv) the internal structural framework of the building.''.

(3) REQUIREMENT TO USE STRAIGHT LINE METHOD.—Section 168(b)(3) is amended by adding at the end the following new subparagraph:

''(I) Qualified retail improvement property described in subsection (e)(8).''.

(4) ALTERNATIVE SYSTEM.—The table contained in section 168(g)(3)(B) is amended by inserting after the item relating to subparagraph (E)(viii) the following new item:

(E)(ix) ..... 39''.

(5) EFFECTIVE DATE.—The amendments made by this subsection shall apply to property placed in service after the date of the enactment of this Act.

SEC. 513. CLARIFICATION OF CASH ACCOUNTING RULES FOR SMALL BUSINESS.

(a) CASH ACCOUNTING PERMITTED.—

(1) IN GENERAL.—Section 446 (relating to general rule for methods of accounting) is amended by adding at the end the following new subsection:

''(g) CERTAIN SMALL BUSINESS TAXPAYERS PERMITTED TO USE CASH ACCOUNTING METHOD WITHOUT LIMITATION.—

''(1) IN GENERAL.—An eligible taxpayer shall not be required to use an accrual method of accounting for any taxable year.

''(2) ELIGIBLE TAXPAYER.—For purposes of this subsection, a taxpayer is an eligible taxpayer with respect to any taxable year if—

''(A) for each of the prior taxable years ending on or after the date of the enactment of this subsection, the taxpayer (or any predecessor) met the gross receipts test in effect under section 448(c) for such taxable year, and

''(B) the taxpayer is not subject to section 447 or 448.''.

(2) EXPANSION OF GROSS RECEIPTS TEST.—

(A) IN GENERAL.—Paragraph (3) of section 448(b) (relating to entities with gross receipts of not more than $5,000,000) is amended to read as follows:

''(3) ENTITIES MEETING GROSS RECEIPTS TEST.—Paragraphs (1) and (2) of subsection (a) shall not apply to any corporation or partnership for any taxable year if, for each of the prior taxable years ending on or after the date of the enactment of the Small Business and Work Opportunity Act of 2007, the entity (or any predecessor) met the gross receipts test in effect under subsection (c) for such prior taxable year.''.

(B) CONFORMING AMENDMENTS.—Section 448(c) of such Code is amended—

(i) by striking ''$5,000,000'' in the heading thereof,

(ii) by striking ''$5,000,000'' each place it appears in paragraph (1) and inserting ''$10,000,000'', and

(iii) by adding at the end the following new paragraph:

''(4) INFLATION ADJUSTMENT.—In the case of any taxable year beginning in a calendar year after 2008, the dollar amount contained in paragraph (1) shall be increased by an amount equal to—

''(A) such dollar amount, multiplied by

''(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, by substituting 'calendar year 2007' for 'calendar year 1992' in subparagraph (B) thereof.

''If any amount as adjusted under this subparagraph is not a multiple of $100,000, such amount shall be rounded to the nearest multiple of $100,000.''.

(b) CLARIFICATION OF INVENTORY RULES FOR SMALL BUSINESS.—

(1) IN GENERAL.—Section 471 (relating to general rule for inventories) is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

''(c) SMALL BUSINESS TAXPAYERS NOT REQUIRED TO USE INVENTORIES.—

''(1) IN GENERAL.—A qualified taxpayer shall not be required to use inventories under this section for a taxable year.

''(2) TREATMENT OF TAXPAYERS NOT USING INVENTORIES.—If a qualified taxpayer does not use inventories with respect to any property for any taxable year beginning after the date of the enactment of this subsection, such property shall be treated as a material or supply which is not incidental.

''(3) QUALIFIED TAXPAYER.—For purposes of this subsection, the term 'qualified taxpayer' means—

''(A) any eligible taxpayer (as defined in section 446(g)(2)), and

''(B) any taxpayer described in section 448(b)(3).''.

(2) CONFORMING AMENDMENTS.—

(A) Subpart D of part II of subchapter E of chapter 1 is amended by striking section 474.

(B) The table of sections for subpart D of part II of subchapter E of chapter 1 is amended by striking the item relating to section 474.

(c) EFFECTIVE DATE AND SPECIAL RULES.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

(2) CHANGE IN METHOD OF ACCOUNTING.—In the case of any taxpayer changing the taxpayer's method of accounting for any taxable year under the amendments made by this section—

(A) such change shall be treated as initiated by the taxpayer;

(B) such change shall be treated as made with the consent of the Secretary of the Treasury; and

(C) the net amount of the adjustments required to be taken into account by the taxpayer under section 481 of the Internal Revenue Code of 1986 shall be taken into account over a period (not greater than 4 taxable years) beginning with such taxable year.

SEC. 514. EXTENSION AND MODIFICATION OF COMBINED WORK OPPORTUNITY TAX CREDIT AND WELFARE-TO-WORK CREDIT.

(a) EXTENSION.—Section 51(c)(4)(B) (relating to termination) is amended by striking ''2007'' and inserting ''2012''.

(b) INCREASE IN MAXIMUM AGE FOR DESIGNATED COMMUNITY RESIDENTS.—

(1) IN GENERAL.—Paragraph (5) of section 51(d) is amended to read as follows:

''(5) DESIGNATED COMMUNITY RESIDENTS.—

''(A) IN GENERAL.—The term 'designated community resident' means any individual who is certified by the designated local agency—

''(i) as having attained age 18 but not age 40 on the hiring date, and

''(ii) as having his principal place of abode within an empowerment zone, enterprise community, renewal community, or rural renewal county.

''(B) INDIVIDUAL MUST CONTINUE TO RESIDE IN ZONE, COMMUNITY, OR COUNTY.—In the case of a designated community resident, the term 'qualified wages' shall not include wages paid or incurred for services performed while the individual's principal place of abode is outside an empowerment zone, enterprise community, renewal community, or rural renewal county.

''(C) RURAL RENEWAL COUNTY.—For purposes of this paragraph, the term 'rural renewal county' means any county which—

''(i) is outside a metropolitan statistical area (defined as such by the Office of Management and Budget), and

''(ii) during the 5-year periods 1990 through 1994 and 1995 through 1999 had a net population loss.''.

(2) CONFORMING AMENDMENT.—Subparagraph (D) of section 51(d)(1) is amended to read as follows:

''(D) a designated community resident,''.

(c) CLARIFICATION OF TREATMENT OF INDIVIDUALS UNDER INDIVIDUAL WORK PLANS.—Subparagraph (B) of section 51(d)(6) (relating to vocational rehabilitation referral) is amended by striking ''or'' at the end of clause (i), by striking the period at the end of clause (ii) and inserting '', or'', and by adding at the end the following new clause:

''(iii) an individual work plan developed and implemented by an employment network pursuant to subsection (g) of section 1148 of the Social Security Act with respect to which the requirements of such subsection are met.''.

(d) TREATMENT OF DISABLED VETERANS UNDER THE WORK OPPORTUNITY TAX CREDIT.—

(1) DISABLED VETERANS TREATED AS MEMBERS OF TARGETED GROUP.—

(A) IN GENERAL.—Subparagraph (A) of section 51(d)(3) (relating to qualified veteran) is amended by striking ''agency as being a member of a family'' and all that follows and inserting ''agency as—

''(i) being a member of a family receiving assistance under a food stamp program under the Food Stamp Act of 1977 for at least a 3-month period ending during the 12-month period ending on the hiring date, or

''(ii) entitled to compensation for a service-connected disability incurred after September 10, 2001.''.

(B) DEFINITIONS.—Paragraph (3) of section 51(d) is amended by adding at the end the following new subparagraph:

''(C) OTHER DEFINITIONS.—For purposes of subparagraph (A), the terms 'compensation' and 'service-connected' have the meanings given such terms under section 101 of title 38, United States Code.''.

(2) INCREASE IN AMOUNT OF WAGES TAKEN INTO ACCOUNT FOR DISABLED VETERANS.—Paragraph (3) of section 51(b) is amended—

(A) by inserting ''($12,000 per year in the case of any individual who is a qualified veteran by reason of subsection (d)(3)(A)(ii))'' before the period at the end, and

(B) by striking ''**ONLY FIRST** $6,000 of'' in the heading and inserting ''**LIMITATION ON**''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to individuals who begin work for the employer after the date of the enactment of this Act, in taxable years ending after such date.

SEC. 515. CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.

(a) EMPLOYMENT TAXES.—Chapter 25 (relating to general provisions relating to employment taxes) is amended by adding at the end the following new section:

''SEC. 3511. CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.

''(a) GENERAL RULES.—For purposes of the taxes, and other obligations, imposed by this subtitle—

''(1) a certified professional employer organization shall be treated as the employer (and no other person shall be treated as the employer) of any work site employee performing services for any customer of such organization, but only with respect to remuneration remitted by such organization to such work site employee, and

''(2) exclusions, definitions, and other rules which are based on the type of employer and which would (but for paragraph (1)) apply shall apply with respect to such taxes imposed on such remuneration.

''(b) SUCCESSOR EMPLOYER STATUS.—For purposes of sections 3121(a)(1), 3231(e)(2)(C), and 3306(b)(1)—

''(1) a certified professional employer organization entering into a service contract with a customer with respect to a work site employee shall be treated as a successor employer and the customer shall be treated as a predecessor employer during the term of such service contract, and

''(2) a customer whose service contract with a certified professional employer organization is terminated with respect to a work site employee shall be treated as a successor employer and the certified professional employer organization shall be treated as a predecessor employer.

''(c) LIABILITY OF CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATION.—Solely for purposes of its liability for the taxes, and other obligations, imposed by this subtitle—

''(1) a certified professional employer organization shall be treated as the employer of any individual (other than a work site employee or a person described in subsection (f)) who is performing services covered by a contract meeting the requirements of section 7705(e)(2), but only with respect to remuneration remitted by such organization to such individual, and

''(2) exclusions, definitions, and other rules which are based on the type of employer and which would (but for paragraph (1)) apply shall apply with respect to such taxes imposed on such remuneration.

''(d) TREATMENT OF CREDITS.—

''(1) IN GENERAL.—For purposes of any credit specified in paragraph (2)—

''(A) such credit with respect to a work site employee performing services for the customer applies to the customer, not the certified professional employer organization,

''(B) the customer, and not the certified professional employer organization, shall take into account wages and employment taxes—

''(i) paid by the certified professional employer organization with respect to the work site employee, and

''(ii) for which the certified professional employer organization receives payment from the customer, and

''(C) the certified professional employer organization shall furnish the customer with any information necessary for the customer to claim such credit.

''(2) CREDITS SPECIFIED.—A credit is specified in this paragraph if such credit is allowed under—

''(A) section 41 (credit for increasing research activity),

''(B) section 45A (Indian employment credit),

''(C) section 45B (credit for portion of employer social security taxes paid with respect to employee cash tips),

''(D) section 45C (clinical testing expenses for certain drugs for rare diseases or conditions),

''(E) section 51 (work opportunity credit),

''(F) section 51A (temporary incentives for employing long-term family assistance recipients),

''(G) section 1396 (empowerment zone employment credit),

''(H) 1400(d) (DC Zone employment credit),

''(I) Section 1400H (renewal community employment credit), and

''(J) any other section as provided by the Secretary.

''(e) SPECIAL RULE FOR RELATED PARTY.—This section shall not apply in the case of a customer which bears a relationship to a certified professional employer organization described in section 267(b) or 707(b). For purposes of the preceding sentence, such sections shall be applied by substituting '10 percent' for '50 percent'.

''(f) SPECIAL RULE FOR CERTAIN INDIVIDUALS.—For purposes of the taxes imposed under this subtitle, an individual with net earnings from self-employment derived from the customer's trade or business is not a work site employee with respect to remuneration paid by a certified professional employer organization.

''(g) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.''.

(b) CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATION DEFINED.—Chapter 79 (relating to definitions) is amended by adding at the end the following new section:

''SEC. 7705. CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS DEFINED.

''(a) IN GENERAL.—For purposes of this title, the term 'certified professional employer organization' means a person who has been certified by the Secretary for purposes of section 3511 as meeting the requirements of subsection (b).

''(b) GENERAL REQUIREMENTS.—A person meets the requirements of this subsection if such person—

''(1) demonstrates that such person (and any owner, officer, and such other persons as may be specified in regulations) meets such requirements as the Secretary shall establish with respect to tax status, background, experience, business location, and annual financial audits,

''(2) computes its taxable income using an accrual method of accounting unless the Secretary approves another method,

''(3) agrees that it will satisfy the bond and independent financial review requirements of subsection (c) on an ongoing basis,

''(4) agrees that it will satisfy such reporting obligations as may be imposed by the Secretary,

''(5) agrees to verify on such periodic basis as the Secretary may prescribe that it continues to meet the requirements of this subsection, and

''(6) agrees to notify the Secretary in writing within such time as the Secretary may prescribe of any change that materially affects whether it continues to meet the requirements of this subsection.

''(c) BOND AND INDEPENDENT FINANCIAL REVIEW REQUIREMENTS.—

''(1) IN GENERAL.—An organization meets the requirements of this paragraph if such organization—

''(A) meets the bond requirements of paragraph (2), and

''(B) meets the independent financial review requirements of paragraph (3).

''(2) BOND.—

''(A) IN GENERAL.—A certified professional employer organization meets the requirements of this paragraph if the organization has posted a bond for the payment of taxes under subtitle C (in a form acceptable to the Secretary) in an amount at least equal to the amount specified in subparagraph (B).

''(B) AMOUNT OF BOND.—For the period April 1 of any calendar year through March 31 of the following calendar year, the amount of the bond required is equal to the greater of—

''(i) 5 percent of the organization's liability under section 3511 for taxes imposed by subtitle C during the preceding calendar year (but not to exceed $1,000,000), or

''(ii) $50,000.

''(3) INDEPENDENT FINANCIAL REVIEW REQUIREMENTS.—A certified professional employer organization meets the requirements of this paragraph if such organization—

''(A) has, as of the most recent review date, caused to be prepared and provided to the Secretary (in such manner as the Secretary may prescribe) an opinion of an independent certified public accountant that the certified professional employer organization's financial statements are presented fairly in accordance with generally accepted accounting principles, and

''(B) provides, not later than the last day of the second month beginning after the end of each calendar quarter, to the Secretary from an independent certified public accountant an assertion regarding Federal employment tax payments and an examination level attestation on such assertion.

Such assertion shall state that the organization has withheld and made deposits of all taxes imposed by chapters 21, 22, and 24 of the Internal Revenue Code in accordance with regulations imposed by the Secretary for such calendar quarter and such examination level attestation shall state that such assertion is fairly stated, in all material respects.

''(4) CONTROLLED GROUP RULES.—For purposes of the requirements of paragraphs (2) and (3), all professional employer organizations that are members of a controlled group within the meaning of sections 414(b) and (c) shall be treated as a single organization.

''(5) FAILURE TO FILE ASSERTION AND ATTESTATION.—If the certified professional employer organization fails to file the assertion and attestation required by paragraph (3) with respect to any calendar quarter, then the requirements of paragraph (3) with respect to such failure shall be treated as not satisfied for the period beginning on the due date for such attestation.

''(6) REVIEW DATE.—For purposes of paragraph (3)(A), the review date shall be 6 months after the completion of the organization's fiscal year.

''(d) SUSPENSION AND REVOCATION AUTHORITY.—The Secretary may suspend or revoke a certification of any person under subsection (b) for purposes of section 3511 if the Secretary determines that such person is not satisfying the representations or requirements of subsections (b) or (c), or fails to satisfy applicable accounting, reporting, payment, or deposit requirements.

''(e) WORK SITE EMPLOYEE.—For purposes of this title—

''(1) IN GENERAL.—The term 'work site employee' means, with respect to a certified professional employer organization, an individual who—

''(A) performs services for a customer pursuant to a contract which is between such customer and the certified professional employer organization and which meets the requirements of paragraph (2), and

''(B) performs services at a work site meeting the requirements of paragraph (3).

''(2) SERVICE CONTRACT REQUIREMENTS.—A contract meets the requirements of this paragraph with respect to an individual performing services for a customer if such contract is in writing and provides that the certified professional employer organization shall—

''(A) assume responsibility for payment of wages to such individual, without regard to the receipt or adequacy of payment from the customer for such services,

''(B) assume responsibility for reporting, withholding, and paying any applicable taxes under subtitle C, with respect to such individual's wages, without regard to the receipt or adequacy of payment from the customer for such services,

''(C) assume responsibility for any employee benefits which the service contract may require the organization to provide, without regard to the receipt or adequacy of payment from the customer for such services,

''(D) assume responsibility for hiring, firing, and recruiting workers in addition to the customer's responsibility for hiring, firing and recruiting workers,

''(E) maintain employee records relating to such individual, and

''(F) agree to be treated as a certified professional employer organization for purposes of section 3511 with respect to such individual.

''(3) WORK SITE COVERAGE REQUIREMENT.—The requirements of this paragraph are met with respect to an individual if at least 85 percent of the individuals performing services for the customer at the work site where such individual performs services are subject to 1 or more contracts with the certified professional employer organization which meet the requirements of paragraph (2) (but not taking into account those individuals who are excluded employees within the meaning of section 414(q)(5)).

''(f) DETERMINATION OF EMPLOYMENT STATUS.—Except to the extent necessary for purposes of section 3511, nothing in this section shall be construed to affect the determination of who is an employee or employer for purposes of this title.

''(g) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.''.

(c) CONFORMING AMENDMENTS.—

(1) Section 3302 is amended by adding at the end the following new subsection:

''(h) TREATMENT OF CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.—If a certified professional employer organization (as defined in section 7705), or a customer of such organization, makes a contribution to the State's unemployment fund with respect to a work site employee, such organization shall be eligible for the credits available under this section with respect to such contribution.''.

(2) Section 3303(a) is amended—

(A) by striking the period at the end of paragraph (3) and inserting ''; and'' and by inserting after paragraph (3) the following new paragraph:

''(4) if the taxpayer is a certified professional employer organization (as defined in section 7705) that is treated as the employer under section 3511, such certified professional employer organization is permitted to collect and remit, in accordance with paragraphs (1), (2), and (3), contributions during the taxable year to the State unemployment fund with respect to a work site employee.'', and

(B) in the last sentence—

(i) by striking ''paragraphs (1), (2), and (3)'' and inserting ''paragraphs (1), (2), (3), and (4)'', and

(ii) by striking ''paragraph (1), (2), or (3)'' and inserting ''paragraph (1), (2), (3), or (4)''.

(3) Section 6053(c) (relating to reporting of tips) is amended by adding at the end the following new paragraph:

''(8) CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.—For purposes of any report required by this subsection, in the case of a certified professional employer organization that is treated under section 3511 as the employer of a work site employee, the customer with respect to whom a work site employee performs services shall be the employer for purposes of reporting under this section and the certified professional employer organization shall furnish to the customer any information necessary to complete such reporting no later than such time as the Secretary shall prescribe.''.

(d) CLERICAL AMENDMENTS.—

(1) The table of sections for chapter 25 is amended by adding at the end the following new item:

''Sec. 3511. Certified professional employer organizations''.

(2) The table of sections for chapter 79 is amended by inserting after the item relating to section 7704 the following new item:

''Sec. 7705. Certified professional employer organizations defined''.

(e) REPORTING REQUIREMENTS AND OBLIGATIONS.—The Secretary of the Treasury shall develop such reporting and recordkeeping rules, regulations, and procedures as the Secretary determines necessary or appropriate to ensure compliance with the amendments made by this section with respect to entities applying for certification as certified professional employer organizations or entities that have been so certified. Such rules shall be designed in a manner which streamlines, to the extent possible, the application of requirements of such amendments, the exchange of information between a certified professional employer organization and its customers, and the reporting and recordkeeping obligations of the certified professional employer organization.

(f) USER FEES.—Subsection (b) of section 7528 (relating to Internal Revenue Service user fees) is amended by adding at the end the following new paragraph:

''(4) CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.—The fee charged under the program in connection with the certification by the Secretary of a professional employer organization under section 7705 shall not exceed $500.''.

(g) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply with respect to wages for services performed on or after January 1 of the first calendar year beginning more than 12 months after the date of the enactment of this Act.

(2) CERTIFICATION PROGRAM.—The Secretary of the Treasury shall establish the certification program described in section 7705(b) of the Internal Revenue Code of 1986, as added by subsection (b), not later than 6 months before the effective date determined under paragraph (1).

(h) NO INFERENCE.—Nothing contained in this section or the amendments made by this section shall be construed to create any inference with respect to the determination of who is an employee or employer—

(1) for Federal tax purposes (other than the purposes set forth in the amendments made by this section), or

(2) for purposes of any other provision of law.

SEC. 516. ACCELERATED DEPRECIATION FOR INVESTMENT IN HIGH OUT-MIGRATION COUNTIES.

(a) IN GENERAL.—Section 168 (relating to accelerated cost recovery system) is amended by adding at the end the following new subsection:

''(l) RURAL INVESTMENT PROPERTY.—

''(1) IN GENERAL.—For purposes of subsection (a), the applicable recovery period for qualified rural investment property shall be determined in accordance with the table contained in paragraph (2) in lieu of the table contained in subsection (c).

''(2) APPLICABLE RECOVERY PERIOD FOR RURAL INVESTMENT PROPERTY.—For purposes of paragraph (1)—

" "In the case of:	The applicable recovery period is:
3-year property	2 years
5-year property	3 years
7-year property	4 years
10-year property	6 years
15-year property	9 years
20-year property	12 years
Nonresidential real property	22 years.

''(3) QUALIFIED RURAL INVESTMENT PROPERTY DEFINED.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'qualified rural investment property' means property which is property described in the table in paragraph (2) and which is—

''(i) used by the taxpayer predominantly in the active conduct of a trade or business within a high out-migration county,

''(ii) not used or located outside such county on a regular basis,

''(iii) not acquired (directly or indirectly) by the taxpayer from a person who is related to the taxpayer (within the meaning of section 465(b)(3)(C)), and

''(iv) not property (or any portion thereof) placed in service for purposes of operating any racetrack or other facility used for gambling.

''(B) HIGH OUT-MIGRATION COUNTY.—The term 'high out-migration county' means any county which—

''(i) is outside a metropolitan statistical area (defined as such by the Office of Management and Budget), and

''(ii) during the 5-year periods 1990 through 1994 and 1995 through 1999 had a net population loss.

''(4) TERMINATION.—This subsection shall not apply to property placed in service after March 31, 2008.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to property placed in service after the date of the enactment of this Act, the original use of which begins with the taxpayer after such date.

Subpart B—Subchapter S Provisions

SEC. 521. CAPITAL GAIN OF S CORPORATION NOT TREATED AS PASSIVE INVESTMENT INCOME.

(a) IN GENERAL.—Section 1362(d)(3) is amended by striking subparagraphs (B), (C), (D), (E), and (F) and inserting the following new subparagraph:

''(B) PASSIVE INVESTMENT INCOME DEFINED.—

''(i) IN GENERAL.—Except as otherwise provided in this subparagraph, the term 'passive investment income' means gross receipts derived from royalties, rents, dividends, interest, and annuities.

''(ii) EXCEPTION FOR INTEREST ON NOTES FROM SALES OF INVENTORY.—The term 'passive investment income' shall not include interest on any obligation acquired in the ordinary course of the corporation's trade or business from its sale of property described in section 1221(a)(1).

''(iii) TREATMENT OF CERTAIN LENDING OR FINANCE COMPANIES.—If the S corporation meets the requirements of section 542(c)(6) for the taxable year, the term 'passive investment income' shall not include gross receipts for the taxable year which are derived directly from the active and regular conduct of a lending or finance business (as defined in section 542(d)(1)).

''(iv) TREATMENT OF CERTAIN DIVIDENDS.—If an S corporation holds stock in a C corporation meeting the requirements of section 1504(a)(2), the term 'passive investment income' shall not include dividends from such C corporation to the extent such dividends are attributable to the earnings and profits of such C corporation derived from the active conduct of a trade or business.

''(v) EXCEPTION FOR BANKS, ETC.—In the case of a bank (as defined in section 581) or a depository institution holding company (as defined in section 3(w)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1813(w)(1)), the term 'passive investment income' shall not include—

''(I) interest income earned by such bank or company, or

''(II) dividends on assets required to be held by such bank or company, including stock in the Federal Reserve Bank, the Federal Home Loan Bank, or the Federal Agricultural Mortgage Bank or participation certificates issued by a Federal Intermediate Credit Bank.''.

(b) CONFORMING AMENDMENT.—Clause (i) of section 1042(c)(4)(A) is amended by striking ''section 1362(d)(3)(C)'' and inserting ''section 1362(d)(3)(B)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 522. TREATMENT OF BANK DIRECTOR SHARES.

(a) IN GENERAL.—Section 1361 (defining S corporation) is amended by adding at the end the following new subsection:

''(f) RESTRICTED BANK DIRECTOR STOCK.—

''(1) IN GENERAL.—Restricted bank director stock shall not be taken into account as outstanding stock of the S corporation in applying this subchapter (other than section 1368(f)).

''(2) RESTRICTED BANK DIRECTOR STOCK.—For purposes of this subsection, the term 'restricted bank director stock' means stock in a bank (as defined in section 581) or a depository institution holding company (as defined in section 3(w)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1813(w)(1)), if such stock—

''(A) is required to be held by an individual under applicable Federal or State law in order to permit such individual to serve as a director, and

''(B) is subject to an agreement with such bank or company (or a corporation which controls (within the meaning of section 368(c)) such bank or company) pursuant to which the holder is required to sell back such stock (at the same price as the individual acquired such stock) upon ceasing to hold the office of director.

''(3) CROSS REFERENCE.—

''For treatment of certain distributions with respect to restricted bank director stock, see section 1368(f)''.

(b) DISTRIBUTIONS.—Section 1368 (relating to distributions) is amended by adding at the end the following new subsection:

''(f) RESTRICTED BANK DIRECTOR STOCK.—If a director receives a distribution (not in part or full payment in exchange for stock) from an S corporation with respect to any restricted bank director stock (as defined in section 1361(f)), the amount of such distribution—

''(1) shall be includible in gross income of the director, and

''(2) shall be deductible by the corporation for the taxable year of such corporation in which or with which ends the taxable year in which such amount in included in the gross income of the director.''.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years beginning after December 31, 2006.

(2) SPECIAL RULE FOR TREATMENT AS SECOND CLASS OF STOCK.—In the case of any taxable year beginning after December 31, 1996, restricted bank director stock (as defined in section 1361(f) of the Internal Revenue Code of 1986, as added by this section) shall not be taken into account in determining whether an S corporation has more than 1 class of stock.

SEC. 523. SPECIAL RULE FOR BANK REQUIRED TO CHANGE FROM THE RESERVE METHOD OF ACCOUNTING ON BECOMING S CORPORATION.

(a) IN GENERAL.—Section 1361, as amended by this Act, is amended by adding at the end the following new subsection:

''(g) SPECIAL RULE FOR BANK REQUIRED TO CHANGE FROM THE RESERVE METHOD OF ACCOUNTING ON BECOMING S CORPORATION.—In the case of a bank which changes from the reserve method of accounting for bad debts described in section 585 or 593 for its first taxable year for which an election under section 1362(a) is in effect, the bank may elect to take into account any adjustments under section 481 by reason of such change for the taxable year immediately preceding such first taxable year.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2006.

SEC. 524. TREATMENT OF THE SALE OF INTEREST IN A QUALIFIED SUBCHAPTER S SUBSIDIARY.

(a) IN GENERAL.—Subparagraph (C) of section 1361(b)(3) (relating to treatment of terminations of qualified subchapter S subsidiary status) is amended—

(1) by striking ''For purposes of this title,'' and inserting the following:

''(i) IN GENERAL.—For purposes of this title,'', and

(2) by inserting at the end the following new clause:

''(ii) TERMINATION BY REASON OF SALE OF STOCK.—If the failure to meet the requirements of subparagraph (B) is by reason of the sale of stock of a corporation which is a qualified subchapter S subsidiary, the sale of such stock shall be treated as if—

''(I) the sale were a sale of an undivided interest in the assets of such corporation (based on the percentage of the corporation's stock sold), and

''(II) the sale were followed by an acquisition by such corporation of all of its assets (and the assumption by such corporation of all of its liabilities) in a transaction to which section 351 applies.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2006 .

SEC. 525. ELIMINATION OF ALL EARNINGS AND PROFITS ATTRIBUTABLE TO PRE-1983 YEARS FOR CERTAIN CORPORATIONS.

In the case of a corporation which is—

(1) described in section 1311(a)(1) of the Small Business Job Protection Act of 1996, and

(2) not described in section 1311(a)(2) of such Act,

the amount of such corporation's accumulated earnings and profits (for the first taxable year beginning after the date of the enactment of this Act) shall be reduced by an amount equal to the portion (if any) of such accumulated earnings and profits which were accumulated in any taxable year beginning before January 1, 1983, for which such corporation was an electing small business corporation under subchapter S of the Internal Revenue Code of 1986.

SEC. 526. EXPANSION OF QUALIFYING BENEFICIARIES OF AN ELECTING SMALL BUSINESS TRUST.

(a) NO LOOK THROUGH FOR ELIGIBILITY PURPOSES.—Clause (v) of section 1361(c)(2)(B) is amended by adding at the end the following new sentence: ''This clause shall not apply for purposes of subsection (b)(1)(C).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

PART II—REVENUE PROVISIONS

SEC. 531. MODIFICATION OF EFFECTIVE DATE OF LEASING PROVISIONS OF THE AMERICAN JOBS CREATION ACT OF 2004.

(a) LEASES TO FOREIGN ENTITIES.—Section 849(b) of the American Jobs Creation Act of 2004 is amended by adding at the end the following new paragraph:

''(5) LEASES TO FOREIGN ENTITIES.—In the case of tax-exempt use property leased to a tax-exempt entity which is a foreign person or entity, the amendments made by this part shall apply to taxable years beginning after December 31, 2006, with respect to leases entered into on or before March 12, 2004.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in the enactment of the American Jobs Creation Act of 2004.

SEC. 532. APPLICATION OF RULES TREATING INVERTED CORPORATIONS AS DOMESTIC CORPORATIONS TO CERTAIN TRANSACTIONS OCCURRING AFTER MARCH 20, 2002.

(a) IN GENERAL.—Section 7874(b) (relating to inverted corporations treated as domestic corporations) is amended to read as follows:

''(b) INVERTED CORPORATIONS TREATED AS DOMESTIC CORPORATIONS.—

''(1) IN GENERAL.—Notwithstanding section 7701(a)(4), a foreign corporation shall be treated for purposes of this title as a domestic corporation if such corporation would be a surrogate foreign corporation if subsection (a)(2) were applied by substituting '80 percent' for '60 percent'.

''(2) SPECIAL RULE FOR CERTAIN TRANSACTIONS OCCURRING AFTER MARCH 20, 2002.—

''(A) IN GENERAL.—If—

''(i) paragraph (1) does not apply to a foreign corporation, but

''(ii) paragraph (1) would apply to such corporation if, in addition to the substitution under paragraph (1), subsection (a)(2) were applied by substituting 'March 20, 2002' for 'March 4, 2003' each place it appears,

then paragraph (1) shall apply to such corporation but only with respect to taxable years of such corporation beginning after December 31, 2006.

''(B) SPECIAL RULES.—Subject to such rules as the Secretary may prescribe, in the case of a corporation to which paragraph (1) applies by reason of this paragraph—

''(i) the corporation shall be treated, as of the close of its last taxable year beginning before January 1, 2007, as having transferred all of its assets, liabilities, and earnings and profits to a domestic corporation in a transaction with respect to which no tax is imposed under this title,

''(ii) the bases of the assets transferred in the transaction to the domestic corporation shall be the same as the bases of the assets in the hands of the foreign corporation, subject to any adjustments under this title for built-in losses,

''(iii) the basis of the stock of any shareholder in the domestic corporation shall be the same as the basis of the stock of the shareholder in the foreign corporation for which it is treated as exchanged, and

''(iv) the transfer of any earnings and profits by reason of clause (i) shall be disregarded in determining any deemed dividend or foreign tax creditable to the domestic corporation with respect to such transfer.

''(C) REGULATIONS.—The Secretary may prescribe such regulations as may be necessary or appropriate to carry out this paragraph, including regulations to prevent the avoidance of the purposes of this paragraph.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2006.

SEC. 533. DENIAL 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:

''(h) 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. 534. 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—

''(A) the violation of any law, or

''(B) an investigation or inquiry into the potential violation of any law which is initiated by such government or entity.

''(2) EXCEPTION FOR AMOUNTS CONSTITUTING RESTITUTION OR PAID TO COME INTO COMPLIANCE WITH LAW.—Paragraph (1) shall not apply to any amount which—

''(A) the taxpayer establishes—

''(i) constitutes restitution (or 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, or

''(ii) is paid to come into compliance with any law which was violated or involved in the investigation or inquiry, and

''(B) in the case of any binding, written settlement agreement which requires the taxpayer to pay or incur an amount in excess of $1,000,000, is identified as an amount described in clause (i) or (ii) of subparagraph (A), as the case may be, in the settlement agreement or in the court order implementing the settlement agreement.

A taxpayer shall not meet the requirements of subparagraph (A) solely by reason an identification under subparagraph (B). 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 unless such amount is paid or incurred for a cost or fee regularly charged for any routine audit or other customary review performed by the government or entity.

''(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) REPORTING OF DEDUCTIBLE AMOUNTS.—

(1) IN GENERAL.—Subpart B of part III of subchapter A of chapter 61 is amended by inserting after section 6050V the following new section:

''SEC. 6050W. INFORMATION WITH RESPECT TO CERTAIN FINES, PENALTIES, AND OTHER AMOUNTS.

''(a) REQUIREMENT OF REPORTING.—

''(1) IN GENERAL.—The appropriate official of any government or entity which is described in section 162(f)(4) which is involved in a suit or agreement described in paragraph (2) shall make a return in such form as determined by the Secretary setting forth—

''(A) the amount required to be paid as a result of the suit or agreement to which paragraph (1) of section 162(f) applies,

''(B) any amount required to be paid as a result of the suit or agreement which constitutes restitution or remediation of property, and

''(C) any amount required to be paid as a result of the suit or agreement for the purpose of coming into compliance with any law which was violated or involved in the investigation or inquiry.

''(2) SUIT OR AGREEMENT DESCRIBED.—

''(A) IN GENERAL.—A suit or agreement is described in this paragraph if—

''(i) it is—

''(I) a suit with respect to a violation of any law over which the government or entity has authority and with respect to which there has been a court order, or

''(II) an agreement which is entered into with respect to a violation of any law over which the government or entity has authority, or with respect to an investigation or inquiry by the government or entity into the potential violation of any law over which such government or entity has authority, and

''(ii) the aggregate amount involved in all court orders and agreements with respect to the violation, investigation, or inquiry is $600 or more.

''(B) ADJUSTMENT OF REPORTING THRESHOLD.—The Secretary may adjust the $600 amount in subparagraph (A)(ii) as necessary in order to ensure the efficient administration of the internal revenue laws.

''(3) TIME OF FILING.—The return required under this subsection shall be filed not later than—

''(A) 30 days after the date on which a court order is issued with respect to the suit or the date the agreement is entered into, as the case may be, or

''(B) the date specified by the Secretary.

''(b) STATEMENTS TO BE FURNISHED TO INDIVIDUALS INVOLVED IN THE SETTLEMENT.—Every person required to make a return under subsection (a) shall furnish to each person who is a party to the suit or agreement a written statement showing—

''(1) the name of the government or entity, and

''(2) the information supplied to the Secretary under subsection (a)(1).

The written statement required under the preceding sentence shall be furnished to the person at the same time the government or entity provides the Secretary with the information required under subsection (a).

''(c) APPROPRIATE OFFICIAL DEFINED.—For purposes of this section, the term 'appropriate official' means the officer or employee having control of the suit, investigation, or inquiry or the person appropriately designated for purposes of this section.''.

(2) CONFORMING AMENDMENT.—The table of sections for subpart B of part III of subchapter A of chapter 61 is amended by inserting after the item relating to section 6050V the following new item:

''Sec. 6050W. Information with respect to certain fines, penalties, and other amounts''.

(c) EFFECTIVE DATE.—The amendments 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 amendments 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. 535. REVISION OF TAX RULES ON EXPATRIATION OF INDIVIDUALS.

(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 2007, 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 2006' 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) TREATMENT OF GIFTS AND INHERITANCES.—

''(A) 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.

''(B) DETERMINATION OF BASIS.—Notwithstanding sections 1015 or 1022, the basis of any property described in subparagraph (A)

in the hands of the donee or the person acquiring such property from the decedent shall be equal to the fair market value of the property at the time of the gift, bequest, devise, or inheritance.

''(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.

''(3) DEFINITIONS.—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.''.

(c) DEFINITION OF TERMINATION OF UNITED STATES CITIZENSHIP.—Section 7701(a) is amended by adding at the end the following new paragraph:

''(50) 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) is inadmissible.''.

(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 this subsection.''.

(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.''.

(4) Section 6039G(a) is amended by inserting ''or 877A'' after ''section 877(b)''.

(5) The second sentence of section 6039G(d) is amended by inserting ''or who relinquishes United States citizenship (within the meaning of section 877A(e)(3))'' after ''section 877(a))''.

(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. 536. LIMITATION ON ANNUAL AMOUNTS WHICH MAY BE DEFERRED UNDER NONQUALIFIED DEFERRED COMPENSATION ARRANGEMENTS.

(a) IN GENERAL.—Section 409A(a) of the Internal Revenue Code of 1986 (relating to inclusion of gross income under nonqualified deferred compensation plans) is amended—

(1) by striking ''and (4)'' in subclause (I) of paragraph (1)(A)(i) and inserting ''(4), and (5)'', and

(2) by adding at the end the following new paragraph:

''(5) ANNUAL LIMITATION ON AGGREGATE DEFERRED AMOUNTS.—

''(A) LIMITATION.—The requirements of this paragraph are met if the plan provides that the aggregate amount of compensation which is deferred for any taxable year with respect to a participant under the plan may not exceed the applicable dollar amount for the taxable year.

''(B) INCLUSION OF FUTURE EARNINGS.—If an amount is includible under paragraph (1) in the gross income of a participant for any taxable year by reason of any failure to meet the requirements of this paragraph, any income (whether actual or notional) for any subsequent taxable year shall be included in gross income under paragraph (1)(A) in such subsequent taxable year to the extent such income—

''(i) is attributable to compensation (or income attributable to such compensation) required to be included in gross income by reason of such failure (including by reason of this subparagraph), and

''(ii) is not subject to a substantial risk of forfeiture and has not been previously included in gross income.

''(C) AGGREGATION RULE.—For purposes of this paragraph, all nonqualified deferred compensation plans maintained by all employers treated as a single employer under subsection (d)(6) shall be treated as 1 plan.

''(D) APPLICABLE DOLLAR AMOUNT.—For purposes of this paragraph—

''(i) IN GENERAL.—The term 'applicable dollar amount' means, with respect to any participant, the lesser of—

''(I) the average annual compensation which was payable during the base period to the participant by the employer maintaining the nonqualified deferred compensation plan (or any predecessor of the employer) and which was includible in the participant's gross income for taxable years in the base period, or

''(II) $1,000,000.

''(ii) BASE PERIOD.—

''(I) IN GENERAL.—The term 'base period' means, with respect to any computation year, the 5-taxable year period ending with the taxable year preceding the computation year.

''(II) ELECTIONS MADE BEFORE COMPUTATION YEAR.—If, before the beginning of the computation year, an election described in paragraph (4)(B) is made by the participant to have compensation for services performed in the computation year deferred under a nonqualified deferred compensation plan, the base period shall be the 5-taxable year period ending with the taxable year preceding the taxable year in which the election is made.

''(III) COMPUTATION YEAR.—For purposes of this clause, the term 'computation year' means any taxable year of the participant for which the limitation under subparagraph (A) is being determined.

''(IV) SPECIAL RULE FOR EMPLOYEES OF LESS THAN 5 YEARS.—If a participant did not perform services for the employer maintaining the nonqualified deferred compensation plan (or any predecessor of the employer) during the entire 5-taxable year period referred to in subparagraph (A) or (B), only the portion of such period during which the participant performed such services shall be taken into account.''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years beginning after December 31, 2006, except that—

(A) the amendments shall only apply to amounts deferred after December 31, 2006 (and to earnings on such amounts), and

(B) taxable years beginning on or before December 31, 2006, shall be taken into account in determining the average annual compensation of a participant during any base period for purposes of section 409A(a)(5)(D) of the Internal Revenue Code of 1986 (as added by such amendments).

(2) GUIDANCE RELATING TO CERTAIN EXISTING ARRANGEMENTS.—Not later than 60 days after the date of the enactment of this Act, the Secretary of the Treasury shall issue guidance providing a limited period during which a nonqualified deferred compensation plan adopted before December 31, 2006, may, without violating the requirements of section 409A(a) of such Code, be amended—

(A) to provide that a participant may, no later than December 31, 2007, cancel or modify an outstanding deferral election with regard to all or a portion of amounts deferred after December 31, 2006, to the extent necessary for the plan to meet the requirements of section 409A(a)(5) of such Code (as added by the amendments made by this section),

but only if amounts subject to the cancellation or modification are, to the extent not previously included in gross income, includible in income of the participant when no longer subject to substantial risk of forfeiture, and

(B) to conform to the requirements of section 409A(a)(5) of such Code (as added by the amendments made by this section) with regard to amounts deferred after December 31, 2006.

SEC. 537. INCREASE IN CRIMINAL MONETARY PENALTY LIMITATION FOR THE UNDERPAYMENT OR OVERPAYMENT OF TAX DUE TO FRAUD.

(a) IN GENERAL.—Section 7206 (relating to fraud and false statements) is amended—

(1) by striking ''Any person who—'' and inserting ''(a) in general.—'', 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 if the aggregate tax liability for such period is not less than $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. 538. 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 neither signed a closing agreement pursuant to the Voluntary Offshore Compliance Initiative established by the Department of the Treasury under Revenue Procedure 2003–11 nor 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 type of 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) APPLICABLE PENALTY.—For purposes of this section, the term ''applicable penalty'' means any penalty, addition to tax, or fine imposed under chapter 68 of the Internal Revenue Code of 1986.

(c) 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. 539. 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. 540. 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 1 or more contingent payments,

any regulations which require original issue discount to be determined by reference to the comparable yield of a fixed-rate debt instrument shall be applied as if the regulations require that such comparable yield be determined by reference to a 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. 541. EXTENSION OF IRS USER FEES.

Subsection (c) of section 7528 (relating to Internal Revenue Service user fees) is amended by striking ''September 30, 2014'' and inserting ''September 30, 2016''.

SEC. 542. MODIFICATION OF COLLECTION DUE PROCESS PROCEDURES FOR EMPLOYMENT TAX LIABILITIES.

(a) IN GENERAL.—Section 6330(f) (relating to jeopardy and State refund collection) is amended—

(1) by striking ''; or'' at the end of paragraph (1) and inserting a comma,

(2) by adding ''or'' at the end of paragraph (2), and

(3) by inserting after paragraph (2) the following new paragraph:

''(3) the Secretary has served a levy in connection with the collection of taxes under chapter 21, 22, 23, or 24,''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to levies issued on or after the date that is 120 days after the date of the enactment of this Act.

SEC. 543. MODIFICATIONS TO WHISTLEBLOWER REFORMS.

(a) MODIFICATION OF TAX THRESHOLD FOR AWARDS.—Subparagraph (B) of section 7623(b)(5), as added by the Tax Relief and Health Care Act of 2006, is amended by striking ''$2,000,000'' and inserting ''$20,000''.

(b) WHISTLEBLOWER OFFICE.—

(1) IN GENERAL.—Section 7623 is amended by adding at the end the following new subsections:

''(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). 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) REPORTS.—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.''.

(2) CONFORMING AMENDMENT.—Section 406 of division A of the Tax Relief and Health Care Act of 2006 is amended by striking subsections (b) and (c).

(3) REPORT ON IMPLEMENTATION.—Not later than 6 months after the date of the enactment of this Act, the Secretary of the Treasury shall submit to Congress a report on the establishment and operation of the Whistleblower Office under section 7623(c) of the Internal Revenue Code of 1986.

(c) PUBLICITY OF AWARD APPEALS.—Paragraph (4) of section 7623(b), as added by the Tax Relief and Health Care Act of 2006, is amended to read as follows:

''(4) APPEAL OF AWARD DETERMINATION.—

''(A) IN GENERAL.—Any determination regarding an award under paragraph (1), (2), or (3) may, within 30 days of such determination, be appealed to the Tax Court (and the Tax Court shall have jurisdiction with respect to such matter).

''(B) PUBLICITY OF APPEALS.—Notwithstanding sections 7458 and 7461, the Tax Court may, in order to preserve the anonymity, privacy, or confidentiality of any person under this subsection, provide by rules adopted under section 7453 that portions of filings, hearings, testimony, evidence, and reports in connection with proceedings under this subsection may be closed to the public or to inspection by the public.''.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to information provided on or after the date of the enactment of this Act.

(2) PUBLICITY OF AWARD APPEALS.—The amendment made by subsection (c) shall take effect as if included in the amendments made by section 406 of the Tax Relief and Health Care Act of 2006.

SEC. 544. MODIFICATIONS OF DEFINITION OF EMPLOYEES COVERED BY DENIAL OF DEDUCTION FOR EXCESSIVE EMPLOYEE REMUNERATION.

(a) IN GENERAL.—Paragraph (3) of section 162(m) is amended to read as follows:

''(3) COVERED EMPLOYEE.—For purposes of this subsection, the term 'covered employee' means, with respect to any taxpayer for any taxable year, an individual who—

''(A) was the chief executive officer of the taxpayer, or an individual acting in such a capacity, at any time during the taxable year,

''(B) is 1 of the 4 highest compensated officers of the taxpayer for the taxable year (other than the individual described in subparagraph (A)), or

''(C) was a covered employee of the taxpayer (or any predecessor) for any preceding taxable year beginning after December 31, 2006.

''In the case of an individual who was a covered employee for any taxable year beginning after December 31, 2006, the term 'covered employee' shall include a beneficiary of such employee with respect to any remuneration for services performed by such employee as a covered employee (whether or not such services are performed during the taxable year in which the remuneration is paid).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2006.

SEC. 545. INCREASE IN AGE OF MINOR CHILDREN WHOSE UNEARNED INCOME IS TAXED AS IF PARENT'S INCOME.

(a) IN GENERAL.—Subparagraph (A) of section 1(g)(2) (relating to child to whom subsection applies) is amended to read as follows:

''(A) such child—

''(i) has not attained age 19 before the close of the taxable year, or

''(ii) is a student (as defined in section 152(f)(2))—

''(I) who has not attained age 24 before the close of such taxable year, and

''(II) whose earned income (as defined in section 911(d)(2)) for such taxable year does not exceed one-half of the amount of the individual's support (within the meaning of section 152(c)(1)(D) after the application of section 152(f)(5)) for such taxable year, and''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 546. INCREASE IN INFORMATION RETURN PENALTIES.

(a) FAILURE TO FILE CORRECT INFORMATION RETURNS.—

(1) IN GENERAL.—Section 6721(a)(1) is amended—

(A) by striking ''$50'' and inserting ''$250'', and

(B) by striking ''$250,000'' and inserting ''$3,000,000''.

(2) REDUCTION WHERE CORRECTION IN SPECIFIED PERIOD.—

(A) CORRECTION WITHIN 30 DAYS.—Section 6721(b)(1) is amended—

(i) by striking ''$15'' and inserting ''$50'',

(ii) by striking ''$50'' and inserting ''$250'', and

(iii) by striking ''$75,000'' and inserting ''$500,000''.

(B) FAILURES CORRECTED ON OR BEFORE AUGUST 1.—Section 6721(b)(2) is amended—

(i) by striking ''$30'' and inserting ''$100'',

(ii) by striking ''$50'' and inserting ''$250'', and

(iii) by striking ''$150,000'' and inserting ''$1,500,000''.

(3) LOWER LIMITATION FOR PERSONS WITH GROSS RECEIPTS OF NOT MORE THAN $5,000,000.—Section 6721(d)(1) is amended—

(A) in subparagraph (A)—

(i) by striking ''$100,000'' and inserting ''$1,000,000'', and

(ii) by striking ''$250,000'' and inserting ''$3,000,000'',

(B) in subparagraph (B)—

(i) by striking ''$25,000'' and inserting ''$175,000'', and

(ii) by striking ''$75,000'' and inserting ''$500,000'', and

(C) in subparagraph (C)—

(i) by striking ''$50,000'' and inserting ''$500,000'', and

(ii) by striking ''$150,000'' and inserting ''$1,500,000''.

(4) PENALTY IN CASE OF INTENTIONAL DISREGARD.—Section 6721(e) is amended—

(A) by striking ''$100'' in paragraph (2) and inserting ''$500'',

(B) by striking ''$250,000'' in paragraph (3)(A) and inserting ''$3,000,000''.

(b) FAILURE TO FURNISH CORRECT PAYEE STATEMENTS.—

(1) IN GENERAL.—Section 6722(a) is amended—

(A) by striking ''$50'' and inserting ''$250'', and

(B) by striking ''$100,000'' and inserting ''$1,000,000''.

(2) PENALTY IN CASE OF INTENTIONAL DISREGARD.—Section 6722(c) is amended—

(A) by striking ''$100'' in paragraph (1) and inserting ''$500'', and

(B) by striking ''$100,000'' in paragraph (2)(A) and inserting ''$1,000,000''.

(c) FAILURE TO COMPLY WITH OTHER INFORMATION REPORTING REQUIREMENTS.—Section 6723 is amended—

(1) by striking ''$50'' and inserting ''$250'', and

(2) by striking ''$100,000'' and inserting ''$1,000,000''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to information returns required to be filed on or after January 1, 2008.

SEC. 547. E-FILING REQUIREMENT FOR CERTAIN LARGE ORGANIZATIONS.

(a) IN GENERAL.—The first sentence of section 6011(e)(2) is amended to read as follows: ''In prescribing regulations under paragraph (1), the Secretary shall take into account (among other relevant factors) the ability of the taxpayer to comply at reasonable cost with the requirements of such regulations.''.

(b) CONFORMING AMENDMENT.—Section 6724 is amended by striking subsection (c).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending on or after December 31, 2008.

SEC. 548. EXPANSION OF IRS ACCESS TO INFORMATION IN NATIONAL DIRECTORY OF NEW HIRES FOR TAX ADMINISTRATION PURPOSES.

(a) IN GENERAL.—Paragraph (3) of section 453(j) of the Social Security Act (42 U.S.C. 653(j)) is amended to read as follows:

''(3) ADMINISTRATION OF FEDERAL TAX LAWS.—The Secretary of the Treasury shall have access to the information in the National Directory of New Hires for purposes of administering the Internal Revenue Code of 1986.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

SEC. 549. DISCLOSURE OF PRISONER RETURN INFORMATION TO FEDERAL BUREAU OF PRISONS.

(a) DISCLOSURE.—

(1) IN GENERAL.—Subsection (l) of section 6103 (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 OF RETURN INFORMATION OF PRISONERS TO FEDERAL BUREAU OF PRISONS.—

''(A) IN GENERAL.—Under such procedures as the Secretary may prescribe, the Secretary may disclose return information with respect to persons incarcerated in Federal prisons whom the Secretary believes filed or facilitated the filing of false or fraudulent returns to the head of the Federal Bureau of Prisons if the Secretary determines that such disclosure is necessary to permit effective tax administration.

''(B) DISCLOSURE BY AGENCY TO EMPLOYEES.—The head of the Federal Bureau of Prisons may redisclose information received under subparagraph (A)—

''(i) only to those officers and employees of the Bureau who are personally and directly engaged in taking administrative actions to address violations of administrative rules and regulations of the prison facility, and

''(ii) solely for the purposes described in subparagraph (C).

''(C) RESTRICTION ON USE OF DISCLOSED INFORMATION.—Return information disclosed under this paragraph may be used only for the purposes of—

''(i) preventing the filing of false or fraudulent returns; and

''(ii) taking administrative actions against individuals who have filed or attempted to file false or fraudulent returns.''.

(2) PROCEDURES AND RECORD KEEPING RELATED TO DISCLOSURE.—Subsection (p)(4) of section 6103 is amended—

(A) by striking ''(14), or (17)'' in the matter before subparagraph (A) and inserting ''(14), (17), or (21)'', and

(B) by striking ''(9), or (16)'' in subparagraph (F)(i) and inserting ''(9), (16), or (21)''.

(3) EVALUATION BY TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION.—Paragraph (3) of section 7803(d) 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) not later than 3 years after the date of the enactment of section 6103(l)(21), submit a written report to Congress on the implementation of such section.''.

(b) ANNUAL REPORTS.—

(1) IN GENERAL.—The Secretary of the Treasury shall submit to Congress and make publicly available an annual report on the filing of false and fraudulent returns by individuals incarcerated in Federal and State prisons.

(2) CONTENTS OF REPORT.—The report submitted under paragraph (1) shall contain statistics on the number of false or fraudulent returns associated with each Federal and State prison and such other information that the Secretary determines is appropriate.

(3) EXCHANGE OF INFORMATION.—For the purpose of gathering information necessary for the reports required under paragraph (1), the Secretary of the Treasury shall enter into agreements with the head of the Federal Bureau of Prisons and the heads of State agencies charged with responsibility for administration of State prisons under which the head of the Bureau or Agency provides to the Secretary not less frequently than annually the names and other identifying information of prisoners incarcerated at each facility administered by the Bureau or Agency.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to disclosures on or after January 1, 2008.

SEC. 550. MODIFICATION OF CRIMINAL PENALTIES FOR WILLFUL FAILURES INVOLVING TAX PAYMENTS AND FILING REQUIREMENTS.

(a) INCREASE IN PENALTY FOR ATTEMPT TO EVADE OR DEFEAT TAX.—Section 7201 (relating to attempt to evade or defeat tax) is amended—

(1) by striking ''$100,000'' and inserting ''$500,000'',

(2) by striking ''$500,000'' and inserting ''$1,000,000'', and

(3) by striking ''5 years'' and inserting ''10 years''.

(b) MODIFICATION OF PENALTIES FOR WILLFUL FAILURE TO FILE RETURN, SUPPLY INFORMATION, OR PAY TAX.—

(1) IN GENERAL.—Section 7203 (relating to willful failure to file return, supply information, or pay tax) 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) '$250,000 ($500,000' for '$50,000 ($100,000', and

''(C) '5 years' for '1 year'.

''(2) FAILURE DESCRIBED.—A failure described in this paragraph is—

''(A) a failure to make a return described in subsection (a) for any 3 taxable years occurring during any period of 5 consecutive taxable years if the aggregate tax liability for such period is not less than $50,000, or

''(B) a failure to make a return if the tax liability giving rise to the requirement to make such return is attributable to an activity which is a felony under any State or Federal law.''.

(2) PENALTY MAY BE APPLIED IN ADDITION TO OTHER PENALTIES.—Section 7204 (relating to fraudulent statement or failure to make statement to employees) is amended by striking ''the penalty provided in section 6674'' and inserting ''the penalties provided in sections 6674 and 7203(b)''.

(c) FRAUD AND FALSE STATEMENTS.—Section 7206 (relating to fraud and false statements) is amended—

(1) by striking ''$100,000'' and inserting ''$500,000'',

(2) by striking ''$500,000'' and inserting ''$1,000,000'', and

(3) by striking ''3 years'' and inserting ''5 years''.

(d) INCREASE IN MONETARY LIMITATION FOR UNDERPAYMENT OR OVERPAYMENT OF TAX DUE TO FRAUD.—Section 7206 (relating to fraud and false statements), as amended by subsection (a)(3), 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.''.

(e) 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. 551. UNDERSTATEMENT OF TAXPAYER LIABILITY BY RETURN PREPARERS.

(a) APPLICATION OF RETURN PREPARER PENALTIES TO ALL TAX RETURNS.—

(1) DEFINITION OF TAX RETURN PREPARER.—Paragraph (36) of section 7701(a) (relating to income tax preparer) is amended—

(A) by striking ''income'' each place it appears in the heading and the text, and

(B) in subparagraph (A), by striking ''subtitle A'' each place it appears and inserting ''this title''.

(2) CONFORMING AMENDMENTS.—

(A)(i) Section 6060 is amended by striking ''**INCOME TAX RETURN PREPARERS**'' in the heading and inserting ''**TAX RETURN PREPARERS**''.

(ii) Section 6060(a) is amended—

(I) by striking ''an income tax return preparer'' each place it appears and inserting ''a tax return preparer'',

(II) by striking ''each income tax return preparer'' and inserting ''each tax return preparer'', and

(III) by striking ''another income tax return preparer'' and inserting ''another tax return preparer''.

(iii) The item relating to section 6060 in the table of sections for subpart F of part III of subchapter A of chapter 61 is amended by striking ''income tax return preparers'' and inserting ''tax return preparers''.

(iv) Subpart F of part III of subchapter A of chapter 61 is amended by striking ''**Income Tax Return Preparers**'' in the heading and inserting ''**Tax Return Preparers**''.

(v) The item relating to subpart F in the table of subparts for part III of subchapter A of chapter 61 is amended by striking ''income tax return preparers'' and inserting ''tax return preparers''.

(B) Section 6103(k)(5) is amended—

(i) by striking ''income tax return preparer'' each place it appears and inserting ''tax return preparer'', and

(ii) by striking ''income tax return preparers'' each place it appears and inserting ''tax return preparers''.

(C)(i) Section 6107 is amended—

(I) by striking ''**INCOME TAX RETURN PREPARER**'' in the heading and inserting ''**TAX RETURN PREPARER**'',

(II) by striking ''an income tax return preparer'' each place it appears in subsections (a) and (b) and inserting ''a tax return preparer'',

(III) by striking ''INCOME TAX RETURN PREPARER'' in the heading for subsection (b) and inserting ''TAX RETURN PREPARER'', and

(IV) in subsection (c), by striking ''income tax return preparers'' and inserting ''tax return preparers''.

(ii) The item relating to section 6107 in the table of sections for subchapter B of chapter 61 is amended by striking ''Income tax return preparer'' and inserting ''Tax return preparer''.

(D) Section 6109(a)(4) is amended—

(i) by striking ''an income tax return preparer'' and inserting ''a tax return preparer'', and

(ii) by striking ''INCOME RETURN PREPARER'' in the heading and inserting ''TAX RETURN PREPARER''.

(E) Section 6503(k)(4) is amended by striking ''Income tax return preparers'' and inserting ''Tax return preparers''.

(F)(i) Section 6694 is amended—

(I) by striking ''**INCOME TAX RETURN PREPARER**'' in the heading and inserting ''**TAX RETURN PREPARER**'',

(II) by striking ''an income tax return preparer'' each place it appears and inserting ''a tax return preparer'',

(III) in subsection (c)(2), by striking ''the income tax return preparer'' and inserting ''the tax return preparer'',

(IV) in subsection (e), by striking ''subtitle A'' and inserting ''this title'', and

(V) in subsection (f), by striking ''income tax return preparer'' and inserting ''tax return preparer''.

(ii) The item relating to section 6694 in the table of sections for part I of subchapter B of chapter 68 is amended by striking ''income tax return preparer'' and inserting ''tax return preparer''.

(G)(i) Section 6695 is amended—

(I) by striking ''**INCOME**'' in the heading, and

(II) by striking ''an income tax return preparer'' each place it appears and inserting ''**A TAX RETURN PREPARER**''.

(ii) Section 6695(f) is amended—

(I) by striking ''subtitle A'' and inserting ''this title'', and

(II) by striking ''the income tax return preparer'' and inserting ''the tax return preparer''.

(iii) The item relating to section 6695 in the table of sections for part I of subchapter B of chapter 68 is amended by striking ''income''.

(H) Section 6696(e) is amended by striking ''subtitle A'' each place it appears and inserting ''this title''.

(I)(i) Section 7407 is amended—

(I) by striking ''**INCOME TAX RETURN PREPARERS**'' in the heading and inserting ''**TAX RETURN PREPARERS**'',

(II) by striking ''an income tax return preparer'' each place it appears and inserting ''a tax return preparer'',

(III) by striking ''income tax preparer'' both places it appears in subsection (a) and inserting ''tax return preparer'', and

(IV) by striking ''income tax return'' in subsection (a) and inserting ''tax return''.

(ii) The item relating to section 7407 in the table of sections for subchapter A of chapter 76 is amended by striking ''income tax return preparers'' and inserting ''tax return preparers''.

(J)(i) Section 7427 is amended—

(I) by striking ''**INCOME TAX RETURN PREPARERS**'' in the heading and inserting ''**TAX RETURN PREPARERS**'', and

(II) by striking ''an income tax return preparer'' and inserting ''a tax return preparer''.

(ii) The item relating to section 7427 in the table of sections for subchapter B of chapter 76 is amended to read as follows:

''Sec. 7427. Tax return preparers.''.

(b) MODIFICATION OF PENALTY FOR UNDERSTATEMENT OF TAXPAYER'S LIABILITY BY TAX RETURN PREPARER.—Subsections (a) and (b) of section 6694 are amended to read as follows:

''(a) UNDERSTATEMENT DUE TO UNREASONABLE POSITIONS.—

''(1) IN GENERAL.—Any tax return preparer who prepares any return or claim for refund with respect to which any part of an understatement of liability is due to a position described in paragraph (2) shall pay a penalty with respect to each such return or claim in an amount equal to the greater of—

''(A) $1,000, or

''(B) 50 percent of the income derived (or to be derived) by the tax return preparer with respect to the return or claim.

''(2) UNREASONABLE POSITION.—A position is described in this paragraph if—

''(A) the tax return preparer knew (or reasonably should have known) of the position,

''(B) there was not a reasonable belief that the position would more likely than not be sustained on its merits, and

''(C)(i) the position was not disclosed as provided in section 6662(d)(2)(B)(ii), or

''(ii) there was no reasonable basis for the position.

''(3) REASONABLE CAUSE EXCEPTION.—No penalty shall be imposed under this subsection if it is shown that there is reasonable cause for the understatement and the tax return preparer acted in good faith.

''(b) UNDERSTATEMENT DUE TO WILLFUL OR RECKLESS CONDUCT.—

''(1) IN GENERAL.—Any tax return preparer who prepares any return or claim for refund with respect to which any part of an understatement of liability is due to a conduct described in paragraph (2) shall pay a penalty with respect to each such return or claim in an amount equal to the greater of—

''(A) $5,000, or

''(B) 50 percent of the income derived (or to be derived) by the tax return preparer with respect to the return or claim.

''(2) WILLFUL OR RECKLESS CONDUCT.—Conduct described in this paragraph is conduct by the tax return preparer which is—

''(A) a willful attempt in any manner to understate the liability for tax on the return or claim, or

''(B) a reckless or intentional disregard of rules or regulations.

''(3) REDUCTION IN PENALTY.—The amount of any penalty payable by any person by reason of this subsection for any return or claim for refund shall be reduced by the amount of the penalty paid by such person by reason of subsection (a).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to returns prepared after the date of the enactment of this Act.

SEC. 552. PENALTY FOR FILING ERRONEOUS REFUND CLAIMS.

(a) IN GENERAL.—Part I of subchapter B of chapter 68 (relating to assessable penalties) is amended by inserting after section 6675 the following new section:

''SEC. 6676. ERRONEOUS CLAIM FOR REFUND OR CREDIT.

''(a) CIVIL PENALTY.—If a claim for refund or credit with respect to income tax (other than a claim for a refund or credit relating to the earned income credit under section 32) is made for an excessive amount, unless it is shown that the claim for such excessive amount has a reasonable basis, the person making such claim shall be liable for a penalty in an amount equal to 20 percent of the excessive amount.

''(b) EXCESSIVE AMOUNT.—For purposes of this section, the term 'excessive amount' means in the case of any person the amount by which the amount of the claim for refund or credit for any taxable year exceeds the amount of such claim allowable under this title for such taxable year.

''(c) COORDINATION WITH OTHER PENALTIES.—This section shall not apply to any portion of the excessive amount of a claim for refund or credit on which a penalty is imposed under part II of subchapter A of chapter 68.''.

(b) CONFORMING AMENDMENT.—The table of sections for part I of subchapter B of chapter 68 is amended by inserting after the item relating to section 6675 the following new item:

''Sec. 6676. Erroneous claim for refund or credit.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to any claim—

(1) filed or submitted after the date of the enactment of this Act, or

(2) filed or submitted prior to such date but not withdrawn before the date which is 30 days after such date of enactment.

SEC. 553. SUSPENSION OF CERTAIN PENALTIES AND INTEREST.

(a) IN GENERAL.—Paragraphs (1)(A) and (3)(A) of section 6404(g) are each amended by striking ''18-month period'' and inserting ''24-month period''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to notices provided by the Secretary of the Treasury, or his delegate after the date which is 6 months after the date of the enactment of this Act.

(2) EXCEPTION FOR CERTAIN TAXPAYERS.—The amendments made by this section shall not apply to any taxpayer with respect to whom a suspension of any interest, penalty, addition to tax, or other amount is in effect on the date which is 6 months after the date of the enactment of this Act.

SEC. 554. ADDITIONAL REASONS FOR SECRETARY TO TERMINATE 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 new subparagraphs:

''(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 paragraph (4) of section 6159(b) 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. 555. 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, with his reasons therefor'' 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, with the reasons therefor''.

(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. 556. AUTHORIZATION FOR FINANCIAL MANAGEMENT SERVICE RETENTION OF TRANSACTION FEES FROM LEVIED AMOUNTS.

(a) IN GENERAL.—Subsection (h) of section 6331 (relating to continuing levy on certain payments) is amended by adding at the end the following new paragraph:

''(4) IMPOSITION OF FINANCIAL MANAGEMENT SERVICES TRANSACTION FEES.—If the Secretary approves a levy under this subsection, the Secretary may impose on the taxpayer a transaction fee sufficient to cover the full cost of implementing the levy under this subsection. Such fee—

''(A) shall be treated as an expense under section 6341,

''(B) may be collected through a levy under this subsection, and

''(C) shall be in addition to the amount of tax liability with respect to which such levy was approved.''.

(b) RETENTION OF FEES BY FINANCIAL MANAGEMENT SERVICE.—The Financial Management Service may retain the amount of any transaction fee imposed under section 6331(h)(4) of the Internal Revenue Code of 1986. Any amount retained by the Financial Management Service under that section shall be deposited into the account of the Department of the Treasury under section 3711(g)(7) of title 31, United States Code.

(c) EFFECTIVE DATE.—The amendment made by this section shall apply to amounts levied after the date of the enactment of this Act.

SEC. 557. AUTHORITY FOR UNDERCOVER OPERATIONS.

Paragraph (6) of section 7608(c) (relating to application of section) is amended by striking ''2007'' both places it appears and inserting ''2008''.

SEC. 558. INCREASE IN PENALTY EXCISE TAXES ON THE POLITICAL AND EXCESS LOBBYING ACTIVITIES OF SECTION 501(c)(3) ORGANIZATIONS.

(a) TAXES ON DISQUALIFYING LOBBYING EXPENDITURES OF CERTAIN ORGANIZATIONS.—

(1) IN GENERAL.—Section 4912(a) (relating to tax on organization) is amended by striking ''5 percent'' and inserting ''10 percent''.

(2) TAX ON MANAGEMENT.—Section 4912(b) is amended by striking ''5 percent'' and inserting ''10 percent''.

(b) TAXES ON POLITICAL EXPENDITURES OF SECTION 501(c)(3) ORGANIZATIONS.—

(1) IN GENERAL.—Section 4955(a) (relating to initial taxes) is amended—

(A) in paragraph (1), by striking ''10 percent'' and inserting ''20 percent'', and

(B) in paragraph (2), by striking ''2½ percent'' and inserting ''5 percent''.

(2) INCREASED LIMITATION FOR MANAGERS.—Section 4955(c)(2) is amended—

(A) by striking ''$5,000'' and inserting ''$10,000'', and

(B) by striking ''$10,000'' and inserting ''$20,000''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 559. INCREASED PENALTY FOR FAILURE TO FILE FOR EXEMPT ORGANIZATIONS.

(a) IN GENERAL.—Subparagraph (A) of section 6652(c)(1) (relating to annual returns under section 6033(a)(1) or 6012(a)(6)) is amended by adding at the end the following new sentence: ''In the case of an organization having gross receipts exceeding $25,000,000 for any year, with respect to the return so required, the first sentence of this subparagraph shall be applied by substituting '$250' for '$20' and, in lieu of applying the second sentence of this subparagraph, the maximum penalty under this subparagraph shall not exceed $125,000.''.

(b) CONFORMING AMENDMENT.—The third sentence of section 6652(c)(1)(A) is amended by inserting ''but not exceeding $25,000,000'' after ''$1,000,000''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to returns required to be filed on or after January 1, 2008.

SEC. 560. PENALTIES FOR FAILURE TO FILE CERTAIN RETURNS ELECTRONICALLY.

(a) IN GENERAL.—Part I of subchapter A of chapter 68 (relating to additions to the tax, additional amounts, and assessable penalties) is amended by inserting after section 6652 the following new section:

''SEC. 6652A. FAILURE TO FILE CERTAIN RETURNS ELECTRONICALLY.

''(a) IN GENERAL.—If a person fails to file a return described in section 6651 or 6652(c)(1) in electronic form as required under section 6011(e)—

''(1) such failure shall be treated as a failure to file such return (even if filed in a form other than electronic form), and

''(2) the penalty imposed under section 6651 or 6652(c), whichever is appropriate, shall be equal to the greater of—

''(A) the amount of the penalty under such section, determined without regard to this section, or

''(B) the amount determined under subsection (b).

''(b) AMOUNT OF PENALTY.—

''(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), the penalty determined under this subsection is equal to $40 for each day during which a failure described under subsection (a) continues. The maximum penalty under this paragraph on failures with respect to any 1 return shall not exceed the lesser of $20,000 or 10 percent of the gross receipts of the taxpayer for the year.

''(2) INCREASED PENALTIES FOR TAXPAYERS WITH GROSS RECEIPTS BETWEEN $1,000,000 AND $100,000,000.—

''(A) TAXPAYERS WITH GROSS RECEIPTS BETWEEN $1,000,000 AND $25,000,000.—In the case of a taxpayer having gross receipts exceeding $1,000,000 but not exceeding $25,000,000 for any year—

''(i) the first sentence of paragraph (1) shall be applied by substituting '$200' for '$40', and

''(ii) in lieu of applying the second sentence of paragraph (1), the maximum penalty under paragraph (1) shall not exceed $100,000.

''(B) TAXPAYERS WITH GROSS RECEIPTS OVER $25,000,000.—Except as provided in paragraph (3), in the case of a taxpayer having gross receipts exceeding $25,000,000 for any year—

''(i) the first sentence of paragraph (1) shall be applied by substituting '$500' for '$40', and

''(ii) in lieu of applying the second sentence of paragraph (1), the maximum penalty under paragraph (1) shall not exceed $250,000.

''(3) INCREASED PENALTIES FOR CERTAIN TAXPAYERS WITH GROSS RECEIPTS EXCEEDING $100,000,000.—In the case of a return described in section 6651—

''(A) TAXPAYERS WITH GROSS RECEIPTS BETWEEN $100,000,000 AND $250,000,000.—In the case of a taxpayer having gross receipts exceeding $100,000,000 but not exceeding $250,000,000 for any year—

''(i) the amount of the penalty determined under this subsection shall equal the sum of—

''(I) $50,000, plus

''(II) $1,000 for each day during which such failure continues (twice such amount for each day such failure continues after the first such 60 days), and

''(ii) the maximum amount under clause (i)(II) on failures with respect to any 1 return shall not exceed $200,000.

''(B) TAXPAYERS WITH GROSS RECEIPTS OVER $250,000,000.—In the case of a taxpayer having gross receipts exceeding $250,000,000 for any year—

''(i) the amount of the penalty determined under this subsection shall equal the sum of—

''(I) $250,000, plus

''(II) $2,500 for each day during which such failure continues (twice such amount for each day such failure continues after the first such 60 days), and

''(ii) the maximum amount under clause (i)(II) on failures with respect to any 1 return shall not exceed $250,000.

''(C) EXCEPTION FOR CERTAIN RETURNS.—Subparagraphs (A) and (B) shall not apply to any return of tax imposed under section 512.''.

(b) CLERICAL AMENDMENT.—The table of sections for part I of subchapter A of chapter 68 is amended by inserting after the item relating to section 6652 the following new item:

''Sec. 6652A. Failure to file certain returns electronically.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to returns required to be filed on or after January 1, 2008.

PART III—GENERAL PROVISIONS

SEC. 561. ENHANCED COMPLIANCE ASSISTANCE FOR SMALL BUSINESSES.

(a) IN GENERAL.—Section 212 of the Small Business Regulatory Enforcement Fairness Act of 1996 (5 U.S.C. 601 note) is amended by striking subsection (a) and inserting the following:

''(a) COMPLIANCE GUIDE.—

''(1) IN GENERAL.—For each rule or group of related rules for which an agency is required to prepare a final regulatory flexibility analysis under section 605(b) of title 5, United States Code, the agency shall publish 1 or more guides to assist small entities in complying with the rule and shall entitle such publications 'small entity compliance guides'.

''(2) PUBLICATION OF GUIDES.—The publication of each guide under this subsection shall include—

''(A) the posting of the guide in an easily identified location on the website of the agency; and

''(B) distribution of the guide to known industry contacts, such as small entities, associations, or industry leaders affected by the rule.

''(3) PUBLICATION DATE.—An agency shall publish each guide (including the posting and distribution of the guide as described under paragraph (2))—

''(A) on the same date as the date of publication of the final rule (or as soon as possible after that date); and

''(B) not later than the date on which the requirements of that rule become effective.

''(4) COMPLIANCE ACTIONS.—

''(A) IN GENERAL.—Each guide shall explain the actions a small entity is required to take to comply with a rule.

''(B) EXPLANATION.—The explanation under subparagraph (A)—

''(i) shall include a description of actions needed to meet the requirements of a rule, to enable a small entity to know when such requirements are met; and

''(ii) if determined appropriate by the agency, may include a description of possible procedures, such as conducting tests, that may assist a small entity in meeting such requirements, except that, compliance with any procedures described pursuant to this section does not establish compliance with the rule, or establish a presumption or inference of such compliance.

''(C) PROCEDURES.—Procedures described under subparagraph (B)(ii)—

''(i) shall be suggestions to assist small entities; and

''(ii) shall not be additional requirements, or diminish requirements, relating to the rule.

''(5) AGENCY PREPARATION OF GUIDES.—The agency shall, in its sole discretion, taking into account the subject matter of the rule and the language of relevant statutes, ensure that the guide is written using sufficiently plain language likely to be understood by affected small entities. Agencies may prepare separate guides covering groups or classes of similarly affected small entities and may cooperate with associations of small entities to develop and distribute such guides. An agency may prepare guides and apply this section with respect to a rule or a group of related rules.

''(6) REPORTING.—Not later than 1 year after the date of enactment of the Fair Minimum Wage Act of 2007, and annually thereafter, the head of each agency shall submit a report to the Committee on Small Business and Entrepreneurship of the Senate, the Committee on Small Business of the House of Representatives, and any other committee of relevant jurisdiction describing the status of the agency's compliance with paragraphs (1) through (5).''.

(b) TECHNICAL AND CONFORMING AMENDMENT.—Section 211(3) of the Small Business Regulatory Enforcement Fairness Act of 1996 (5 U.S.C. 601 note) is amended by inserting ''and entitled'' after ''designated''.

SEC. 562. SMALL BUSINESS CHILD CARE GRANT PROGRAM.

(a) ESTABLISHMENT.—The Secretary of Health and Human Services (referred to in this section as the ''Secretary'') shall establish a program to award grants to States, on a competitive basis, to assist States in providing funds to encourage the establishment and operation of employer-operated child care programs.

(b) APPLICATION.—To be eligible to receive a grant under this section, a State shall prepare and submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary may require, including an assurance that the funds required under subsection (e) will be provided.

(c) AMOUNT AND PERIOD OF GRANT.—The Secretary shall determine the amount of a grant to a State under this section based on the population of the State as compared to the population of all States receiving grants under this section. The Secretary shall make the grant for a period of 3 years.

(d) USE OF FUNDS.—

(1) IN GENERAL.—A State shall use amounts provided under a grant awarded under this section to provide assistance to small businesses (or consortia formed in accordance with paragraph (3)) located in the State to enable the small businesses (or consortia) to establish and operate child care programs. Such assistance may include—

(A) technical assistance in the establishment of a child care program;

(B) assistance for the startup costs related to a child care program;

(C) assistance for the training of child care providers;

(D) scholarships for low-income wage earners;

(E) the provision of services to care for sick children or to provide care to school-aged children;

(F) the entering into of contracts with local resource and referral organizations or local health departments;

(G) assistance for care for children with disabilities;

(H) payment of expenses for renovation or operation of a child care facility; or

(I) assistance for any other activity determined appropriate by the State.

(2) APPLICATION.—In order for a small business or consortium to be eligible to receive assistance from a State under this section, the small business involved shall prepare and submit to the State an application at such time, in such manner, and containing such information as the State may require.

(3) PREFERENCE.—

(A) IN GENERAL.—In providing assistance under this section, a State shall give priority to an applicant that desires to form a consortium to provide child care in a geographic area within the State where such care is not generally available or accessible.

(B) CONSORTIUM.—For purposes of subparagraph (A), a consortium shall be made up of 2 or more entities that shall include small businesses and that may include large businesses, nonprofit agencies or organizations, local governments, or other appropriate entities.

(4) LIMITATIONS.—With respect to grant funds received under this section, a State may not provide in excess of $500,000 in assistance from such funds to any single applicant.

(e) MATCHING REQUIREMENT.—To be eligible to receive a grant under this section, a State shall provide assurances to the Secretary that, with respect to the costs to be incurred by a covered entity receiving assistance in carrying out activities under this section, the covered entity will make available (directly or through donations from public or private entities) non-Federal contributions to such costs in an amount equal to—

(1) for the first fiscal year in which the covered entity receives such assistance, not less than 50 percent of such costs ($1 for each $1 of assistance provided to the covered entity under the grant);

(2) for the second fiscal year in which the covered entity receives such assistance, not less than 66⅔ percent of such costs ($2 for each $1 of assistance provided to the covered entity under the grant); and

(3) for the third fiscal year in which the covered entity receives such assistance, not less than 75 percent of such costs ($3 for each $1 of assistance provided to the covered entity under the grant).

(f) REQUIREMENTS OF PROVIDERS.—To be eligible to receive assistance under a grant awarded under this section, a child care provider—

(1) who receives assistance from a State shall comply with all applicable State and local licensing and regulatory requirements and all applicable health and safety standards in effect in the State; and

(2) who receives assistance from an Indian tribe or tribal organization shall comply with all applicable regulatory standards.

(g) STATE-LEVEL ACTIVITIES.—A State may not retain more than 3 percent of the amount described in subsection (c) for State administration and other State-level activities.

(h) ADMINISTRATION.—

(1) STATE RESPONSIBILITY.—A State shall have responsibility for administering a grant awarded for the State under this section and for monitoring covered entities that receive assistance under such grant.

(2) AUDITS.—A State shall require each covered entity receiving assistance under the grant awarded under this section to conduct an annual audit with respect to the activities of the covered entity. Such audits shall be submitted to the State.

(3) MISUSE OF FUNDS.—

(A) REPAYMENT.—If the State determines, through an audit or otherwise, that a covered entity receiving assistance under a grant awarded under this section has misused the assistance, the State shall notify the Secretary of the misuse. The Secretary, upon such a notification, may seek from such a covered entity the repayment of an amount equal to the amount of any such misused assistance plus interest.

(B) APPEALS PROCESS.—The Secretary shall by regulation provide for an appeals process with respect to repayments under this paragraph.

(i) REPORTING REQUIREMENTS.—

(1) 2-YEAR STUDY.—

(A) IN GENERAL.—Not later than 2 years after the date on which the Secretary first awards grants under this section, the Secretary shall conduct a study to determine—

(i) the capacity of covered entities to meet the child care needs of communities within States;

(ii) the kinds of consortia that are being formed with respect to child care at the local level to carry out programs funded under this section; and

(iii) who is using the programs funded under this section and the income levels of such individuals.

(B) REPORT.—Not later than 28 months after the date on which the Secretary first awards grants under this section, the Secretary shall prepare and submit to the appropriate committees of Congress a report on the results of the study conducted in accordance with subparagraph (A).

(2) 4-YEAR STUDY.—

(A) IN GENERAL.—Not later than 4 years after the date on which the Secretary first awards grants under this section, the Secretary shall conduct a study to determine the number of child care facilities that are funded through covered entities that received assistance through a grant awarded under this section and that remain in operation, and the extent to which such facilities are meeting the child care needs of the individuals served by such facilities.

(B) REPORT.—Not later than 52 months after the date on which the Secretary first awards grants under this section, the Secretary shall prepare and submit to the appropriate committees of Congress a report on the results of the study conducted in accordance with subparagraph (A).

(j) DEFINITIONS.—In this section:

(1) COVERED ENTITY.—The term ''covered entity'' means a small business or a consortium formed in accordance with subsection (d)(3).

(2) INDIAN COMMUNITY.—The term ''Indian community'' means a community served by an Indian tribe or tribal organization.

(3) INDIAN TRIBE; TRIBAL ORGANIZATION.—The terms ''Indian tribe'' and ''tribal organization'' have the meanings given the terms in section 658P of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858n).

(4) SMALL BUSINESS.—The term ''small business'' means an employer who employed an average of at least 2 but not more than 50 employees on the business days during the preceding calendar year.

(5) STATE.—The term ''State'' has the meaning given the term in section 658P of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858n).

(k) APPLICATION TO INDIAN TRIBES AND TRIBAL ORGANIZATIONS.—In this section:

(1) IN GENERAL.—Except as provided in subsection (f)(1), and in paragraphs (2) and (3), the term ''State'' includes an Indian tribe or tribal organization.

(2) GEOGRAPHIC REFERENCES.—The term ''State'' includes an Indian community in subsections (c) (the second and third place the term appears), (d)(1) (the second place the term appears), (d)(3)(A) (the second place the term appears), and (i)(1)(A)(i).

(3) STATE-LEVEL ACTIVITIES.—The term ''State-level activities'' includes activities at the tribal level.

(l) AUTHORIZATION OF APPROPRIATIONS.—

(1) IN GENERAL.—There is authorized to be appropriated to carry out this section, $50,000,000 for the period of fiscal years 2008 through 2012.

(2) STUDIES AND ADMINISTRATION.—With respect to the total amount appropriated for such period in accordance with this subsection, not more than $2,500,000 of that amount may be used for expenditures related to conducting studies required under, and the administration of, this section.

(m) TERMINATION OF PROGRAM.—The program established under subsection (a) shall terminate on September 30, 2012.

SEC. 563. STUDY OF UNIVERSAL USE OF ADVANCE PAYMENT OF EARNED INCOME CREDIT.

Not later than 180 days after the date of the enactment of this Act, the Secretary of the Treasury shall report to Congress on a study of the benefits, costs, risks, and barriers to workers and to businesses (with a special emphasis on small businesses) if the advance earned income tax credit program (under section 3507 of the Internal Revenue Code of 1986) included all recipients of the earned income tax credit (under section 32 of such Code) and what steps would be necessary to implement such inclusion.

SEC. 564. SENSE OF THE SENATE CONCERNING PERSONAL SAVINGS.

(a) FINDINGS.—The Senate finds that—

(1) the personal saving rate in the United States is at its lowest point since the Great Depression, with the rate having fallen into negative territory;

(2) the United States ranks at the bottom of the Group of Twenty (G–20) nations in terms of net national saving rate;

(3) approximately half of all the working people of the United States work for an employer that does not offer any kind of retirement plan;

(4) existing savings policies enacted by Congress provide limited incentives to save for low- and moderate-income families; and

(5) the Social Security program was enacted to serve as the safest component of a retirement system that also includes employer-sponsored retirement plans and personal savings.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that—

(1) Congress should enact policies that promote savings vehicles for retirement that are simple, easily accessible and provide adequate financial security for all the people of the United States;

(2) it is important to begin retirement saving as early as possible to take full advantage of the power of compound interest; and

(3) regularly contributing money to a financially-sound investment account is one important method for helping to achieve one's retirement goals.

SEC. 565. RENEWAL GRANTS FOR WOMEN'S BUSINESS CENTERS.

(a) IN GENERAL.—Section 29 of the Small Business Act (15 U.S.C. 656) is amended by adding at the end the following:

''(m) CONTINUED FUNDING FOR CENTERS.—

''(1) IN GENERAL.—A nonprofit organization described in paragraph (2) shall be eligible to receive, subject to paragraph (3), a 3-year grant under this subsection.

''(2) APPLICABILITY.—A nonprofit organization described in this paragraph is a nonprofit organization that has received funding under subsection (b) or (l).

''(3) APPLICATION AND APPROVAL CRITERIA.—

''(A) CRITERIA.—Subject to subparagraph (B), the Administrator shall develop and publish criteria for the consideration and approval of applications by nonprofit organizations under this subsection.

''(B) CONTENTS.—Except as otherwise provided in this subsection, the conditions for participation in the grant program under this subsection shall be the same as the conditions for participation in the program under subsection (l), as in effect on the date of enactment of this Act.

''(C) NOTIFICATION.—Not later than 60 days after the date of the deadline to submit applications for each fiscal year, the Administrator shall approve or deny any application under this subsection and notify the applicant for each such application.

''(4) AWARD OF GRANTS.—

''(A) IN GENERAL.—Subject to the availability of appropriations, the Administrator shall make a grant for the Federal share of the cost of activities described in the application to each applicant approved under this subsection.

''(B) AMOUNT.—A grant under this subsection shall be for not more than $150,000, for each year of that grant.

''(C) FEDERAL SHARE.—The Federal share under this subsection shall be not more than 50 percent.

''(D) PRIORITY.—In allocating funds made available for grants under this section, the Administrator shall give applications under this subsection or subsection (l) priority over first-time applications under subsection (b).

''(5) RENEWAL.—

''(A) IN GENERAL.—The Administrator may renew a grant under this subsection for additional 3-year periods, if the nonprofit organization submits an application for such renewal at such time, in such manner, and accompanied by such information as the Administrator may establish.

''(B) UNLIMITED RENEWALS.—There shall be no limitation on the number of times a grant may be renewed under subparagraph (A).

''(n) PRIVACY REQUIREMENTS.—

''(1) IN GENERAL.—A women's business center may not disclose the name, address, or telephone number of any individual or small business concern receiving assistance under this section without the consent of such individual or small business concern, unless—

''(A) the Administrator is ordered to make such a disclosure by a court in any civil or criminal enforcement action initiated by a Federal or State agency; or

''(B) the Administrator considers such a disclosure to be necessary for the purpose of conducting a financial audit of a women's business center, but a disclosure under this subparagraph shall be limited to the information necessary for such audit.

''(2) ADMINISTRATION USE OF INFORMATION.—This subsection shall not—

''(A) restrict Administration access to program activity data; or

''(B) prevent the Administration from using client information (other than the information described in subparagraph (A)) to conduct client surveys.

''(3) REGULATIONS.—The Administrator shall issue regulations to establish standards for requiring disclosures during a financial audit under paragraph (1)(B).''.

(b) REPEAL.—Section 29(l) of the Small Business Act (15 U.S.C. 656(l)) is repealed effective October 1 of the first full fiscal year after the date of enactment of this Act.

(c) TRANSITIONAL RULE.—Notwithstanding any other provision of law, a grant or cooperative agreement that was awarded under subsection (l) of section 29 of the Small Business Act (15 U.S.C. 656), on or before the day before the date described in subsection (b) of this section, shall remain in full force and effect under the terms, and for the duration, of such grant or agreement.

SEC. 566. REPORTS ON ACQUISITIONS OF ARTICLES, MATERIALS, AND SUPPLIES MANUFACTURED OUTSIDE THE UNITED STATES.

Section 2 of the Buy American Act (41 U.S.C. 10a) is amended—

(1) by striking ''Notwithstanding'' and inserting the following:

''(a) IN GENERAL.—Notwithstanding''; and

(2) by adding at the end the following:

''(b) REPORTS.—

''(1) IN GENERAL.—Not later than 180 days after the end of each of fiscal years 2007 through 2011, the head of each Federal agency shall submit to the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Oversight and Government Reform of the House of Representatives a report on the amount of the acquisitions made by the agency in that fiscal year of articles, materials, or supplies purchased from entities that manufacture the articles, materials, or supplies outside of the United States.

''(2) CONTENTS OF REPORT.—The report required by paragraph (1) shall separately include, for the fiscal year covered by such report—

''(A) the dollar value of any articles, materials, or supplies that were manufactured outside the United States;

''(B) an itemized list of all waivers granted with respect to such articles, materials, or supplies under this Act, and a citation to the treaty, international agreement, or other law under which each waiver was granted;

''(C) if any articles, materials, or supplies were acquired from entities that manufacture articles, materials, or supplies outside the United States, the specific exception under this section that was used to purchase such articles, materials, or supplies; and

''(D) a summary of—

''(i) the total procurement funds expended on articles, materials, and supplies manufactured inside the United States; and

''(ii) the total procurement funds expended on articles, materials, and supplies manufactured outside the United States.

''(3) PUBLIC AVAILABILITY.—The head of each Federal agency submitting a report under paragraph (1) shall make the report publicly available to the maximum extent practicable.

''(4) EXCEPTION FOR INTELLIGENCE COMMUNITY.—This subsection shall not apply to acquisitions made by an agency, or component thereof, that is an element of the intelligence community as specified in, or designated under, section 3(4) of the National Security Act of 1947 (50 U.S.C. 401a(4)).''.

SEC. 567. SENSE OF THE SENATE REGARDING REPEAL OF 1993 INCOME TAX INCREASE ON SOCIAL SECURITY BENEFITS.

It is the sense of the Senate that Congress should repeal the 1993 tax increase on Social Security benefits and eliminate wasteful spending, such as spending on unnecessary tax loopholes, in order to fully offset the cost of such repeal and avoid forcing taxpayers to pay substantially more interest to foreign creditors.

SEC. 568. SENSE OF THE SENATE REGARDING PERMANENT TAX INCENTIVES TO MAKE EDUCATION MORE AFFORDABLE AND MORE ACCESSIBLE FOR AMERICAN FAMILIES.

It is the sense of the Senate that Congress should make permanent the tax incentives to make education more affordable and more accessible for American families and eliminate wasteful spending, such as spending on unnecessary tax loopholes, in order to fully offset the cost of such incentives and avoid forcing taxpayers to pay substantially more interest to foreign creditors.

SEC. 569. RESPONSIBLE GOVERNMENT CONTRACTOR REQUIREMENTS.

Section 274A(e) of the Immigration and Nationality Act (8 U.S.C. 1324a(e)) is amended by adding at the end the following new paragraph:

''(10) PROHIBITION ON AWARD OF GOVERNMENT CONTRACTS, GRANTS, AND AGREEMENTS.—

''(A) EMPLOYERS WITH NO CONTRACTS, GRANTS, OR AGREEMENTS.—

''(i) IN GENERAL.—Subject to clause (iii) and subparagraph (C), if an employer who does not hold a Federal contract, grant, or cooperative agreement is determined to have violated this section, the employer shall be debarred from the receipt of a Federal contract, grant, or cooperative agreement for a period of 7 years.

''(ii) PLACEMENT ON EXCLUDED LIST.—The Secretary of Homeland Security or the Attorney General shall advise the Administrator of General Services of the debarment

of an employer under clause (i) and the Administrator of General Services shall list the employer on the List of Parties Excluded from Federal Procurement and Nonprocurement Programs for a period of 7 years.

''(iii) WAIVER.—

''(I) AUTHORITY.—The Administrator of General Services, in consultation with the Secretary of Homeland Security and the Attorney General, may waive operation of clause (i) or may limit the duration or scope of a debarment under clause (i) if such waiver or limitation is necessary to national defense or in the interest of national security.

''(II) NOTIFICATION TO CONGRESS.—If the Administrator grants a waiver or limitation described in subclause (I), the Administrator shall submit to each member of the Committee on the Judiciary of the Senate and of the Committee on the Judiciary of the House of Representatives immediate notice of such waiver or limitation.

''(III) PROHIBITION ON JUDICIAL REVIEW.—The decision of whether to debar or take alternative action under this clause shall not be judicially reviewed.

''(B) EMPLOYERS WITH CONTRACTS, GRANTS, OR AGREEMENTS.—

''(i) IN GENERAL.—Subject to clause (iii) and subclause (C), an employer who holds a Federal contract, grant, or cooperative agreement and is determined to have violated this section shall be debarred from the receipt of new Federal contracts, grants, or cooperative agreements for a period of 10 years.

''(ii) NOTICE TO AGENCIES.—Prior to debarring the employer under clause (i), the Secretary of Homeland Security, in cooperation with the Administrator of General Services, shall advise any agency or department holding a contract, grant, or cooperative agreement with the employer of the Government's intention to debar the employer from the receipt of new Federal contracts, grants, or cooperative agreements for a period of 10 years.

''(iii) WAIVER.—

''(I) AUTHORITY.—After consideration of the views of any agency or department that holds a contract, grant, or cooperative agreement with the employer, the Administrator of General Services, in consultation with the Secretary of Homeland Security and the Attorney General, may waive operation of clause (i) or may limit the duration or scope of the debarment under clause (i) if such waiver or limitation is necessary to the national defense or in the interest of national security.

''(II) NOTIFICATION TO CONGRESS.—If the Administrator grants a waiver or limitation described in subclause (I), the Administrator shall submit to each member of the Committee on the Judiciary of the Senate and of the Committee on the Judiciary of the House of Representatives immediate notice of such waiver or limitation.

''(III) PROHIBITION ON JUDICIAL REVIEW.—The decision of whether to debar or take alternate action under this clause shall not be judicially reviewed.

''(C) EXEMPTION FROM PENALTY FOR EMPLOYERS PARTICIPATING IN THE BASIC PILOT PROGRAM.—In the case of imposition on an employer of a debarment from the receipt of a Federal contract, grant, or cooperative agreement under subparagraph (A) or (B), that penalty shall be waived if the employer establishes that the employer was voluntarily participating in the basic pilot program under section 403(a) of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (8 U.S.C. 1324a note) at the time of the violations of this section that resulted in the debarment.''.

SA 659. Mr. DORGAN submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the end of subtitle F of title IV, add the following:

SEC. 4___. APPLICABILITY OF COUNTRY OF ORIGIN LABELING REQUIREMENTS.

Section 285 of the Agricultural Marketing Act of 1946 (7 U.S.C. 1638d) is amended by striking ''September 30, 2008'' and inserting ''September 30, 2007''.

SA 660. Mrs. BOXER submitted an amendment intended to be proposed by her to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ___. MAN-PORTABLE AIR DEFENSE SYSTEMS.

(a) IN GENERAL.—Notwithstanding any other provision of law, the Secretary of State may authorize the use of counter-MANPADS equipment to protect the civil reserve air fleet if the Secretary determines that—

(1) such use is in the national security or foreign policy interests of the United States; and

(2) sufficient safeguards are in place to ensure that the technology relating to such use is not diverted or compromised.

(b) DEFINITION OF MANPADS.—In this section, the term ''MANPADS'' means—

(1) a surface-to-air missile system designed to be man-portable and carried and fired by a single individual; and

(2) any other surface-to-air missile system designed to be operated and fired by more than one individual acting as a crew and portable by several individuals.

(c) REGULATIONS.—The Secretary of State shall, in consultation with the Secretary of Commerce, promulgate regulations to carry out the section.

SA 661. Mr. KOHL (for himself, Ms. SNOWE, Mr. FEINGOLD, and Ms. LANDRIEU) submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the end of chapter 10 of title III, add the following:

SEC. 4004. With respect to any funds made available under this or any other Act for the operation, capital improvement, or management of public housing as authorized under sections 9(d) and 9(e) of the United States Housing Act of 1937 (42 U.S.C. 1437g(d) and (e)), the Secretary of Housing and Urban Development shall not impose any requirement or guideline relating to asset management that restricts or limits in any way the use of capital funds for central office costs pursuant to section 9(g)(1) or 9(g)(2) of such Act (42 U.S.C. 1437g(g)(1),(2)).

SA 662. Mr. DOMENICI submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 37, between lines 10 and 11, insert the following:

INTERNATIONAL COMMISSIONS

INTERNATIONAL BOUNDARY AND WATER COMMISSION, UNITED STATES AND MEXICO

For an additional amount for the ''International Boundary and Water Commission, United States and Mexico'', $21,700,000, to remain available until expended: *Provided*, That of the funds appropriated under this heading, not less than $11,700,000 shall be made available for sediment removal and construction associated with the Rio Grande Canalization project in Doña Ana County, New Mexico: *Provided further*, That of the funds appropriated under this heading, not less than $10,000,000 shall be made available for sediment removal associated with the Rio Grande Flood Control System Rehabilitation project in El Paso County, Texas.

SA 663. Ms. STABENOW (for herself and Mr. LEVIN) submitted an amendment intended to be proposed by her to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 60, strike lines 21 and 22 and insert the following: ''the 2005 season, $18,590,000, to remain available until expended, of which $15,590,000 shall be for emergency repairs to breakwaters and dredging of commerical and shallow draft harbors in the Detroit District.''

SA 664. Mr. OBAMA (for himself, Mrs. MCCASKILL, Ms. MIKULSKI, Mr. HARKIN, Mr. KERRY, Ms. CANTWELL, Mr. BIDEN, Mr. BINGAMAN, Mr. CASEY, Mr. DURBIN, Mr. BAUCUS, Ms. LANDRIEU, and Mr. LEAHY) submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; as follows:

At the end of chapter 3 of title I, add the following:

SEC. 1316. ADDITIONAL AMOUNT FOR DEFENSE HEALTH PROGRAM FOR ADDITIONAL MENTAL HEALTH AND RELATED PERSONNEL.

The amount appropriated or otherwise made available by this chapter under the heading ''DEFENSE HEALTH PROGRAM'' is hereby increased by $58,000,000, with the amount of the increase to be available for additional caseworkers at military medical treatment facilities and other military facilities housing patients to participate in, enhance, and assist the Physical Disability Evaluation System (PDES) process, and for additional mental health and mental crisis counselors at military medical treatment facilities and other military facilities housing patients for services for members of the Armed Forces and their families.

SEC. 1317. ADDITIONAL AMOUNTS FOR OPERATION AND MAINTENANCE FOR THE MILITARY DEPARTMENTS FOR IMPROVED PHYSICAL DISABILITY EVALUATIONS OF MEMBERS OF THE ARMED FORCES.

(a) ADDITIONAL AMOUNT FOR OPERATION AND MAINTENANCE, ARMY.—The amount appropriated or otherwise made available by this chapter under the heading ''OPERATION AND MAINTENANCE, ARMY'' is hereby increased by $10,000,000, with the amount of the increase to be available in accordance with subsection (d).

(b) ADDITIONAL AMOUNTS FOR OPERATION AND MAINTENANCE FOR DEPARTMENT OF THE

NAVY.—The aggregate amount appropriated or otherwise made available by this chapter under the headings ''OPERATION AND MAINTENANCE, NAVY'' and ''OPERATION AND MAINTENANCE, MARINE CORPS'' is hereby increased by $10,000,000, with the amount of the increase to be available in accordance with subsection (d).

(c) ADDITIONAL AMOUNT FOR OPERATION AND MAINTENANCE, AIR FORCE.—The amount appropriated or otherwise made available by this _chapter under the heading ''OPERATION AND MAINTENANCE, AIR FORCE'' is hereby increased by $10,000,000, with the amount of the increase to be available in accordance with subsection (d).

(d) INTERNET ACCESS TO PHYSICAL DISABILITY EVALUATIONS OF MEMBERS OF THE ARMED FORCES.—

(1) IN GENERAL.—Each Secretary of a military department shall, utilizing amounts appropriated by the applicable subsection of this section, develop and implement an Internet website to permit members of the Armed Forces who are subject to the Physical Disability Evaluation system of such military department to participate in such system through the Internet.

(2) ELEMENTS.—Each Internet website under paragraph (1) shall include the following:

(A) The availability of any forms required for the utilization of the physical disability evaluation system concerned by members of the Armed Forces who are subject to such system.

(B) Secure mechanisms for the submission of forms described in subparagraph (A) by members of the Armed Forces described in that subparagraph, and for the tracking by such members of the acceptance and review of any forms so submitted.

(C) Secure mechanisms for advising members of the Armed Forces described in subparagraph (A) of any additional information, forms, or other items that are required for the acceptance and review of any forms so submitted.

(D) The continuous availability of assistance for members of the Armed Forces described in subparagraph (A), including assistance through the caseworkers assigned to such members, in submitting and tracking forms, including assistance in obtaining information, forms, or other items described by subparagraph (C).

SEC. 1318. ADDITIONAL AMOUNT FOR DEFENSE HEALTH PROGRAM FOR WOMEN'S MENTAL HEALTH SERVICES.

The amount appropriated or otherwise made available by this chapter under the heading ''DEFENSE HEALTH PROGRAM'' is hereby increased by $15,000,000, with the amount of the increase to be available for the development and implementation of a women's mental health treatment program for women members of the Armed Forces to help screen and treat women members of the Armed Forces, including services and treatment for women who have experienced post-traumatic stress disorder and services and treatment for women who have experienced sexual assault or abuse, which services shall include the hiring and training of sexual abuse crisis counselors for members of the Armed Forces who have experienced sexual abuse or assault.

SEC. 1319. STUDY ON MENTAL HEALTH AND READJUSTMENT NEEDS OF MEMBERS AND FORMER MEMBERS OF THE ARMED FORCES WHO DEPLOYED IN OPERATION IRAQI FREEDOM AND OPERATION ENDURING FREEDOM AND THEIR FAMILIES.

(a) IN GENERAL.—Using amounts appropriated or otherwise made available by this chapter under the heading ''DEFENSE HEALTH PROGRAM'', the Secretary of Defense shall, in consultation with the Secretary of Veterans Affairs, enter into an agreement with the National Academy of Sciences for a study on the mental health and readjustment needs of members and former members of the Armed Forces who deployed in Operation Iraqi Freedom or Operation Enduring Freedom and their families as a result of such deployment.

(b) PHASES.—The study required under subsection (a) shall consist of two phases:

(1) A preliminary phase, to be completed not later than 180 days after the date of the enactment of this Act, to determine the parameters of the final phase of the study under paragraph (2).

(2) A second phase, to be completed not later than two years after the date of the enactment of this Act, to carry out a comprehensive assessment, in accordance with the parameters identified under paragraph (1), of the mental health and readjustment needs of members and former members of the Armed Forces who deployed in Operation Iraqi Freedom or Operation Enduring Freedom and their families as a result of such deployment.

(c) REPORTS.—The Secretary of Defense shall submit to Congress, and make available to the public, a comprehensive report on each phase of the study required under subsection (a) not later than 30 days after the date of the completion of such phase of the study.

SA 665. Mr. REED submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 62, line 18, insert before the period at the end the following: '': *Provided further*, That the Secretary of the Army, acting through the Chief of Engineers, shall use not more than $3,250,000 of the amounts made available under this heading to rehabilitate the flood damage reduction project, Woonsocket, Rhode Island to federal levee standards.

SA 666. Mrs. CLINTON submitted an amendment intended to be proposed by her to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the end of chapter 5 of title I, add the following:

SEC. 1503. LINKING OF AWARD FEES UNDER DEPARTMENT OF HOMELAND SECURITY CONTRACTS TO SUCCESSFUL ACQUISITION OUTCOMES.

The Secretary of Homeland Security shall require that all contracts of the Department of Homeland Security that provide award fees link such fees to successful acquisition outcomes (which outcomes shall be specified in terms of cost, schedule, and performance).

SA 667. Mrs. CLINTON (for herself and Mr. FEINGOLD) submitted an amendment intended to be proposed by her to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ___. REPORT ON SUPPORTING THE RESTORATION OF DEMOCRATIC RULE IN ZIMBABWE.

(a) IN GENERAL.—Not later than 90 days after the date of the enactment of this Act, the Secretary of State shall submit to Congress a report detailing a comprehensive plan for supporting and assisting the people of Zimbabwe in their efforts to restore democratic rule.

(b) CONSULTATION.—The Secretary of State shall develop the plan described in subsection (a) in consultation with—

(1) the United Nations;

(2) the African Union;

(3) the Southern African Development Community;

(4) other multilateral organizations; and

(5) interested States.

SA 668. Mrs. CLINTON submitted an amendment intended to be proposed by her to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the end of chapter 3 of title I, add the following:

SEC. 1316. LINKING OF AWARD FEES UNDER DEPARTMENT OF DEFENSE CONTRACTS TO SUCCESSFUL ACQUISITION OUTCOMES.

The Secretary of Defense shall require that all contracts of the Department of Defense that provide award fees link such fees to successful acquisition outcomes (which outcomes shall be specified in terms of cost, schedule, and performance).

SA 669. Mr. LIEBERMAN (for himself, Mrs. BOXER, Mr. KENNEDY, Mrs. CLINTON, Ms. CANTWELL, Mr. AKAKA, Mr. BIDEN, Ms. LANDRIEU, and Mr. MENENDEZ) submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the end of chapter 3 of title I, add the following:

SEC. 1316. ADDITIONAL AMOUNT FOR DEFENSE HEALTH PROGRAM FOR ENHANCED ACTIVITIES OF THE DEFENSE AND VETERANS BRAIN INJURY CENTER.

The amount appropriated or otherwise made available by this chapter under the heading ''DEFENSE HEALTH PROGRAM'' is hereby increased by $17,000,000, with the amount of the increase to be available for the Defense and Veterans Brain Injury Center (DVBIC) for activities as follows:

(1) To provide care to members of the Armed Forces with traumatic brain injury at sites of the Defense and Veterans Brain Injury Center.

(2) To develop best practices on diagnosis and short-term and long-term medical care for traumatic brain injury and disseminate such practices to medical treatment facilities and centers of the Department of Defense and the Department of Veterans Affairs.

(3) To conduct outreach and education to families of members of the Armed Forces and veterans who are affected by traumatic brain injury.

(4) To investigate promising preventive interventions and early interventions (including behavioral and pharmacological treatments) to mitigate the impact of traumatic brain injury.

SA 670. Mr. LUGAR submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30,

2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 56, after line 18, insert the following:

CIVILIAN RESERVE CORPS

SEC. 1713. Of the funds appropriated by this chapter under the heading ''ECONOMIC SUPPORT FUND'' and available for Iraq and Afghanistan, up to $50,000,000 may be made available to establish and maintain a civilian reserve corps. Funds made available under this section shall be subject to the regular notification procedures of the Committees on Appropriations.

SA 671. Mr. DOMENICI submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

Strike section 413.

SA 672. Mr. CRAIG submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

Beginning on page 89, line 8, strike ''available until expended,'' and all that follows through ''that within 30 days'' on page 90, line 15, and insert ''available until expended.

MEDICAL ADMINISTRATION

For an additional amount for ''Medical Administration'', $250,000,000, to remain available until expended.

MEDICAL FACILITIES

For an additional amount for ''Medical Facilities'', $595,000,000, to remain avialable until expended, of which $45,000,000 shall be used for facility and equipment upgrades at the Department of Veterans Affairs polytrauma rehabilitation centers and the polytrauma network sites: *Provided*, That within 30 days

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SA 673. Mr. HAGEL (for himself, Mr. HARKIN, Mr. GRASSLEY, and Mr. DURBIN) submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the end of chapter 9 of title II, add the following:

SEC. 2904. PAYMENT OF DEATH GRATUITY WITH RESPECT TO MEMBERS OF THE ARMED FORCES WITHOUT A SURVIVING SPOUSE WHO ARE SURVIVED BY A MINOR CHILD.

Section 1477 of title 10, United States Code, is amended—

(1) in subsection (a), by inserting '', subject to subsection (d),'' after ''shall be paid'';

(2) by redesignating subsection (d) as subsection (e); and

(3) by inserting after subsection (c) the following new subsection (d):

''(d)(1) In the case of a person covered by section 1475 or 1476 of this title who has no surviving spouse, but who has one or more surviving children (as prescribed by subsection (b)) under the age of 18 years who, after the death of the person, will be in the custody of a parent (as prescribed by subsection (c)) or brother or sister (as prescribed by subsection (a)) of the person, the death gratuity shall be paid to such parent, brother, or sister as designated by the person, whether in the full amount payable under section 1478 of this title or in such portion of such amount as the person shall specify.

''(2) If the amount of the death gratuity specified for payment under paragraph (1) is less than the full amount of the death gratuity payable under section 1478 of this title, the balance of the amount of the death gratuity shall be paid to or for the living survivors of the person concerned in accordance with paragraphs (2) through (5) of subsection (a).

''(3) An individual designated for the payment of death gratuity under paragraph (1) shall be treated as an eligible survivor for purposes of subsection (e).''.

SA 674. Mr. COCHRAN (for himself and Mr. LOTT) submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 28, beginning on line 14, strike ''the Commander, Multi-National Forces-Iraq shall submit'' and insert ''the Commander, Multi-National Forces-Iraq and the United States Ambassador to Iraq shall jointly submit''.

SA 675. Mr. THOMAS submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ___. (a) Notwithstanding any other provision of this Act, the following amounts provided in this Act are rescinded and shall be null and void:

(1) $24,000,000 for funding sugar beets.

(2) $3,000,000 for funding for sugar cane.

(3) $20,000,000 for insect infestation damage reimbursements in Nevada, Idaho, and Utah.

(4) $2,100,000,000 for crop production losses.

(5) $1,500,000,000 for livestock production losses.

(6) $100,000,000 for Dairy Production losses.

(7) $13,000,000 for Ewe Lamb Replacement and Retention program.

(8) $32,000,000 for Livestock Indemnity program.

(9) $40,000,000 for the Tree Assistance program.

(10) $100,000,000 million for Small Agricultural Dependent Businesses.

(11) $6,000,000 for North Dakota flooded crop land.

(12) $35,000,000 for emergency conservation program.

(13) $50,000,000 for the emergency watershed program.

(14) $115,000,000 for the conservation security program.

(15) $18,000,000 for drought assistance in upper Great Plains/South West.

(16) Provisions that extend the availability by a year $3,500,000 in funding for guided tours of the Capitol. Also a provision allows transfer of funds from holiday ornament sales in the Senate gift shop.

(17) $165,900,000 for fisheries disaster relief, funded through NOAA.

(18) $12,000,000 for forest service money (requested by the President in the non-emergency fiscal year 2008 budget).

(19) $425,000,000 for education grants for rural areas-(Secure Rural Schools program).

(20) $640,000,000 for LIHEAP.

(21) $25,000,000 for asbestos abatement at the Capitol Power Plant.

(22) $388,900,000 for funding for backlog of old Department of Transportation projects.

(23) $22,800,000 for geothermal research and development.

(24) $500,000,000 for wildland fire management.

(25) $13,000,000 for mine safety technology research.

(26) $31,000,000 for 1 month extension of Milk Income Loss Contract program (MILC).

(27) $50,000,000 for fisheries disaster mitigation fund.

(28) Subsections (a) and (b) of section 1315 (Iraq withdraw).

(29) Any provision relating to Hurricane Katrina, Hurricane Rita, Hurricane Wilma, or Hurricane Dennis emergency assistance.

(30) $100,000,000 for the 2008 Presidential Candidate Nominating Conventions.

(b) Notwithstanding any other provision of this Act, any provision relating to the Federal minimum wage and any related changes to the Internal Revenue Code of 1986, shall be null and void.

SA 676. Mr. FEINGOLD (for himself, Mrs. BOXER, and Mr. LEAHY) submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the end of chapter 3 of title I, add the following:

SEC. 1316. PROHIBITION ON USE OF FUNDS TO MAINTAIN THE UNITED STATES ARMED FORCES IN IRAQ.

(a) PROHIBITION.—Commencing 120 days after the date of the enactment of this Act, no funds appropriated or otherwise made available by this Act may be obligated or expended to continue the deployment of members of the United States Armed Forces to Iraq.

(b) EXCEPTIONS.—The prohibition under subsection (a) shall not apply to the use of funds as follows:

(1) To conduct targeted counterterrorism operations in Iraq.

(2) To provide security for United States infrastructure and personnel.

(3) To train Iraqi security forces.

(4) To provide for the safe redeployment from Iraq of members of the United States Armed Forces who are not needed to perform any of the tasks described in paragraphs (1) through (3).

SA 677. Mr. LEAHY submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 40, line 1, strike ''$5,000,000'' and insert in lieu thereof ''$10,000,000''.

SA 678. Mr. LEAHY submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 44, line 16, strike ''$323,000,000'' and insert in lieu thereof ''$328,000,000''.

On page 44, line 24, strike ''$45,000,000'' and insert in lieu thereof ''$50,000,000''.

On page 42, line 20, strike ''$210,000,000'' and insert in lieu thereof ''$205,000,000''.

SA 679. Ms. COLLINS (for herself and Mr. LIEBERMAN) submitted an amendment intended to be proposed by her to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the end of title III, add the following new section:

PROCUREMENT OF SMALL ARMS

SEC. 4104. (a) None of the funds appropriated or otherwise made available by this Act may be obligated or expended for the procurement of small arms, including pistols, rifles, and machine guns of .50 caliber or below, for assistance to the military or security forces of Iraq or Afghanistan unless such arms are procured through a contract awarded on or after January 1, 2007, using competitive procedures that require full and open competition and that are open to all qualified manufacturers in the United States.

(b) The restriction under subsection (a) applies to contracts to procure small arms and associated equipment, including magazines and cleaning kits.

SA 680. Mr. KENNEDY (for himself, Mr. ENZI, Mr. BAUCUS, and Mr. GRASSLEY) submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; as follows:

At the end add the following:

TITLE V—FAIR MINIMUM WAGE AND TAX RELIEF

Subtitle A—Fair Minimum Wage

SEC. 500. SHORT TITLE.

This subtitle may be cited as the ''Fair Minimum Wage Act of 2007''.

SEC. 501. MINIMUM WAGE.

(a) IN GENERAL.—Section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) is amended to read as follows:

''(1) except as otherwise provided in this section, not less than—

''(A) $5.85 an hour, beginning on the 60th day after the date of enactment of the Fair Minimum Wage Act of 2007;

''(B) $6.55 an hour, beginning 12 months after that 60th day; and

''(C) $7.25 an hour, beginning 24 months after that 60th day;''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect 60 days after the date of enactment of this Act.

SEC. 502. APPLICABILITY OF MINIMUM WAGE TO THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS.

(a) IN GENERAL.—Section 6 of the Fair Labor Standards Act of 1938 (29 U.S.C. 206) shall apply to the Commonwealth of the Northern Mariana Islands.

(b) TRANSITION.—Notwithstanding subsection (a), the minimum wage applicable to the Commonwealth of the Northern Mariana Islands under section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) shall be—

(1) $3.55 an hour, beginning on the 60th day after the date of enactment of this Act; and

(2) increased by $0.50 an hour (or such lesser amount as may be necessary to equal the minimum wage under section 6(a)(1) of such Act), beginning 6 months after the date of enactment of this Act and every 6 months thereafter until the minimum wage applicable to the Commonwealth of the Northern Mariana Islands under this subsection is equal to the minimum wage set forth in such section.

Subtitle B—Small Business Tax Incentives

SEC. 510. SHORT TITLE; AMENDMENT OF CODE.

(a) SHORT TITLE.—This subtitle may be cited as the ''Small Business and Work Opportunity Act of 2007''.

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this subtitle 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.

PART I—SMALL BUSINESS TAX RELIEF PROVISIONS

Subpart A—General Provisions

SEC. 511. EXTENSION OF INCREASED EXPENSING FOR SMALL BUSINESSES.

Section 179 (relating to election to expense certain depreciable business assets) is amended by striking ''2010'' each place it appears and inserting ''2011''.

SEC. 512. EXTENSION AND MODIFICATION OF 15-YEAR STRAIGHT-LINE COST RECOVERY FOR QUALIFIED LEASEHOLD IMPROVEMENTS AND QUALIFIED RESTAURANT IMPROVEMENTS; 15-YEAR STRAIGHT-LINE COST RECOVERY FOR CERTAIN IMPROVEMENTS TO RETAIL SPACE.

(a) EXTENSION OF LEASEHOLD AND RESTAURANT IMPROVEMENTS.—

(1) IN GENERAL.—Clauses (iv) and (v) of section 168(e)(3)(E) (relating to 15-year property) are each amended by striking ''January 1, 2008'' and inserting ''April 1, 2008''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to property placed in service after December 31, 2007.

(b) MODIFICATION OF TREATMENT OF QUALIFIED RESTAURANT PROPERTY AS 15-YEAR PROPERTY FOR PURPOSES OF DEPRECIATION DEDUCTION.—

(1) TREATMENT TO INCLUDE NEW CONSTRUCTION.—Paragraph (7) of section 168(e) (relating to classification of property) is amended to read as follows:

''(7) QUALIFIED RESTAURANT PROPERTY.—The term 'qualified restaurant property' means any section 1250 property which is a building (or its structural components) or an improvement to such building if more than 50 percent of such building's square footage is devoted to preparation of, and seating for on-premises consumption of, prepared meals.''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to any property placed in service after the date of the enactment of this Act, the original use of which begins with the taxpayer after such date.

(c) RECOVERY PERIOD FOR DEPRECIATION OF CERTAIN IMPROVEMENTS TO RETAIL SPACE.—

(1) 15-YEAR RECOVERY PERIOD.—Section 168(e)(3)(E) (relating to 15-year property) is amended by striking ''and'' at the end of clause (vii), by striking the period at the end of clause (viii) and inserting '', and'', and by adding at the end the following new clause:

''(ix) any qualified retail improvement property placed in service before April 1, 2008.''.

(2) QUALIFIED RETAIL IMPROVEMENT PROPERTY.—Section 168(e) is amended by adding at the end the following new paragraph:

''(8) QUALIFIED RETAIL IMPROVEMENT PROPERTY.—

''(A) IN GENERAL.—The term 'qualified retail improvement property' means any improvement to an interior portion of a building which is nonresidential real property if—

''(i) such portion is open to the general public and is used in the retail trade or business of selling tangible personal property to the general public, and

''(ii) such improvement is placed in service more than 3 years after the date the building was first placed in service.

''(B) IMPROVEMENTS MADE BY OWNER.—In the case of an improvement made by the owner of such improvement, such improvement shall be qualified retail improvement property (if at all) only so long as such improvement is held by such owner. Rules similar to the rules under paragraph (6)(B) shall apply for purposes of the preceding sentence.

''(C) CERTAIN IMPROVEMENTS NOT INCLUDED.—Such term shall not include any improvement for which the expenditure is attributable to—

''(i) the enlargement of the building,

''(ii) any elevator or escalator,

''(iii) any structural component benefitting a common area, or

''(iv) the internal structural framework of the building.''.

(3) REQUIREMENT TO USE STRAIGHT LINE METHOD.—Section 168(b)(3) is amended by adding at the end the following new subparagraph:

''(I) Qualified retail improvement property described in subsection (e)(8).''.

(4) ALTERNATIVE SYSTEM.—The table contained in section 168(g)(3)(B) is amended by inserting after the item relating to subparagraph (E)(viii) the following new item:

(E)(ix) ..... 39''.

(5) EFFECTIVE DATE.—The amendments made by this subsection shall apply to property placed in service after the date of the enactment of this Act.

SEC. 513. CLARIFICATION OF CASH ACCOUNTING RULES FOR SMALL BUSINESS.

(a) CASH ACCOUNTING PERMITTED.—

(1) IN GENERAL.—Section 446 (relating to general rule for methods of accounting) is amended by adding at the end the following new subsection:

''(g) CERTAIN SMALL BUSINESS TAXPAYERS PERMITTED TO USE CASH ACCOUNTING METHOD WITHOUT LIMITATION.—

''(1) IN GENERAL.—An eligible taxpayer shall not be required to use an accrual method of accounting for any taxable year.

''(2) ELIGIBLE TAXPAYER.—For purposes of this subsection, a taxpayer is an eligible taxpayer with respect to any taxable year if—

''(A) for each of the prior taxable years ending on or after the date of the enactment of this subsection, the taxpayer (or any predecessor) met the gross receipts test in effect under section 448(c) for such taxable year, and

''(B) the taxpayer is not subject to section 447 or 448.''.

(2) EXPANSION OF GROSS RECEIPTS TEST.—

(A) IN GENERAL.—Paragraph (3) of section 448(b) (relating to entities with gross receipts of not more than $5,000,000) is amended to read as follows:

''(3) ENTITIES MEETING GROSS RECEIPTS TEST.—Paragraphs (1) and (2) of subsection (a) shall not apply to any corporation or partnership for any taxable year if, for each of the prior taxable years ending on or after the date of the enactment of the Small Business and Work Opportunity Act of 2007, the entity (or any predecessor) met the gross receipts test in effect under subsection (c) for such prior taxable year.''.

(B) CONFORMING AMENDMENTS.—Section 448(c) of such Code is amended—

(i) by striking ''$5,000,000'' in the heading thereof,

(ii) by striking ''$5,000,000'' each place it appears in paragraph (1) and inserting ''$10,000,000'', and

(iii) by adding at the end the following new paragraph:

''(4) INFLATION ADJUSTMENT.—In the case of any taxable year beginning in a calendar year after 2008, the dollar amount contained in paragraph (1) shall be increased by an amount equal to—

''(A) such dollar amount, multiplied by

''(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, by substituting 'calendar year 2007' for 'calendar year 1992' in subparagraph (B) thereof.

''If any amount as adjusted under this subparagraph is not a multiple of $100,000, such amount shall be rounded to the nearest multiple of $100,000.''.

(b) CLARIFICATION OF INVENTORY RULES FOR SMALL BUSINESS.—

(1) IN GENERAL.—Section 471 (relating to general rule for inventories) is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

''(c) SMALL BUSINESS TAXPAYERS NOT REQUIRED TO USE INVENTORIES.—

''(1) IN GENERAL.—A qualified taxpayer shall not be required to use inventories under this section for a taxable year.

''(2) TREATMENT OF TAXPAYERS NOT USING INVENTORIES.—If a qualified taxpayer does not use inventories with respect to any property for any taxable year beginning after the date of the enactment of this subsection, such property shall be treated as a material or supply which is not incidental.

''(3) QUALIFIED TAXPAYER.—For purposes of this subsection, the term 'qualified taxpayer' means—

''(A) any eligible taxpayer (as defined in section 446(g)(2)), and

''(B) any taxpayer described in section 448(b)(3).''.

(2) CONFORMING AMENDMENTS.—

(A) Subpart D of part II of subchapter E of chapter 1 is amended by striking section 474.

(B) The table of sections for subpart D of part II of subchapter E of chapter 1 is amended by striking the item relating to section 474.

(c) EFFECTIVE DATE AND SPECIAL RULES.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

(2) CHANGE IN METHOD OF ACCOUNTING.—In the case of any taxpayer changing the taxpayer's method of accounting for any taxable year under the amendments made by this section—

(A) such change shall be treated as initiated by the taxpayer;

(B) such change shall be treated as made with the consent of the Secretary of the Treasury; and

(C) the net amount of the adjustments required to be taken into account by the taxpayer under section 481 of the Internal Revenue Code of 1986 shall be taken into account over a period (not greater than 4 taxable years) beginning with such taxable year.

SEC. 514. EXTENSION AND MODIFICATION OF COMBINED WORK OPPORTUNITY TAX CREDIT AND WELFARE-TO-WORK CREDIT.

(a) EXTENSION.—Section 51(c)(4)(B) (relating to termination) is amended by striking ''2007'' and inserting ''2012''.

(b) INCREASE IN MAXIMUM AGE FOR DESIGNATED COMMUNITY RESIDENTS.—

(1) IN GENERAL.—Paragraph (5) of section 51(d) is amended to read as follows:

''(5) DESIGNATED COMMUNITY RESIDENTS.—

''(A) IN GENERAL.—The term 'designated community resident' means any individual who is certified by the designated local agency—

''(i) as having attained age 18 but not age 40 on the hiring date, and

''(ii) as having his principal place of abode within an empowerment zone, enterprise community, or renewal community.

''(B) INDIVIDUAL MUST CONTINUE TO RESIDE IN ZONE OR COMMUNITY.—In the case of a designated community resident, the term 'qualified wages' shall not include wages paid or incurred for services performed while the individual's principal place of abode is outside an empowerment zone, enterprise community, or renewal community.''.

(2) CONFORMING AMENDMENT.—Subparagraph (D) of section 51(d)(1) is amended to read as follows:

''(D) a designated community resident,''.

(c) CLARIFICATION OF TREATMENT OF INDIVIDUALS UNDER INDIVIDUAL WORK PLANS.—Subparagraph (B) of section 51(d)(6) (relating to vocational rehabilitation referral) is amended by striking ''or'' at the end of clause (i), by striking the period at the end of clause (ii) and inserting '', or'', and by adding at the end the following new clause:

''(iii) an individual work plan developed and implemented by an employment network pursuant to subsection (g) of section 1148 of the Social Security Act with respect to which the requirements of such subsection are met.''.

(d) TREATMENT OF DISABLED VETERANS UNDER THE WORK OPPORTUNITY TAX CREDIT.—

(1) DISABLED VETERANS TREATED AS MEMBERS OF TARGETED GROUP.—

(A) IN GENERAL.—Subparagraph (A) of section 51(d)(3) (relating to qualified veteran) is amended by striking ''agency as being a member of a family'' and all that follows and inserting ''agency as—

''(i) being a member of a family receiving assistance under a food stamp program under the Food Stamp Act of 1977 for at least a 3-month period ending during the 12-month period ending on the hiring date, or

''(ii) entitled to compensation for a service-connected disability incurred after September 10, 2001.''.

(B) DEFINITIONS.—Paragraph (3) of section 51(d) is amended by adding at the end the following new subparagraph:

''(C) OTHER DEFINITIONS.—For purposes of subparagraph (A), the terms 'compensation' and 'service-connected' have the meanings given such terms under section 101 of title 38, United States Code.''.

(2) INCREASE IN AMOUNT OF WAGES TAKEN INTO ACCOUNT FOR DISABLED VETERANS.—Paragraph (3) of section 51(b) is amended—

(A) by inserting ''($12,000 per year in the case of any individual who is a qualified veteran by reason of subsection (d)(3)(A)(ii))'' before the period at the end, and

(B) by striking ''only first $6,000 of'' in the heading and inserting ''limitation on''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to individuals who begin work for the employer after the date of the enactment of this Act, in taxable years ending after such date.

SEC. 515. CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.

(a) EMPLOYMENT TAXES.—Chapter 25 (relating to general provisions relating to employment taxes) is amended by adding at the end the following new section:

''SEC. 3511. CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.

''(a) GENERAL RULES.—For purposes of the taxes, and other obligations, imposed by this subtitle—

''(1) a certified professional employer organization shall be treated as the employer (and no other person shall be treated as the employer) of any work site employee performing services for any customer of such organization, but only with respect to remuneration remitted by such organization to such work site employee, and

''(2) exclusions, definitions, and other rules which are based on the type of employer and which would (but for paragraph (1)) apply shall apply with respect to such taxes imposed on such remuneration.

''(b) SUCCESSOR EMPLOYER STATUS.—For purposes of sections 3121(a)(1), 3231(e)(2)(C), and 3306(b)(1)—

''(1) a certified professional employer organization entering into a service contract with a customer with respect to a work site employee shall be treated as a successor employer and the customer shall be treated as a predecessor employer during the term of such service contract, and

''(2) a customer whose service contract with a certified professional employer organization is terminated with respect to a work site employee shall be treated as a successor employer and the certified professional employer organization shall be treated as a predecessor employer.

''(c) LIABILITY OF CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATION.—Solely for purposes of its liability for the taxes, and other obligations, imposed by this subtitle—

''(1) a certified professional employer organization shall be treated as the employer of any individual (other than a work site employee or a person described in subsection (f)) who is performing services covered by a contract meeting the requirements of section 7705(e)(2), but only with respect to remuneration remitted by such organization to such individual, and

''(2) exclusions, definitions, and other rules which are based on the type of employer and which would (but for paragraph (1)) apply shall apply with respect to such taxes imposed on such remuneration.

''(d) TREATMENT OF CREDITS.—

''(1) IN GENERAL.—For purposes of any credit specified in paragraph (2)—

''(A) such credit with respect to a work site employee performing services for the customer applies to the customer, not the certified professional employer organization,

''(B) the customer, and not the certified professional employer organization, shall take into account wages and employment taxes—

''(i) paid by the certified professional employer organization with respect to the work site employee, and

''(ii) for which the certified professional employer organization receives payment from the customer, and

''(C) the certified professional employer organization shall furnish the customer with any information necessary for the customer to claim such credit.

''(2) CREDITS SPECIFIED.—A credit is specified in this paragraph if such credit is allowed under—

''(A) section 41 (credit for increasing research activity),

''(B) section 45A (Indian employment credit),

''(C) section 45B (credit for portion of employer social security taxes paid with respect to employee cash tips),

''(D) section 45C (clinical testing expenses for certain drugs for rare diseases or conditions),

''(E) section 51 (work opportunity credit),

''(F) section 51A (temporary incentives for employing long-term family assistance recipients),

''(G) section 1396 (empowerment zone employment credit),

''(H) 1400(d) (DC Zone employment credit),

''(I) Section 1400H (renewal community employment credit), and

''(J) any other section as provided by the Secretary.

''(e) SPECIAL RULE FOR RELATED PARTY.—This section shall not apply in the case of a

customer which bears a relationship to a certified professional employer organization described in section 267(b) or 707(b). For purposes of the preceding sentence, such sections shall be applied by substituting '10 percent' for '50 percent'.

''(f) SPECIAL RULE FOR CERTAIN INDIVIDUALS.—For purposes of the taxes imposed under this subtitle, an individual with net earnings from self-employment derived from the customer's trade or business is not a work site employee with respect to remuneration paid by a certified professional employer organization.

''(g) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.''.

(b) CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATION DEFINED.—Chapter 79 (relating to definitions) is amended by adding at the end the following new section:

''SEC. 7705. CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS DEFINED.

''(a) IN GENERAL.—For purposes of this title, the term 'certified professional employer organization' means a person who has been certified by the Secretary for purposes of section 3511 as meeting the requirements of subsection (b).

''(b) GENERAL REQUIREMENTS.—A person meets the requirements of this subsection if such person—

''(1) demonstrates that such person (and any owner, officer, and such other persons as may be specified in regulations) meets such requirements as the Secretary shall establish with respect to tax status, background, experience, business location, and annual financial audits,

''(2) computes its taxable income using an accrual method of accounting unless the Secretary approves another method,

''(3) agrees that it will satisfy the bond and independent financial review requirements of subsection (c) on an ongoing basis,

''(4) agrees that it will satisfy such reporting obligations as may be imposed by the Secretary,

''(5) agrees to verify on such periodic basis as the Secretary may prescribe that it continues to meet the requirements of this subsection, and

''(6) agrees to notify the Secretary in writing within such time as the Secretary may prescribe of any change that materially affects whether it continues to meet the requirements of this subsection.

''(c) BOND AND INDEPENDENT FINANCIAL REVIEW REQUIREMENTS.—

''(1) IN GENERAL.—An organization meets the requirements of this paragraph if such organization—

''(A) meets the bond requirements of paragraph (2), and

''(B) meets the independent financial review requirements of paragraph (3).

''(2) BOND.—

''(A) IN GENERAL.—A certified professional employer organization meets the requirements of this paragraph if the organization has posted a bond for the payment of taxes under subtitle C (in a form acceptable to the Secretary) in an amount at least equal to the amount specified in subparagraph (B).

''(B) AMOUNT OF BOND.—For the period April 1 of any calendar year through March 31 of the following calendar year, the amount of the bond required is equal to the greater of—

''(i) 5 percent of the organization's liability under section 3511 for taxes imposed by subtitle C during the preceding calendar year (but not to exceed $1,000,000), or

''(ii) $50,000.

''(3) INDEPENDENT FINANCIAL REVIEW REQUIREMENTS.—A certified professional employer organization meets the requirements of this paragraph if such organization—

''(A) has, as of the most recent review date, caused to be prepared and provided to the Secretary (in such manner as the Secretary may prescribe) an opinion of an independent certified public accountant that the certified professional employer organization's financial statements are presented fairly in accordance with generally accepted accounting principles, and

''(B) provides, not later than the last day of the second month beginning after the end of each calendar quarter, to the Secretary from an independent certified public accountant an assertion regarding Federal employment tax payments and an examination level attestation on such assertion.

Such assertion shall state that the organization has withheld and made deposits of all taxes imposed by chapters 21, 22, and 24 of the Internal Revenue Code in accordance with regulations imposed by the Secretary for such calendar quarter and such examination level attestation shall state that such assertion is fairly stated, in all material respects.

''(4) CONTROLLED GROUP RULES.—For purposes of the requirements of paragraphs (2) and (3), all professional employer organizations that are members of a controlled group within the meaning of sections 414(b) and (c) shall be treated as a single organization.

''(5) FAILURE TO FILE ASSERTION AND ATTESTATION.—If the certified professional employer organization fails to file the assertion and attestation required by paragraph (3) with respect to any calendar quarter, then the requirements of paragraph (3) with respect to such failure shall be treated as not satisfied for the period beginning on the due date for such attestation.

''(6) REVIEW DATE.—For purposes of paragraph (3)(A), the review date shall be 6 months after the completion of the organization's fiscal year.

''(d) SUSPENSION AND REVOCATION AUTHORITY.—The Secretary may suspend or revoke a certification of any person under subsection (b) for purposes of section 3511 if the Secretary determines that such person is not satisfying the representations or requirements of subsections (b) or (c), or fails to satisfy applicable accounting, reporting, payment, or deposit requirements.

''(e) WORK SITE EMPLOYEE.—For purposes of this title—

''(1) IN GENERAL.—The term 'work site employee' means, with respect to a certified professional employer organization, an individual who—

''(A) performs services for a customer pursuant to a contract which is between such customer and the certified professional employer organization and which meets the requirements of paragraph (2), and

''(B) performs services at a work site meeting the requirements of paragraph (3).

''(2) SERVICE CONTRACT REQUIREMENTS.—A contract meets the requirements of this paragraph with respect to an individual performing services for a customer if such contract is in writing and provides that the certified professional employer organization shall—

''(A) assume responsibility for payment of wages to such individual, without regard to the receipt or adequacy of payment from the customer for such services,

''(B) assume responsibility for reporting, withholding, and paying any applicable taxes under subtitle C, with respect to such individual's wages, without regard to the receipt or adequacy of payment from the customer for such services,

''(C) assume responsibility for any employee benefits which the service contract may require the organization to provide, without regard to the receipt or adequacy of payment from the customer for such services,

''(D) assume responsibility for hiring, firing, and recruiting workers in addition to the customer's responsibility for hiring, firing and recruiting workers,

''(E) maintain employee records relating to such individual, and

''(F) agree to be treated as a certified professional employer organization for purposes of section 3511 with respect to such individual.

''(3) WORK SITE COVERAGE REQUIREMENT.—The requirements of this paragraph are met with respect to an individual if at least 85 percent of the individuals performing services for the customer at the work site where such individual performs services are subject to 1 or more contracts with the certified professional employer organization which meet the requirements of paragraph (2) (but not taking into account those individuals who are excluded employees within the meaning of section 414(q)(5)).

''(f) DETERMINATION OF EMPLOYMENT STATUS.—Except to the extent necessary for purposes of section 3511, nothing in this section shall be construed to affect the determination of who is an employee or employer for purposes of this title.

''(g) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.''.

(c) CONFORMING AMENDMENTS.—

(1) Section 3302 is amended by adding at the end the following new subsection:

''(h) TREATMENT OF CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.—If a certified professional employer organization (as defined in section 7705), or a customer of such organization, makes a contribution to the State's unemployment fund with respect to a work site employee, such organization shall be eligible for the credits available under this section with respect to such contribution.''.

(2) Section 3303(a) is amended—

(A) by striking the period at the end of paragraph (3) and inserting ''; and'' and by inserting after paragraph (3) the following new paragraph:

''(4) if the taxpayer is a certified professional employer organization (as defined in section 7705) that is treated as the employer under section 3511, such certified professional employer organization is permitted to collect and remit, in accordance with paragraphs (1), (2), and (3), contributions during the taxable year to the State unemployment fund with respect to a work site employee.'', and

(B) in the last sentence—

(i) by striking ''paragraphs (1), (2), and (3)'' and inserting ''paragraphs (1), (2), (3), and (4)'', and

(ii) by striking ''paragraph (1), (2), or (3)'' and inserting ''paragraph (1), (2), (3), or (4)''.

(3) Section 6053(c) (relating to reporting of tips) is amended by adding at the end the following new paragraph:

''(8) CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.—For purposes of any report required by this subsection, in the case of a certified professional employer organization that is treated under section 3511 as the employer of a work site employee, the customer with respect to whom a work site employee performs services shall be the employer for purposes of reporting under this section and the certified professional employer organization shall furnish to the customer any information necessary to complete such reporting no later than such time as the Secretary shall prescribe.''.

(d) CLERICAL AMENDMENTS.—

(1) The table of sections for chapter 25 is amended by adding at the end the following new item:

''Sec. 3511. Certified professional employer organizations''.

(2) The table of sections for chapter 79 is amended by inserting after the item relating to section 7704 the following new item:

''Sec. 7705. Certified professional employer organizations defined''.

(e) REPORTING REQUIREMENTS AND OBLIGATIONS.—The Secretary of the Treasury shall develop such reporting and recordkeeping rules, regulations, and procedures as the Secretary determines necessary or appropriate to ensure compliance with the amendments made by this section with respect to entities applying for certification as certified professional employer organizations or entities that have been so certified. Such rules shall be designed in a manner which streamlines, to the extent possible, the application of requirements of such amendments, the exchange of information between a certified professional employer organization and its customers, and the reporting and recordkeeping obligations of the certified professional employer organization.

(f) USER FEES.—Subsection (b) of section 7528 (relating to Internal Revenue Service user fees) is amended by adding at the end the following new paragraph:

''(4) CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.—The fee charged under the program in connection with the certification by the Secretary of a professional employer organization under section 7705 shall not exceed $500.''.

(g) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply with respect to wages for services performed on or after January 1 of the first calendar year beginning more than 12 months after the date of the enactment of this Act.

(2) CERTIFICATION PROGRAM.—The Secretary of the Treasury shall establish the certification program described in section 7705(b) of the Internal Revenue Code of 1986, as added by subsection (b), not later than 6 months before the effective date determined under paragraph (1).

(h) NO INFERENCE.—Nothing contained in this section or the amendments made by this section shall be construed to create any inference with respect to the determination of who is an employee or employer—

(1) for Federal tax purposes (other than the purposes set forth in the amendments made by this section), or

(2) for purposes of any other provision of law.

Subpart B—Subchapter S Provisions

SEC. 521. CAPITAL GAIN OF S CORPORATION NOT TREATED AS PASSIVE INVESTMENT INCOME.

(a) IN GENERAL.—Section 1362(d)(3) is amended by striking subparagraphs (B), (C), (D), (E), and (F) and inserting the following new subparagraph:

''(B) PASSIVE INVESTMENT INCOME DEFINED.—

''(i) IN GENERAL.—Except as otherwise provided in this subparagraph, the term 'passive investment income' means gross receipts derived from royalties, rents, dividends, interest, and annuities.

''(ii) EXCEPTION FOR INTEREST ON NOTES FROM SALES OF INVENTORY.—The term 'passive investment income' shall not include interest on any obligation acquired in the ordinary course of the corporation's trade or business from its sale of property described in section 1221(a)(1).

''(iii) TREATMENT OF CERTAIN LENDING OR FINANCE COMPANIES.—If the S corporation meets the requirements of section 542(c)(6) for the taxable year, the term 'passive investment income' shall not include gross receipts for the taxable year which are derived directly from the active and regular conduct of a lending or finance business (as defined in section 542(d)(1)).

''(iv) TREATMENT OF CERTAIN DIVIDENDS.—If an S corporation holds stock in a C corporation meeting the requirements of section 1504(a)(2), the term 'passive investment income' shall not include dividends from such C corporation to the extent such dividends are attributable to the earnings and profits of such C corporation derived from the active conduct of a trade or business.

''(v) EXCEPTION FOR BANKS, ETC.—In the case of a bank (as defined in section 581) or a depository institution holding company (as defined in section 3(w)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1813(w)(1)), the term 'passive investment income' shall not include—

''(I) interest income earned by such bank or company, or

''(II) dividends on assets required to be held by such bank or company, including stock in the Federal Reserve Bank, the Federal Home Loan Bank, or the Federal Agricultural Mortgage Bank or participation certificates issued by a Federal Intermediate Credit Bank.''.

(b) CONFORMING AMENDMENT.—Clause (i) of section 1042(c)(4)(A) is amended by striking ''section 1362(d)(3)(C)'' and inserting ''section 1362(d)(3)(B)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 522. TREATMENT OF BANK DIRECTOR SHARES.

(a) IN GENERAL.—Section 1361 (defining S corporation) is amended by adding at the end the following new subsection:

''(f) RESTRICTED BANK DIRECTOR STOCK.—

''(1) IN GENERAL.—Restricted bank director stock shall not be taken into account as outstanding stock of the S corporation in applying this subchapter (other than section 1368(f)).

''(2) RESTRICTED BANK DIRECTOR STOCK.—For purposes of this subsection, the term 'restricted bank director stock' means stock in a bank (as defined in section 581) or a depository institution holding company (as defined in section 3(w)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1813(w)(1)), if such stock—

''(A) is required to be held by an individual under applicable Federal or State law in order to permit such individual to serve as a director, and

''(B) is subject to an agreement with such bank or company (or a corporation which controls (within the meaning of section 368(c)) such bank or company) pursuant to which the holder is required to sell back such stock (at the same price as the individual acquired such stock) upon ceasing to hold the office of director.

''(3) CROSS REFERENCE.—

''For treatment of certain distributions with respect to restricted bank director stock, see section 1368(f)''.

(b) DISTRIBUTIONS.—Section 1368 (relating to distributions) is amended by adding at the end the following new subsection:

''(f) RESTRICTED BANK DIRECTOR STOCK.—If a director receives a distribution (not in part or full payment in exchange for stock) from an S corporation with respect to any restricted bank director stock (as defined in section 1361(f)), the amount of such distribution—

''(1) shall be includible in gross income of the director, and

''(2) shall be deductible by the corporation for the taxable year of such corporation in which or with which ends the taxable year in which such amount in included in the gross income of the director.''.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years beginning after December 31, 2006.

(2) SPECIAL RULE FOR TREATMENT AS SECOND CLASS OF STOCK.—In the case of any taxable year beginning after December 31, 1996, restricted bank director stock (as defined in section 1361(f) of the Internal Revenue Code of 1986, as added by this section) shall not be taken into account in determining whether an S corporation has more than 1 class of stock.

SEC. 523. SPECIAL RULE FOR BANK REQUIRED TO CHANGE FROM THE RESERVE METHOD OF ACCOUNTING ON BECOMING S CORPORATION.

(a) IN GENERAL.—Section 1361, as amended by this Act, is amended by adding at the end the following new subsection:

''(g) SPECIAL RULE FOR BANK REQUIRED TO CHANGE FROM THE RESERVE METHOD OF ACCOUNTING ON BECOMING S CORPORATION.—In the case of a bank which changes from the reserve method of accounting for bad debts described in section 585 or 593 for its first taxable year for which an election under section 1362(a) is in effect, the bank may elect to take into account any adjustments under section 481 by reason of such change for the taxable year immediately preceding such first taxable year.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2006.

SEC. 524. TREATMENT OF THE SALE OF INTEREST IN A QUALIFIED SUBCHAPTER S SUBSIDIARY.

(a) IN GENERAL.—Subparagraph (C) of section 1361(b)(3) (relating to treatment of terminations of qualified subchapter S subsidiary status) is amended—

(1) by striking ''For purposes of this title,'' and inserting the following:

''(i) IN GENERAL.—For purposes of this title,'', and

(2) by inserting at the end the following new clause:

''(ii) TERMINATION BY REASON OF SALE OF STOCK.—If the failure to meet the requirements of subparagraph (B) is by reason of the sale of stock of a corporation which is a qualified subchapter S subsidiary, the sale of such stock shall be treated as if—

''(I) the sale were a sale of an undivided interest in the assets of such corporation (based on the percentage of the corporation's stock sold), and

''(II) the sale were followed by an acquisition by such corporation of all of its assets (and the assumption by such corporation of all of its liabilities) in a transaction to which section 351 applies.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2006 .

SEC. 525. ELIMINATION OF ALL EARNINGS AND PROFITS ATTRIBUTABLE TO PRE-1983 YEARS FOR CERTAIN CORPORATIONS.

In the case of a corporation which is—

(1) described in section 1311(a)(1) of the Small Business Job Protection Act of 1996, and

(2) not described in section 1311(a)(2) of such Act,

the amount of such corporation's accumulated earnings and profits (for the first taxable year beginning after the date of the enactment of this Act) shall be reduced by an amount equal to the portion (if any) of such accumulated earnings and profits which were accumulated in any taxable year beginning

before January 1, 1983, for which such corporation was an electing small business corporation under subchapter S of the Internal Revenue Code of 1986.

SEC. 526. EXPANSION OF QUALIFYING BENEFICIARIES OF AN ELECTING SMALL BUSINESS TRUST.

(a) NO LOOK THROUGH FOR ELIGIBILITY PURPOSES.—Clause (v) of section 1361(c)(2)(B) is amended by adding at the end the following new sentence: ''This clause shall not apply for purposes of subsection (b)(1)(C).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

PART II—REVENUE PROVISIONS

SEC. 531. MODIFICATION OF EFFECTIVE DATE OF LEASING PROVISIONS OF THE AMERICAN JOBS CREATION ACT OF 2004.

(a) LEASES TO FOREIGN ENTITIES.—Section 849(b) of the American Jobs Creation Act of 2004 is amended by adding at the end the following new paragraph:

''(5) LEASES TO FOREIGN ENTITIES.—In the case of tax-exempt use property leased to a tax-exempt entity which is a foreign person or entity, the amendments made by this part shall apply to taxable years beginning after December 31, 2006, with respect to leases entered into on or before March 12, 2004.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in the enactment of the American Jobs Creation Act of 2004.

SEC. 532. APPLICATION OF RULES TREATING INVERTED CORPORATIONS AS DOMESTIC CORPORATIONS TO CERTAIN TRANSACTIONS OCCURRING AFTER MARCH 20, 2002.

(a) IN GENERAL.—Section 7874(b) (relating to inverted corporations treated as domestic corporations) is amended to read as follows:

''(b) INVERTED CORPORATIONS TREATED AS DOMESTIC CORPORATIONS.—

''(1) IN GENERAL.—Notwithstanding section 7701(a)(4), a foreign corporation shall be treated for purposes of this title as a domestic corporation if such corporation would be a surrogate foreign corporation if subsection (a)(2) were applied by substituting '80 percent' for '60 percent'.

''(2) SPECIAL RULE FOR CERTAIN TRANSACTIONS OCCURRING AFTER MARCH 20, 2002.—

''(A) IN GENERAL.—If—

''(i) paragraph (1) does not apply to a foreign corporation, but

''(ii) paragraph (1) would apply to such corporation if, in addition to the substitution under paragraph (1), subsection (a)(2) were applied by substituting 'March 20, 2002' for 'March 4, 2003' each place it appears,

then paragraph (1) shall apply to such corporation but only with respect to taxable years of such corporation beginning after December 31, 2006.

''(B) SPECIAL RULES.—Subject to such rules as the Secretary may prescribe, in the case of a corporation to which paragraph (1) applies by reason of this paragraph—

''(i) the corporation shall be treated, as of the close of its last taxable year beginning before January 1, 2007, as having transferred all of its assets, liabilities, and earnings and profits to a domestic corporation in a transaction with respect to which no tax is imposed under this title,

''(ii) the bases of the assets transferred in the transaction to the domestic corporation shall be the same as the bases of the assets in the hands of the foreign corporation, subject to any adjustments under this title for built-in losses,

''(iii) the basis of the stock of any shareholder in the domestic corporation shall be the same as the basis of the stock of the shareholder in the foreign corporation for which it is treated as exchanged, and

''(iv) the transfer of any earnings and profits by reason of clause (i) shall be disregarded in determining any deemed dividend or foreign tax creditable to the domestic corporation with respect to such transfer.

''(C) REGULATIONS.—The Secretary may prescribe such regulations as may be necessary or appropriate to carry out this paragraph, including regulations to prevent the avoidance of the purposes of this paragraph.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2006.

SEC. 533. DENIAL 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:

''(h) 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. 534. 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 OR PAID TO COME INTO COMPLIANCE WITH LAW.—Paragraph (1) shall not apply to any amount which—

''(A) the taxpayer establishes—

''(i) 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, or

''(ii) is paid to come into compliance with any law which was violated or involved in the investigation or inquiry, and

''(B) is identified as restitution or as an amount paid to come into compliance with the law, as the case may be, in the court order or settlement agreement.

A taxpayer shall not meet the requirements of subparagraph (A) solely by reason an identification under subparagraph (B). 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) REPORTING OF DEDUCTIBLE AMOUNTS.—

(1) IN GENERAL.—Subpart B of part III of subchapter A of chapter 61 is amended by inserting after section 6050V the following new section:

''SEC. 6050W. INFORMATION WITH RESPECT TO CERTAIN FINES, PENALTIES, AND OTHER AMOUNTS.

''(a) REQUIREMENT OF REPORTING.—

''(1) IN GENERAL.—The appropriate official of any government or entity which is described in section 162(f)(4) which is involved in a suit or agreement described in paragraph (2) shall make a return in such form as determined by the Secretary setting forth—

''(A) the amount required to be paid as a result of the suit or agreement to which paragraph (1) of section 162(f) applies,

''(B) any amount required to be paid as a result of the suit or agreement which constitutes restitution or remediation of property, and

''(C) any amount required to be paid as a result of the suit or agreement for the purpose of coming into compliance with any law which was violated or involved in the investigation or inquiry.

''(2) SUIT OR AGREEMENT DESCRIBED.—

''(A) IN GENERAL.—A suit or agreement is described in this paragraph if—

''(i) it is—

''(I) a suit with respect to a violation of any law over which the government or entity has authority and with respect to which there has been a court order, or

''(II) an agreement which is entered into with respect to a violation of any law over which the government or entity has authority, or with respect to an investigation or inquiry by the government or entity into the potential violation of any law over which such government or entity has authority, and

''(ii) the aggregate amount involved in all court orders and agreements with respect to the violation, investigation, or inquiry is $600 or more.

''(B) ADJUSTMENT OF REPORTING THRESHOLD.—The Secretary may adjust the $600 amount in subparagraph (A)(ii) as necessary in order to ensure the efficient administration of the internal revenue laws.

''(3) TIME OF FILING.—The return required under this subsection shall be filed not later than—

''(A) 30 days after the date on which a court order is issued with respect to the suit or the date the agreement is entered into, as the case may be, or

''(B) the date specified Secretary.

''(b) STATEMENTS TO BE FURNISHED TO INDIVIDUALS INVOLVED IN THE SETTLEMENT.—Every person required to make a return under subsection (a) shall furnish to each person who is a party to the suit or agreement a written statement showing—

''(1) the name of the government or entity, and

''(2) the information supplied to the Secretary under subsection (a)(1).

The written statement required under the preceding sentence shall be furnished to the person at the same time the government or entity provides the Secretary with the information required under subsection (a).

''(c) APPROPRIATE OFFICIAL DEFINED.—For purposes of this section, the term 'appropriate official' means the officer or employee having control of the suit, investigation, or inquiry or the person appropriately designated for purposes of this section.''.

(2) CONFORMING AMENDMENT.—The table of sections for subpart B of part III of subchapter A of chapter 61 is amended by inserting after the item relating to section 6050V the following new item:

''Sec. 6050W. Information with respect to certain fines, penalties, and other amounts''.

(c) EFFECTIVE DATE.—The amendments 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 amendments 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. 535. REVISION OF TAX RULES ON EXPATRIATION OF INDIVIDUALS.

(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 2007, 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 2006' 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) TREATMENT OF GIFTS AND INHERITANCES.—

''(A) 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.

''(B) DETERMINATION OF BASIS.—Notwithstanding sections 1015 or 1022, the basis of any property described in subparagraph (A) in the hands of the donee or the person acquiring such property from the decedent shall be equal to the fair market value of the property at the time of the gift, bequest, devise, or inheritance.

''(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.

''(3) DEFINITIONS.—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.''.

(c) DEFINITION OF TERMINATION OF UNITED STATES CITIZENSHIP.—Section 7701(a) is amended by adding at the end the following new paragraph:

''(50) 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) is inadmissible.''.

(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 this subsection.''.

(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.''.

(4) Section 6039G(a) is amended by inserting ''or 877A'' after ''section 877(b)''.

(5) The second sentence of section 6039G(d) is amended by inserting ''or who relinquishes United States citizenship (within the meaning of section 877A(e)(3))'' after ''section 877(a))''.

(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. 536. LIMITATION ON ANNUAL AMOUNTS WHICH MAY BE DEFERRED UNDER NONQUALIFIED DEFERRED COMPENSATION ARRANGEMENTS.

(a) IN GENERAL.—Section 409A(a) of the Internal Revenue Code of 1986 (relating to inclusion of gross income under nonqualified deferred compensation plans) is amended—

(1) by striking ''and (4)'' in subclause (I) of paragraph (1)(A)(i) and inserting ''(4), and (5)'', and

(2) by adding at the end the following new paragraph:

''(5) ANNUAL LIMITATION ON AGGREGATE DEFERRED AMOUNTS.—

''(A) LIMITATION.—The requirements of this paragraph are met if the plan provides that the aggregate amount of compensation which is deferred for any taxable year with respect to a participant under the plan may not exceed the applicable dollar amount for the taxable year.

''(B) INCLUSION OF FUTURE EARNINGS.—If an amount is includible under paragraph (1) in the gross income of a participant for any taxable year by reason of any failure to meet the requirements of this paragraph, any income (whether actual or notional) for any subsequent taxable year shall be included in gross income under paragraph (1)(A) in such subsequent taxable year to the extent such income—

''(i) is attributable to compensation (or income attributable to such compensation) required to be included in gross income by reason of such failure (including by reason of this subparagraph), and

''(ii) is not subject to a substantial risk of forfeiture and has not been previously included in gross income.

''(C) AGGREGATION RULE.—For purposes of this paragraph, all nonqualified deferred compensation plans maintained by all employers treated as a single employer under subsection (d)(6) shall be treated as 1 plan.

''(D) APPLICABLE DOLLAR AMOUNT.—For purposes of this paragraph—

''(i) IN GENERAL.—The term 'applicable dollar amount' means, with respect to any participant, the lesser of—

''(I) the average annual compensation which was payable during the base period to the participant by the employer maintaining the nonqualified deferred compensation plan (or any predecessor of the employer) and which was includible in the participant's gross income for taxable years in the base period, or

''(II) $1,000,000.

''(ii) BASE PERIOD.—

''(I) IN GENERAL.—The term 'base period' means, with respect to any computation year, the 5-taxable year period ending with the taxable year preceding the computation year.

''(II) ELECTIONS MADE BEFORE COMPUTATION YEAR.—If, before the beginning of the computation year, an election described in paragraph (4)(B) is made by the participant to have compensation for services performed in the computation year deferred under a nonqualified deferred compensation plan, the base period shall be the 5-taxable year period ending with the taxable year preceding the taxable year in which the election is made.

''(III) COMPUTATION YEAR.—For purposes of this clause, the term 'computation year' means any taxable year of the participant for which the limitation under subparagraph (A) is being determined.

''(IV) SPECIAL RULE FOR EMPLOYEES OF LESS THAN 5 YEARS.—If a participant did not perform services for the employer maintaining the nonqualified deferred compensation plan (or any predecessor of the employer) during the entire 5-taxable year period referred to in subparagraph (A) or (B), only the portion of such period during which the participant performed such services shall be taken into account.''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years beginning after December 31, 2006, except that—

(A) the amendments shall only apply to amounts deferred after December 31, 2006 (and to earnings on such amounts), and

(B) taxable years beginning on or before December 31, 2006, shall be taken into account in determining the average annual compensation of a participant during any base period for purposes of section 409A(a)(5)(D) of the Internal Revenue Code of 1986 (as added by such amendments).

(2) GUIDANCE RELATING TO CERTAIN EXISTING ARRANGEMENTS.—Not later than 60 days after the date of the enactment of this Act, the Secretary of the Treasury shall issue guidance providing a limited period during which a nonqualified deferred compensation plan adopted before December 31, 2006, may, without violating the requirements of section 409A(a) of such Code, be amended—

(A) to provide that a participant may, no later than December 31, 2007, cancel or modify an outstanding deferral election with regard to all or a portion of amounts deferred after December 31, 2006, to the extent necessary for the plan to meet the requirements of section 409A(a)(5) of such Code (as added by the amendments made by this section), but only if amounts subject to the cancellation or modification are, to the extent not previously included in gross income, includible in income of the participant when no longer subject to substantial risk of forfeiture, and

(B) to conform to the requirements of section 409A(a)(5) of such Code (as added by the amendments made by this section) with regard to amounts deferred after December 31, 2006.

SEC. 537. INCREASE IN CRIMINAL MONETARY PENALTY LIMITATION FOR THE UNDERPAYMENT OR OVERPAYMENT OF TAX DUE TO FRAUD.

(a) IN GENERAL.—Section 7206 (relating to fraud and false statements) is amended—

(1) by striking ''Any person who—'' and inserting ''(a) IN GENERAL.—'', 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 if the aggregate tax liability for such period is not less than $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. 538. 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 neither signed a closing agreement pursuant to the Voluntary Offshore Compliance Initiative established by the Department of the Treasury under Revenue Procedure 2003–11 nor 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 type of 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) APPLICABLE PENALTY.—For purposes of this section, the term ''applicable penalty'' means any penalty, addition to tax, or fine imposed under chapter 68 of the Internal Revenue Code of 1986.

(c) 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. 539. 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. 540. 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 1 or more contingent payments,

any regulations which require original issue discount to be determined by reference to the comparable yield of a fixed-rate debt instrument shall be applied as if the regulations require that such comparable yield be determined by reference to a 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. 541. EXTENSION OF IRS USER FEES.

Subsection (c) of section 7528 (relating to Internal Revenue Service user fees) is amended by striking ''September 30, 2014'' and inserting ''September 30, 2016''.

SEC. 542. MODIFICATION OF COLLECTION DUE PROCESS PROCEDURES FOR EMPLOYMENT TAX LIABILITIES.

(a) IN GENERAL.—Section 6330(f) (relating to jeopardy and State refund collection) is amended—

(1) by striking ''; or'' at the end of paragraph (1) and inserting a comma,

(2) by adding ''or'' at the end of paragraph (2), and

(3) by inserting after paragraph (2) the following new paragraph:

''(3) the Secretary has served a levy in connection with the collection of taxes under chapter 21, 22, 23, or 24,''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to levies issued on or after the date that is 120 days after the date of the enactment of this Act.

SEC. 543. MODIFICATIONS TO WHISTLEBLOWER REFORMS.

(a) MODIFICATION OF TAX THRESHOLD FOR AWARDS.—Subparagraph (B) of section 7623(b)(5), as added by the Tax Relief and Health Care Act of 2006, is amended by striking ''$2,000,000'' and inserting ''$20,000''.

(b) WHISTLEBLOWER OFFICE.—

(1) IN GENERAL.—Section 7623 is amended by adding at the end the following new subsections:

''(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). 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) REPORTS.—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.''.

(2) CONFORMING AMENDMENT.—Section 406 of division A of the Tax Relief and Health Care Act of 2006 is amended by striking subsections (b) and (c).

(3) REPORT ON IMPLEMENTATION.—Not later than 6 months after the date of the enactment of this Act, the Secretary of the Treasury shall submit to Congress a report on the establishment and operation of the Whistleblower Office under section 7623(c) of the Internal Revenue Code of 1986.

(c) PUBLICITY OF AWARD APPEALS.—Paragraph (4) of section 7623(b), as added by the Tax Relief and Health Care Act of 2006, is amended to read as follows:

''(4) APPEAL OF AWARD DETERMINATION.—

''(A) IN GENERAL.—Any determination regarding an award under paragraph (1), (2), or (3) may, within 30 days of such determination, be appealed to the Tax Court (and the Tax Court shall have jurisdiction with respect to such matter).

''(B) PUBLICITY OF APPEALS.—Notwithstanding sections 7458 and 7461, the Tax Court may, in order to preserve the anonymity, privacy, or confidentiality of any person under this subsection, provide by rules adopted under section 7453 that portions of filings, hearings, testimony, evidence, and reports in connection with proceedings under this subsection may be closed to the public or to inspection by the public.''.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to information provided on or after the date of the enactment of this Act.

(2) PUBLICITY OF AWARD APPEALS.—The amendment made by subsection (c) shall take effect as if included in the amendments made by section 406 of the Tax Relief and Health Care Act of 2006.

SEC. 544. MODIFICATIONS OF DEFINITION OF EMPLOYEES COVERED BY DENIAL OF DEDUCTION FOR EXCESSIVE EMPLOYEE REMUNERATION.

(a) IN GENERAL.—Paragraph (3) of section 162(m) is amended to read as follows:

''(3) COVERED EMPLOYEE.—For purposes of this subsection, the term 'covered employee' means, with respect to any taxpayer for any taxable year, an individual who—

''(A) was the chief executive officer of the taxpayer, or an individual acting in such a capacity, at any time during the taxable year,

''(B) is 1 of the 4 highest compensated officers of the taxpayer for the taxable year (other than the individual described in subparagraph (A)), or

''(C) was a covered employee of the taxpayer (or any predecessor) for any preceding taxable year beginning after December 31, 2006.

''In the case of an individual who was a covered employee for any taxable year beginning after December 31, 2006, the term 'covered employee' shall include a beneficiary of such employee with respect to any remuneration for services performed by such employee as a covered employee (whether or not such services are performed during the taxable year in which the remuneration is paid).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2006.

PART III—GENERAL PROVISIONS

SEC. 551. ENHANCED COMPLIANCE ASSISTANCE FOR SMALL BUSINESSES.

(a) IN GENERAL.—Section 212 of the Small Business Regulatory Enforcement Fairness Act of 1996 (5 U.S.C. 601 note) is amended by striking subsection (a) and inserting the following:

''(a) COMPLIANCE GUIDE.—

''(1) IN GENERAL.—For each rule or group of related rules for which an agency is required to prepare a final regulatory flexibility analysis under section 605(b) of title 5, United States Code, the agency shall publish 1 or more guides to assist small entities in complying with the rule and shall entitle such publications 'small entity compliance guides'.

''(2) PUBLICATION OF GUIDES.—The publication of each guide under this subsection shall include—

''(A) the posting of the guide in an easily identified location on the website of the agency; and

''(B) distribution of the guide to known industry contacts, such as small entities, associations, or industry leaders affected by the rule.

''(3) PUBLICATION DATE.—An agency shall publish each guide (including the posting and distribution of the guide as described under paragraph (2))—

''(A) on the same date as the date of publication of the final rule (or as soon as possible after that date); and

''(B) not later than the date on which the requirements of that rule become effective.

''(4) COMPLIANCE ACTIONS.—

''(A) IN GENERAL.—Each guide shall explain the actions a small entity is required to take to comply with a rule.

''(B) EXPLANATION.—The explanation under subparagraph (A)—

''(i) shall include a description of actions needed to meet the requirements of a rule, to enable a small entity to know when such requirements are met; and

''(ii) if determined appropriate by the agency, may include a description of possible procedures, such as conducting tests, that may assist a small entity in meeting such requirements, except that, compliance with any procedures described pursuant to this section does not establish compliance with the rule, or establish a presumption or inference of such compliance.

''(C) PROCEDURES.—Procedures described under subparagraph (B)(ii)—

''(i) shall be suggestions to assist small entities; and

''(ii) shall not be additional requirements, or diminish requirements, relating to the rule.

''(5) AGENCY PREPARATION OF GUIDES.—The agency shall, in its sole discretion, taking into account the subject matter of the rule and the language of relevant statutes, ensure that the guide is written using sufficiently plain language likely to be understood by affected small entities. Agencies may prepare separate guides covering groups or classes of similarly affected small entities and may cooperate with associations of small entities to develop and distribute such guides. An agency may prepare guides and apply this section with respect to a rule or a group of related rules.

''(6) REPORTING.—Not later than 1 year after the date of enactment of the Fair Minimum Wage Act of 2007, and annually thereafter, the head of each agency shall submit a report to the Committee on Small Business and Entrepreneurship of the Senate, the Committee on Small Business of the House of Representatives, and any other committee of relevant jurisdiction describing the status of the agency's compliance with paragraphs (1) through (5).''.

(b) TECHNICAL AND CONFORMING AMENDMENT.—Section 211(3) of the Small Business Regulatory Enforcement Fairness Act of 1996 (5 U.S.C. 601 note) is amended by inserting ''and entitled'' after ''designated''.

SEC. 552. SMALL BUSINESS CHILD CARE GRANT PROGRAM.

(a) ESTABLISHMENT.—The Secretary of Health and Human Services (referred to in this section as the ''Secretary'') shall establish a program to award grants to States, on a competitive basis, to assist States in providing funds to encourage the establishment and operation of employer-operated child care programs.

(b) APPLICATION.—To be eligible to receive a grant under this section, a State shall prepare and submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary may require, including an assurance that the funds required under subsection (e) will be provided.

(c) AMOUNT AND PERIOD OF GRANT.—The Secretary shall determine the amount of a grant to a State under this section based on the population of the State as compared to the population of all States receiving grants under this section. The Secretary shall make the grant for a period of 3 years.

(d) USE OF FUNDS.—

(1) IN GENERAL.—A State shall use amounts provided under a grant awarded under this section to provide assistance to small businesses (or consortia formed in accordance with paragraph (3)) located in the State to enable the small businesses (or consortia) to establish and operate child care programs. Such assistance may include—

(A) technical assistance in the establishment of a child care program;

(B) assistance for the startup costs related to a child care program;

(C) assistance for the training of child care providers;

(D) scholarships for low-income wage earners;

(E) the provision of services to care for sick children or to provide care to school-aged children;

(F) the entering into of contracts with local resource and referral organizations or local health departments;

(G) assistance for care for children with disabilities;

(H) payment of expenses for renovation or operation of a child care facility; or

(I) assistance for any other activity determined appropriate by the State.

(2) APPLICATION.—In order for a small business or consortium to be eligible to receive assistance from a State under this section, the small business involved shall prepare and submit to the State an application at such time, in such manner, and containing such information as the State may require.

(3) PREFERENCE.—

(A) IN GENERAL.—In providing assistance under this section, a State shall give priority to an applicant that desires to form a consortium to provide child care in a geographic area within the State where such care is not generally available or accessible.

(B) CONSORTIUM.—For purposes of subparagraph (A), a consortium shall be made up of 2 or more entities that shall include small businesses and that may include large businesses, nonprofit agencies or organizations, local governments, or other appropriate entities.

(4) LIMITATIONS.—With respect to grant funds received under this section, a State may not provide in excess of $500,000 in assistance from such funds to any single applicant.

(e) MATCHING REQUIREMENT.—To be eligible to receive a grant under this section, a State shall provide assurances to the Secretary that, with respect to the costs to be incurred by a covered entity receiving assistance in carrying out activities under this section, the covered entity will make available (directly or through donations from public or private entities) non-Federal contributions to such costs in an amount equal to—

(1) for the first fiscal year in which the covered entity receives such assistance, not less than 50 percent of such costs ($1 for each $1 of assistance provided to the covered entity under the grant);

(2) for the second fiscal year in which the covered entity receives such assistance, not less than 66⅔ percent of such costs ($2 for each $1 of assistance provided to the covered entity under the grant); and

(3) for the third fiscal year in which the covered entity receives such assistance, not less than 75 percent of such costs ($3 for each $1 of assistance provided to the covered entity under the grant).

(f) REQUIREMENTS OF PROVIDERS.—To be eligible to receive assistance under a grant awarded under this section, a child care provider—

(1) who receives assistance from a State shall comply with all applicable State and local licensing and regulatory requirements and all applicable health and safety standards in effect in the State; and

(2) who receives assistance from an Indian tribe or tribal organization shall comply with all applicable regulatory standards.

(g) STATE-LEVEL ACTIVITIES.—A State may not retain more than 3 percent of the amount described in subsection (c) for State administration and other State-level activities.

(h) ADMINISTRATION.—

(1) STATE RESPONSIBILITY.—A State shall have responsibility for administering a grant awarded for the State under this section and for monitoring covered entities that receive assistance under such grant.

(2) AUDITS.—A State shall require each covered entity receiving assistance under the grant awarded under this section to conduct an annual audit with respect to the activities of the covered entity. Such audits shall be submitted to the State.

(3) MISUSE OF FUNDS.—

(A) REPAYMENT.—If the State determines, through an audit or otherwise, that a covered entity receiving assistance under a grant awarded under this section has misused the assistance, the State shall notify the Secretary of the misuse. The Secretary, upon such a notification, may seek from such a covered entity the repayment of an amount equal to the amount of any such misused assistance plus interest.

(B) APPEALS PROCESS.—The Secretary shall by regulation provide for an appeals process with respect to repayments under this paragraph.

(i) REPORTING REQUIREMENTS.—

(1) 2-YEAR STUDY.—

(A) IN GENERAL.—Not later than 2 years after the date on which the Secretary first awards grants under this section, the Secretary shall conduct a study to determine—

(i) the capacity of covered entities to meet the child care needs of communities within States;

(ii) the kinds of consortia that are being formed with respect to child care at the local level to carry out programs funded under this section; and

(iii) who is using the programs funded under this section and the income levels of such individuals.

(B) REPORT.—Not later than 28 months after the date on which the Secretary first awards grants under this section, the Secretary shall prepare and submit to the appropriate committees of Congress a report on

the results of the study conducted in accordance with subparagraph (A).

(2) 4-YEAR STUDY.—

(A) IN GENERAL.—Not later than 4 years after the date on which the Secretary first awards grants under this section, the Secretary shall conduct a study to determine the number of child care facilities that are funded through covered entities that received assistance through a grant awarded under this section and that remain in operation, and the extent to which such facilities are meeting the child care needs of the individuals served by such facilities.

(B) REPORT.—Not later than 52 months after the date on which the Secretary first awards grants under this section, the Secretary shall prepare and submit to the appropriate committees of Congress a report on the results of the study conducted in accordance with subparagraph (A).

(j) DEFINITIONS.—In this section:

(1) COVERED ENTITY.—The term ''covered entity'' means a small business or a consortium formed in accordance with subsection (d)(3).

(2) INDIAN COMMUNITY.—The term ''Indian community'' means a community served by an Indian tribe or tribal organization.

(3) INDIAN TRIBE; TRIBAL ORGANIZATION.—The terms ''Indian tribe'' and ''tribal organization'' have the meanings given the terms in section 658P of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858n).

(4) SMALL BUSINESS.—The term ''small business'' means an employer who employed an average of at least 2 but not more than 50 employees on the business days during the preceding calendar year.

(5) STATE.—The term ''State'' has the meaning given the term in section 658P of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858n).

(k) APPLICATION TO INDIAN TRIBES AND TRIBAL ORGANIZATIONS.—In this section:

(1) IN GENERAL.—Except as provided in subsection (f)(1), and in paragraphs (2) and (3), the term ''State'' includes an Indian tribe or tribal organization.

(2) GEOGRAPHIC REFERENCES.—The term ''State'' includes an Indian community in subsections (c) (the second and third place the term appears), (d)(1) (the second place the term appears), (d)(3)(A) (the second place the term appears), and (i)(1)(A)(i).

(3) STATE-LEVEL ACTIVITIES.—The term ''State-level activities'' includes activities at the tribal level.

(l) AUTHORIZATION OF APPROPRIATIONS.—

(1) IN GENERAL.—There is authorized to be appropriated to carry out this section, $50,000,000 for the period of fiscal years 2008 through 2012.

(2) STUDIES AND ADMINISTRATION.—With respect to the total amount appropriated for such period in accordance with this subsection, not more than $2,500,000 of that amount may be used for expenditures related to conducting studies required under, and the administration of, this section.

(m) TERMINATION OF PROGRAM.—The program established under subsection (a) shall terminate on September 30, 2012.

SEC. 553. STUDY OF UNIVERSAL USE OF ADVANCE PAYMENT OF EARNED INCOME CREDIT.

Not later than 180 days after the date of the enactment of this Act, the Secretary of the Treasury shall report to Congress on a study of the benefits, costs, risks, and barriers to workers and to businesses (with a special emphasis on small businesses) if the advance earned income tax credit program (under section 3507 of the Internal Revenue Code of 1986) included all recipients of the earned income tax credit (under section 32 of such Code) and what steps would be necessary to implement such inclusion.

SEC. 554. SENSE OF THE SENATE CONCERNING PERSONAL SAVINGS.

(a) FINDINGS.—The Senate finds that—

(1) the personal saving rate in the United States is at its lowest point since the Great Depression, with the rate having fallen into negative territory;

(2) the United States ranks at the bottom of the Group of Twenty (G–20) nations in terms of net national saving rate;

(3) approximately half of all the working people of the United States work for an employer that does not offer any kind of retirement plan;

(4) existing savings policies enacted by Congress provide limited incentives to save for low- and moderate-income families; and

(5) the Social Security program was enacted to serve as the safest component of a retirement system that also includes employer-sponsored retirement plans and personal savings.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that—

(1) Congress should enact policies that promote savings vehicles for retirement that are simple, easily accessible and provide adequate financial security for all the people of the United States;

(2) it is important to begin retirement saving as early as possible to take full advantage of the power of compound interest; and

(3) regularly contributing money to a financially-sound investment account is one important method for helping to achieve one's retirement goals.

SEC. 555. RENEWAL GRANTS FOR WOMEN'S BUSINESS CENTERS.

(a) IN GENERAL.—Section 29 of the Small Business Act (15 U.S.C. 656) is amended by adding at the end the following:

''(m) CONTINUED FUNDING FOR CENTERS.—

''(1) IN GENERAL.—A nonprofit organization described in paragraph (2) shall be eligible to receive, subject to paragraph (3), a 3-year grant under this subsection.

''(2) APPLICABILITY.—A nonprofit organization described in this paragraph is a nonprofit organization that has received funding under subsection (b) or (l).

''(3) APPLICATION AND APPROVAL CRITERIA.—

''(A) CRITERIA.—Subject to subparagraph (B), the Administrator shall develop and publish criteria for the consideration and approval of applications by nonprofit organizations under this subsection.

''(B) CONTENTS.—Except as otherwise provided in this subsection, the conditions for participation in the grant program under this subsection shall be the same as the conditions for participation in the program under subsection (l), as in effect on the date of enactment of this Act.

''(C) NOTIFICATION.—Not later than 60 days after the date of the deadline to submit applications for each fiscal year, the Administrator shall approve or deny any application under this subsection and notify the applicant for each such application.

''(4) AWARD OF GRANTS.—

''(A) IN GENERAL.—Subject to the availability of appropriations, the Administrator shall make a grant for the Federal share of the cost of activities described in the application to each applicant approved under this subsection.

''(B) AMOUNT.—A grant under this subsection shall be for not more than $150,000, for each year of that grant.

''(C) FEDERAL SHARE.—The Federal share under this subsection shall be not more than 50 percent.

''(D) PRIORITY.—In allocating funds made available for grants under this section, the Administrator shall give applications under this subsection or subsection (l) priority over first-time applications under subsection (b).

''(5) RENEWAL.—

''(A) IN GENERAL.—The Administrator may renew a grant under this subsection for additional 3-year periods, if the nonprofit organization submits an application for such renewal at such time, in such manner, and accompanied by such information as the Administrator may establish.

''(B) UNLIMITED RENEWALS.—There shall be no limitation on the number of times a grant may be renewed under subparagraph (A).

''(n) PRIVACY REQUIREMENTS.—

''(1) IN GENERAL.—A women's business center may not disclose the name, address, or telephone number of any individual or small business concern receiving assistance under this section without the consent of such individual or small business concern, unless—

''(A) the Administrator is ordered to make such a disclosure by a court in any civil or criminal enforcement action initiated by a Federal or State agency; or

''(B) the Administrator considers such a disclosure to be necessary for the purpose of conducting a financial audit of a women's business center, but a disclosure under this subparagraph shall be limited to the information necessary for such audit.

''(2) ADMINISTRATION USE OF INFORMATION.—This subsection shall not—

''(A) restrict Administration access to program activity data; or

''(B) prevent the Administration from using client information (other than the information described in subparagraph (A)) to conduct client surveys.

''(3) REGULATIONS.—The Administrator shall issue regulations to establish standards for requiring disclosures during a financial audit under paragraph (1)(B).''.

(b) REPEAL.—Section 29(l) of the Small Business Act (15 U.S.C. 656(l)) is repealed effective October 1 of the first full fiscal year after the date of enactment of this Act.

(c) TRANSITIONAL RULE.—Notwithstanding any other provision of law, a grant or cooperative agreement that was awarded under subsection (l) of section 29 of the Small Business Act (15 U.S.C. 656), on or before the day before the date described in subsection (b) of this section, shall remain in full force and effect under the terms, and for the duration, of such grant or agreement.

SEC. 556. REPORTS ON ACQUISITIONS OF ARTICLES, MATERIALS, AND SUPPLIES MANUFACTURED OUTSIDE THE UNITED STATES.

Section 2 of the Buy American Act (41 U.S.C. 10a) is amended—

(1) by striking ''Notwithstanding'' and inserting the following:

''(a) IN GENERAL.—Notwithstanding''; and

(2) by adding at the end the following:

''(b) REPORTS.—

''(1) IN GENERAL.—Not later than 180 days after the end of each of fiscal years 2007 through 2011, the head of each Federal agency shall submit to the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Oversight and Government Reform of the House of Representatives a report on the amount of the acquisitions made by the agency in that fiscal year of articles, materials, or supplies purchased from entities that manufacture the articles, materials, or supplies outside of the United States.

''(2) CONTENTS OF REPORT.—The report required by paragraph (1) shall separately include, for the fiscal year covered by such report—

''(A) the dollar value of any articles, materials, or supplies that were manufactured outside the United States;

''(B) an itemized list of all waivers granted with respect to such articles, materials, or supplies under this Act, and a citation to the treaty, international agreement, or other law under which each waiver was granted;

''(C) if any articles, materials, or supplies were acquired from entities that manufacture articles, materials, or supplies outside the United States, the specific exception under this section that was used to purchase such articles, materials, or supplies; and

''(D) a summary of—

''(i) the total procurement funds expended on articles, materials, and supplies manufactured inside the United States; and

''(ii) the total procurement funds expended on articles, materials, and supplies manufactured outside the United States.

''(3) PUBLIC AVAILABILITY.—The head of each Federal agency submitting a report under paragraph (1) shall make the report publicly available to the maximum extent practicable.

''(4) EXCEPTION FOR INTELLIGENCE COMMUNITY.—This subsection shall not apply to acquisitions made by an agency, or component thereof, that is an element of the intelligence community as specified in, or designated under, section 3(4) of the National Security Act of 1947 (50 U.S.C. 401a(4)).''.

SEC. 557. SENSE OF THE SENATE REGARDING REPEAL OF 1993 INCOME TAX INCREASE ON SOCIAL SECURITY BENEFITS.

It is the sense of the Senate that Congress should repeal the 1993 tax increase on Social Security benefits and eliminate wasteful spending, such as spending on unnecessary tax loopholes, in order to fully offset the cost of such repeal and avoid forcing taxpayers to pay substantially more interest to foreign creditors.

SEC. 558. SENSE OF THE SENATE REGARDING PERMANENT TAX INCENTIVES TO MAKE EDUCATION MORE AFFORDABLE AND MORE ACCESSIBLE FOR AMERICAN FAMILIES.

It is the sense of the Senate that Congress should make permanent the tax incentives to make education more affordable and more accessible for American families and eliminate wasteful spending, such as spending on unnecessary tax loopholes, in order to fully offset the cost of such incentives and avoid forcing taxpayers to pay substantially more interest to foreign creditors.

SEC. 559. RESPONSIBLE GOVERNMENT CONTRACTOR REQUIREMENTS.

Section 274A(e) of the Immigration and Nationality Act (8 U.S.C. 1324a(e)) is amended by adding at the end the following new paragraph:

''(10) PROHIBITION ON AWARD OF GOVERNMENT CONTRACTS, GRANTS, AND AGREEMENTS.—

''(A) EMPLOYERS WITH NO CONTRACTS, GRANTS, OR AGREEMENTS.—

''(i) IN GENERAL.—Subject to clause (iii) and subparagraph (C), if an employer who does not hold a Federal contract, grant, or cooperative agreement is determined to have violated this section, the employer shall be debarred from the receipt of a Federal contract, grant, or cooperative agreement for a period of 7 years.

''(ii) PLACEMENT ON EXCLUDED LIST.—The Secretary of Homeland Security or the Attorney General shall advise the Administrator of General Services of the debarment of an employer under clause (i) and the Administrator of General Services shall list the employer on the List of Parties Excluded from Federal Procurement and Nonprocurement Programs for a period of 7 years.

''(iii) WAIVER.—

''(I) AUTHORITY.—The Administrator of General Services, in consultation with the Secretary of Homeland Security and the Attorney General, may waive operation of clause (i) or may limit the duration or scope of a debarment under clause (i) if such waiver or limitation is necessary to national defense or in the interest of national security.

''(II) NOTIFICATION TO CONGRESS.—If the Administrator grants a waiver or limitation described in subclause (I), the Administrator shall submit to each member of the Committee on the Judiciary of the Senate and of the Committee on the Judiciary of the House of Representatives immediate notice of such waiver or limitation.

''(III) PROHIBITION ON JUDICIAL REVIEW.—The decision of whether to debar or take alternative action under this clause shall not be judicially reviewed.

''(B) EMPLOYERS WITH CONTRACTS, GRANTS, OR AGREEMENTS.—

''(i) IN GENERAL.—Subject to clause (iii) and subclause (C), an employer who holds a Federal contract, grant, or cooperative agreement and is determined to have violated this section shall be debarred from the receipt of new Federal contracts, grants, or cooperative agreements for a period of 10 years.

''(ii) NOTICE TO AGENCIES.—Prior to debarring the employer under clause (i), the Secretary of Homeland Security, in cooperation with the Administrator of General Services, shall advise any agency or department holding a contract, grant, or cooperative agreement with the employer of the Government's intention to debar the employer from the receipt of new Federal contracts, grants, or cooperative agreements for a period of 10 years.

''(iii) WAIVER.—

''(I) AUTHORITY.—After consideration of the views of any agency or department that holds a contract, grant, or cooperative agreement with the employer, the Administrator of General Services, in consultation with the Secretary of Homeland Security and the Attorney General, may waive operation of clause (i) or may limit the duration or scope of the debarment under clause (i) if such waiver or limitation is necessary to the national defense or in the interest of national security.

''(II) NOTIFICATION TO CONGRESS.—If the Administrator grants a waiver or limitation described in subclause (I), the Administrator shall submit to each member of the Committee on the Judiciary of the Senate and of the Committee on the Judiciary of the House of Representatives immediate notice of such waiver or limitation.

''(III) PROHIBITION ON JUDICIAL REVIEW.—The decision of whether to debar or take alternate action under this clause shall not be judicially reviewed.

''(C) EXEMPTION FROM PENALTY FOR EMPLOYERS PARTICIPATING IN THE BASIC PILOT PROGRAM.—In the case of imposition on an employer of a debarment from the receipt of a Federal contract, grant, or cooperative agreement under subparagraph (A) or (B), that penalty shall be waived if the employer establishes that the employer was voluntarily participating in the basic pilot program under section 403(a) of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (8 U.S.C. 1324a note) at the time of the violations of this section that resulted in the debarment.''.

SA 681. Mr. LEAHY submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the end of chapter 3 of title I, add the following:

SEC. 1316. AMOUNTS FOR PROCUREMENT OF DEPLOYABLE, TWO-WAY, SPEECH-TO-SPEECH LANGUAGE TRANSLATION DEVICES FOR USE IN IRAQ AND AFGHANISTAN.

Of the amount appropriated or otherwise made available by this chapter under the heading ''OTHER PROCUREMENT, ARMY'', the amount ($12,800,000) otherwise available for the Sequoyah Foreign Language Translation System shall be available instead for the procurement of deployable, two-way, speech-to-speech language translation devices for use in Iraq and Afghanistan.

SA 682. Mr. LEAHY (for himself, Mr. BOND, Ms. LANDRIEU, Mr. DODD, Mr. BINGAMAN, Ms. MIKULSKI, Ms. CANTWELL, Mr. BAUCUS, Mr. BROWN, Mr. KERRY, Mr. DURBIN, Mr. ROCKEFELLER, Mr. DOMENICI, and Mr. BIDEN) submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the end of chapter 3 of title I, add the following:

SEC. 1316. ADDITIONAL AMOUNT FOR NATIONAL GUARD AND RESERVE EQUIPMENT FOR EQUIPMENT FOR THE ARMY NATIONAL GUARD.

The amount appropriated by this chapter under the heading ''NATIONAL GUARD AND RESERVE EQUIPMENT'' is hereby increased by $1,000,000,000, with the amount of the increase to be available for equipment for the Army National Guard: *Provided*, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 376 (109th Congress) as made applicable to the House of Representatives pursuant to H. Res. 818 (109th Congress), and as an emergency requirement pursuant to section 402 of S. Con. Res. 83 (109th Congress) as made applicable to the Senate by section 7035 of Public Law 109–234.

SA 683. Mr. DORGAN (for himself, Mr. CONRAD, Mr. JOHNSON, and Mr. THUNE) submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the end of chapter 8 of title III, add the following:

SEC. 38___. AWARD OF MEDAL OF HONOR TO WOODROW W. KEEBLE FOR VALOR DURING KOREAN WAR.

(a) WAIVER OF TIME LIMITATIONS.—Notwithstanding any applicable time limitation under section 3744 of title 10, United States Code, or any other time limitation with respect to the award of certain medals to individuals who served in the Armed Forces, the President may award to Woodrow W. Keeble the Medal of Honor under section 3741 of that title for the acts of valor described in subsection (b).

(b) ACTS OF VALOR.—The acts of valor referred to in subsection (a) are the acts of Woodrow W. Keeble, then-acting platoon leader, carried out on October 20, 1951, during the Korean War.

SA 684. Mr. OBAMA (for himself, Mrs. MCCASKILL, Ms. MIKULSKI, Mr. HARKIN, Mr. KERRY, Ms. CANTWELL, Mr. BIDEN, and Mr. BINGAMAN) submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the end of chapter 3 of title I, add the following:

SEC. 1316. ADDITIONAL AMOUNT FOR DEFENSE HEALTH PROGRAM FOR ADDITIONAL MENTAL HEALTH AND RELATED PERSONNEL.

The amount appropriated or otherwise made available by this chapter under the heading ''DEFENSE HEALTH PROGRAM'' is hereby increased by $58,000,000, with the amount of the increase to be available for additional caseworkers at military medical treatment facilities and other military facilities housing patients to participate in, enhance, and assist the Physical Disability Evaluation System (PDES) process, and for additional mental health and mental crisis counselors at military medical treatment facilities and other military facilities housing patients for services for members of the Armed Forces and their families.

SEC. 1317. ADDITIONAL AMOUNTS FOR OPERATION AND MAINTENANCE FOR THE MILITARY DEPARTMENTS FOR IMPROVED PHYSICAL DISABILITY EVALUATIONS OF MEMBERS OF THE ARMED FORCES.

(a) ADDITIONAL AMOUNT FOR OPERATION AND MAINTENANCE, ARMY.—The amount appropriated or otherwise made available by this chapter under the heading ''OPERATION AND MAINTENANCE, ARMY'' is hereby increased by $10,000,000, with the amount of the increase to be available in accordance with subsection (d).

(b) ADDITIONAL AMOUNTS FOR OPERATION AND MAINTENANCE FOR DEPARTMENT OF THE NAVY.—The aggregate amount appropriated or otherwise made available by this chapter under the headings ''OPERATION AND MAINTENANCE, NAVY'' and ''OPERATION AND MAINTENANCE, MARINE CORPS'' is hereby increased by $10,000,000, with the amount of the increase to be available in accordance with subsection (d).

(c) ADDITIONAL AMOUNT FOR OPERATION AND MAINTENANCE, AIR FORCE.—The amount appropriated or otherwise made available by this __chapter under the heading ''OPERATION AND MAINTENANCE, AIR FORCE'' is hereby increased by $10,000,000, with the amount of the increase to be available in accordance with subsection (d).

(d) INTERNET ACCESS TO PHYSICAL DISABILITY EVALUATIONS OF MEMBERS OF THE ARMED FORCES.—

(1) IN GENERAL.—Each Secretary of a military department shall, utilizing amounts appropriated by the applicable subsection of this section, develop and implement an Internet website to permit members of the Armed Forces who are subject to the Physical Disability Evaluation system of such military department to participate in such system through the Internet.

(2) ELEMENTS.—Each Internet website under paragraph (1) shall include the following:

(A) The availability of any forms required for the utilization of the physical disability evaluation system concerned by members of the Armed Forces who are subject to such system.

(B) Secure mechanisms for the submission of forms described in subparagraph (A) by members of the Armed Forces described in that subparagraph, and for the tracking by such members of the acceptance and review of any forms so submitted.

(C) Secure mechanisms for advising members of the Armed Forces described in subparagraph (A) of any additional information, forms, or other items that are required for the acceptance and review of any forms so submitted.

(D) The continuous availability of assistance for members of the Armed Forces described in subparagraph (A), including assistance through the caseworkers assigned to such members, in submitting and tracking forms, including assistance in obtaining information, forms, or other items described by subparagraph (C).

SEC. 1318. ADDITIONAL AMOUNT FOR DEFENSE HEALTH PROGRAM FOR WOMEN'S MENTAL HEALTH SERVICES.

The amount appropriated or otherwise made available by this chapter under the heading ''DEFENSE HEALTH PROGRAM'' is hereby increased by $15,000,000, with the amount of the increase to be available for the development and implementation of a women's mental health treatment program for women members of the Armed Forces to help screen and treat women members of the Armed Forces, including services and treatment for women who have experienced posttraumatic stress disorder and services and treatment for women who have experienced sexual assault or abuse, which services shall include the hiring and training of sexual abuse crisis counselors for members of the Armed Forces who have experienced sexual abuse or assault.

SEC. 1319. OFFSET.

The amount appropriated or otherwise made available by this chapter under the heading ''IRAQ FREEDOM FUND'' is hereby reduced by $103,000,000.

SEC. 1320. STUDY ON MENTAL HEALTH AND READJUSTMENT NEEDS OF MEMBERS AND FORMER MEMBERS OF THE ARMED FORCES WHO DEPLOYED IN OPERATION IRAQI FREEDOM AND OPERATION ENDURING FREEDOM AND THEIR FAMILIES.

(a) IN GENERAL.—Using amounts appropriated or otherwise made available by this chapter under the heading ''DEFENSE HEALTH PROGRAM'', the Secretary of Defense shall, in consultation with the Secretary of Veterans Affairs, enter into an agreement with the National Academy of Sciences for a study on the mental health and readjustment needs of members and former members of the Armed Forces who deployed in Operation Iraqi Freedom or Operation Enduring Freedom and their families as a result of such deployment.

(b) PHASES.—The study required under subsection (a) shall consist of two phases:

(1) A preliminary phase, to be completed not later than 180 days after the date of the enactment of this Act, to determine the parameters of the final phase of the study under paragraph (2).

(2) A second phase, to be completed not later than two years after the date of the enactment of this Act, to carry out a comprehensive assessment, in accordance with the parameters identified under paragraph (1), of the mental health and readjustment needs of members and former members of the Armed Forces who deployed in Operation Iraqi Freedom or Operation Enduring Freedom and their families as a result of such deployment.

(c) REPORTS.—The Secretary of Defense shall submit to Congress, and make available to the public, a comprehensive report on each phase of the study required under subsection (a) not later than 30 days after the date of the completion of such phase of the study.

SA 685. Mr. KENNEDY submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ___. PROHIBITION ON MODIFICATIONS TO CONSULTING AND EDUCATIONAL SERVICES OF THE ARMED FORCES INSTITUTE OF PATHOLOGY.

No funds appropriated or otherwise made available by this Act or any other Act may be obligated or expended to plan for, prepare for, or implement any action to reduce, eliminate, or substantially modify the consulting services or educational services provided by the Armed Forces Institute of Pathology.

SA 686. Mr. KENNEDY submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ___. PROHIBITION ON MODIFICATIONS TO CONSULTING AND EDUCATIONAL SERVICES OF THE ARMED FORCES INSTITUTE OF PATHOLOGY.

No funds appropriated or otherwise made available by this Act or any other Act may be obligated or expended to plan for, prepare for, or implement any action to reduce, eliminate, or substantially modify the consulting services or educational services provided by the Armed Forces Institute of Pathology.

SA 687. Mr. KERRY submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 70, between lines 5 and 6, insert the following:

SEC. 2403. RESERVIST PROGRAMS.

(a) DEFINITIONS.—In this section—

(1) the term ''activated'' means receiving an order placing a Reservist on active duty;

(2) the term ''active duty'' has the meaning given that term in section 101 of title 10, United States Code;

(3) the terms ''Administration'' and ''Administrator'' mean the Small Business Administration and the Administrator thereof, respectively;

(4) the term ''Reservist'' means a member of a reserve component of the Armed Forces, as described in section 10101 of title 10, United States Code;

(5) the term ''Service Corps of Retired Executives'' means the Service Corps of Retired Executives authorized by section 8(b)(1) of the Small Business Act (15 U.S.C. 637(b)(1));

(6) the term ''small business concern'' has the meaning given that term in section 3 of the Small Business Act (15 U.S.C. 632);

(7) the term ''small business development center'' means a small business development center described in section 21 of the Small Business Act (15 U.S.C. 648); and

(8) the term ''women's business center'' means a women's business center described in section 29 of the Small Business Act (15 U.S.C. 656).

(b) APPLICATION PERIOD.—Section 7(b)(3)(C) of the Small Business Act (15 U.S.C. 636(b)(3)(C)) is amended by striking ''90 days'' and inserting ''1 year''.

(c) PREAPPROVAL PROCESS.—

(1) DEFINITION.—In this subsection, the term ''eligible Reservist'' means a Reservist who—

(A) has not been ordered to active duty;

(B) expects to be ordered to active duty during a period of military conflict; and

(C) can reasonably demonstrate that the small business concern for which that Reservist is a key employee will suffer economic injury in the absence of that Reservist.

(2) ESTABLISHMENT.—Not later than 6 months after the date of enactment of this Act, the Administrator shall establish a preapproval process, under which the Administrator—

(A) may approve a loan to a small business concern under section 7(b)(3) of the Small Business Act (15 U.S.C. 636(b)(3)) before an eligible Reservist employed by that small business concern is activated; and

(B) shall distribute funds for any loan approved under subparagraph (A) if that eligible Reservist is activated.

(d) OUTREACH AND TECHNICAL ASSISTANCE PROGRAM.—

(1) IN GENERAL.—Not later than 6 months after the date of enactment of this Act, the Administrator, in consultation with the Secretary of Veterans Affairs and the Secretary of Defense, shall develop a comprehensive outreach and technical assistance program (in this subsection referred to as the ''program'') to—

(A) market the loans available under section 7(b)(3) of the Small Business Act (15 U.S.C. 636(b)(3)) to Reservists, and family members of Reservists, that are on active duty and that are not on active duty; and

(B) provide technical assistance to a small business concern applying for a loan under that section.

(2) COMPONENTS.—The program shall—

(A) incorporate appropriate websites maintained by the Administration, the Department of Veterans Affairs, and the Department of Defense; and

(B) require that information on the program is made available to small business concerns directly through—

(i) the district offices and resource partners of the Administration, including small business development centers, women's business centers, and the Service Corps of Retired Executives; and

(ii) other Federal agencies, including the Department of Veterans Affairs and the Department of Defense.

(3) REPORT.—

(A) IN GENERAL.—Not later than 6 months after the date of enactment of this Act, and every 6 months thereafter until the date that is 30 months after such date of enactment, the Administrator shall submit to Congress a report on the status of the program.

(B) CONTENTS.—Each report submitted under subparagraph (A) shall include—

(i) for the 6-month period ending on the date of that report—

(I) the number of loans approved under section 7(b)(3) of the Small Business Act (15 U.S.C. 636(b)(3));

(II) the number of loans disbursed under that section; and

(III) the total amount disbursed under that section; and

(ii) recommendations, if any, to make the program more effective in serving small business concerns that employ Reservists.

SA 688. Mr. LEVIN submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 96, after line 19, add the following:

SEC. 3_____. Section 20501 of the Continuing Appropriations Resolution, 2007 (division B of Public Law 109–289, as amended by Public Law 110-5; 121 Stat. 26) is amended by striking ''Superfund', $1,251,574,000.'' and inserting ''Superfund', $1,251,574,000: *Provided*, That $19,000,000 of the amount provided for Environmental Protection Agency, Science and Technology shall be for the Climate Protection Program.''.

SA 689. Mr. LUGAR submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 56, after line 18, insert the following:

CIVILIAN RESERVE CORPS

SEC. 1713. Of the funds appropriated by this Act under the headings ''DIPLOMATIC AND CONSULAR PROGRAMS'' and ''ECONOMIC SUPPORT FUND'' (except for the Community Action Program), up to $50,000,000 may be made available to support and maintain a civilian reserve corps. Funds made available under this section shall be subject to the regular notification procedures of the Committees on Appropriations.

SA 690. Mr. COCHRAN (for Mr. LUGAR) proposed an amendment to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; as follows:

On page 56, after line 18, insert the following:

CIVILIAN RESERVE CORPS

SEC. 1713. Of the funds appropriated by this Act under the headings ''DIPLOMATIC AND CONSULAR PROGRAMS'' and ''ECONOMIC SUPPORT FUND'' (except for the Community Action Program), up to $50,000,000 may be made available to support and maintain a civilian reserve corps. Funds made available under this section shall be subject to the regular notification procedures of the Committees on Appropriations.

SA 691. Mr. WEBB (for himself and Mr. BYRD) submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ___. PROHIBITION ON USE OF FUNDS FOR MILITARY OPERATIONS IN IRAN.

(a) PROHIBITION.—No funds appropriated or otherwise made available by this Act may be obligated or expended for military operations or activities within or above the territory of Iran, or within the territorial waters of Iran, except pursuant to a specific authorization of Congress enacted in a statute enacted after the date of the enactment of this Act.

(b) EXCEPTIONS.—The prohibition in subsection (a) shall not apply with respect to military operations or activities as follows:

(1) Military operations or activities to directly repel or thwart an attack or imminent attack on United States forces or interests from within the territory of Iran.

(2) Military operations or activities in hot pursuit of forces engaged outside the territory of Iran who thereafter enter into Iran.

(3) Intelligence collection activities of which Congress has been appropriately notified under applicable law.

(c) REPORT.—Not later than 24 hours after determining to utilize funds referred to in subsection (a) for purposes of a military operation described in subsection (b), the President shall submit to the appropriate committees of Congress a report on the determination, including a justification for the determination.

SA 692. Mr. WEBB proposed an amendment to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; as follows:

At the appropriate place, insert the following:

SEC. ___. PROHIBITION ON USE OF FUNDS FOR MILITARY OPERATIONS IN IRAN.

(a) PROHIBITION.—Notwithstanding any other provision of law, no funds appropriated or otherwise made available by this Act may be obligated or expended for military operations or activities within or above the territory of Iran, or within the territorial waters of Iran, except pursuant to a specific authorization of Congress enacted in a statute enacted after the date of the enactment of this Act.

(b) EXCEPTIONS.—The prohibition in subsection (a) shall not apply with respect to military operations or activities as follows:

(1) Military operations or activities to directly repel an attack launched from within the territory of Iran.

(2) Military operations or activities to directly thwart an imminent attack to be launched from within the territory of Iran.

(3) Military operations or activities in hot pursuit of forces engaged outside the territory of Iran who thereafter enter into Iran.

(4) Intelligence collection activities of which Congress has been appropriately notified under applicable law.

(c) REPORT.—Not later than 24 hours after determining to utilize funds referred to in subsection (a) for purposes of a military operation described in subsection (b), the President shall submit to the appropriate committees of Congress a report on the determination, including a justification for the determination.

SA 693. Mr. DODD submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the end of chapter 10 of title III, add the following:

SEC. 4004. For an additional amount to carry out housing counseling, $25,000,000, to remain available until expended, shall be made available to the Secretary of Housing and Urban Development, *Provided*, That the amount provided under this section is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress).

SA 694. Mr. WARNER submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 94, between lines 10 and 11, insert the following:

SEC. 2904. (a) It is the sense of Congress that the realignment of functions from Walter Reed Army Medical Center, as prescribed under the 2005 round of defense base closure and realignment, should be accelerated to minimize the uncertainty faced by the dedicated professionals serving at the Center,

and to ensure the quickest possible completion of facilities and the immediate transfer of functions from the Center.

(b) Of the funds appropriated by this chapter for military construction under the heading ''DEPARTMENT OF DEFENSE BASE CLOSURE ACCOUNT, 2005'', $123,000,000 shall be deposited into the Department of Defense Base Closure Account 2005 established under section 2906A(a)(1) of the Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101–510; 10 U.S.C. 2687 note) and made available for the acceleration of construction activities related to the closure of Walter Reed Army Medical Center.

SA 695. Mr. WARNER submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 94, between lines 10 and 11, insert the following:

SEC. 2904. (a) Congress makes the following findings:

(1) Congress authorized the 2005 Defense Base Closure and Realignment (BRAC) process in the National Defense Authorization Act for Fiscal Year 2002 (Public Law 107–107) as the only fair and objective way for the Department of Defense to reduce excess military base infrastructure and to obtain savings from these reductions.

(2) In order to ensure a fair and objective process, the President was required to present to Congress a list of bases to be closed or realigned, as determined by the BRAC Commission, in a totality without any changes or alterations.

(3) The President submitted to Congress the decisions of the BRAC Commission under the 2005 round of defense base closure and realignment on September 15, 2005, two and a half years after the commencement of Operation Iraqi Freedom.

(4) As part of the BRAC process, the Secretary of Defense was required by law to assess the probable threats to national security and, as part of such assessment, determine the potential, prudent, surge requirements to meet those threats.

(5) The Department of Defense and the BRAC Commission were required by law to determine whether each decision accounted for the ability to accommodate contingency, mobilization, surge, and future total force requirements at both existing and potential receiving locations to support operations and training.

(6) Congress took no action to disapprove the decisions of the Commission, thus allowing the totality of the 2005 round of defense base closure and realignment to become law on November 20, 2005.

(7) Contained within the totality of the 2005 BRAC decisions was the realignment of the Walter Reed Army Medical Center in Washington, D.C., which would result in the closure of the main post and the relocation of—

(A) all tertiary (sub-specialty and complex care) medical services, Legal Medicine, and a Pathology Program Management Office to National Naval Medical Center, Bethesda, Maryland;

(B) all non-tertiary (primary and specialty) patient care functions to a new community hospital at Fort Belvoir, Virginia;

(C) the Armed Forces Medical Examiner, DNA Registry, and Accident Investigation to Dover Air Force Base, Delaware; and

(D) the Combat Casualty Care Research sub-function and the enlisted histology technician training to Fort Sam Houston, Texas.

(8) The decision to close Walter Reed Army Medical Center is estimated to save the Department of Defense over $170,000,000 annually after 2011.

(9) The cost to maintain and renovate current facilities at Walter Reed Army Medical Center and in the national capitol region was estimated by the Department of the Army to exceed $13,000,000,000 over the next 13 years.

(10) A delay in the closure or realignment of a military installation would cause further disruption and uncertainty for the workforce supporting the installation and the local community surrounding the installation until the action is complete.

(11) The Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101–510; 10 U.S.C. 2687 note) requires the Secretary of Defense to complete all such closures and realignments no later than September 15, 2011, in order minimize to the negative impact on military operations and local communities by establishing clear, specific goals for the realignment and closure activities.

(12) The inadequate conditions and processes recently identified at Walter Reed Army Medical Center are, in part, due to antiquated facilities spread over a 113-acre campus, which was not initially designed for processes necessitated by current military operations.

(13) The BRAC decision will allow the Department of Defense to transform legacy medical facilities into a premier, modern, state-of-the-art joint operational medical facility that will combine the best military practitioners, medical practices, and medical research efforts from both the Department of the Army and the Department of the Navy under one roof working side-by-side for wounded servicemembers.

(14) The acceleration of the construction at the receiving locations from the closure of Walter Reed Army Medical Center will allow for a quicker transition of functions and patient services to newer, more modern facilities, significantly improving the capability to care for our Nation's wounded service members.

(15) Any action by Congress to delay or reverse the BRAC decision to close Walter Reed Army Medical Center will result in an unprecedented disruption to the BRAC process and introduce a level of uncertainty in every other BRAC decision, which could paralyze the efforts of the military and local communities to faithfully carry out the decisions made under the 2005 round of defense base closure and realignment.

(b) It is the sense of Congress that the realignment of functions from Walter Reed Army Medical Center, as prescribed under the 2005 round of defense base closure and realignment, should be accelerated to minimize the uncertainty faced by the dedicated professionals serving at the Center, and to ensure the quickest possible completion of facilities and the immediate transfer of functions from the Center.

(c) There are authorized to be appropriated $123,000,000 for an additional amount to be deposited into the Department of Defense Base Closure Account 2005 established under section 2906A(a)(1) of the Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101–510; 10 U.S.C. 2687 note) for the purpose of accelerating construction activities related to the closure of Walter Reed Army Medical Center. Any funds so appropriated shall remain available until expended.

SA 696. Mr. WARNER submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 94, between lines 10 and 11, insert the following:

SEC. 2904. (a) Congress makes the following findings:

(1) Congress authorized the 2005 Defense Base Closure and Realignment (BRAC) process in the National Defense Authorization Act for Fiscal Year 2002 (Public Law 107–107) as the only fair and objective way for the Department of Defense to reduce excess military base infrastructure and to obtain savings from these reductions.

(2) In order to ensure a fair and objective process, the President was required to present to Congress a list of bases to be closed or realigned, as determined by the BRAC Commission, in a totality without any changes or alterations.

(3) The President submitted to Congress the decisions of the BRAC Commission under the 2005 round of defense base closure and realignment on September 15, 2005, two and a half years after the commencement of Operation Iraqi Freedom.

(4) As part of the BRAC process, the Secretary of Defense was required by law to assess the probable threats to national security and, as part of such assessment, determine the potential, prudent, surge requirements to meet those threats.

(5) The Department of Defense and the BRAC Commission were required by law to determine whether each decision accounted for the ability to accommodate contingency, mobilization, surge, and future total force requirements at both existing and potential receiving locations to support operations and training.

(6) Congress took no action to disapprove the decisions of the Commission, thus allowing the totality of the 2005 round of defense base closure and realignment to become law on November 20, 2005.

(7) Contained within the totality of the 2005 BRAC decisions was the realignment of the Walter Reed Army Medical Center in Washington, D.C., which would result in the closure of the main post and the relocation of—

(A) all tertiary (sub-specialty and complex care) medical services, Legal Medicine, and a Pathology Program Management Office to National Naval Medical Center, Bethesda, Maryland;

(B) all non-tertiary (primary and specialty) patient care functions to a new community hospital at Fort Belvoir, Virginia;

(C) the Armed Forces Medical Examiner, DNA Registry, and Accident Investigation to Dover Air Force Base, Delaware; and

(D) the Combat Casualty Care Research sub-function and the enlisted histology technician training to Fort Sam Houston, Texas.

(8) The decision to close Walter Reed Army Medical Center is estimated to save the Department of Defense over $170,000,000 annually after 2011.

(9) The cost to maintain and renovate current facilities at Walter Reed Army Medical Center and in the national capitol region was estimated by the Department of the Army to exceed $13,000,000,000 over the next 13 years.

(10) A delay in the closure or realignment of a military installation would cause further disruption and uncertainty for the workforce supporting the installation and the local community surrounding the installation until the action is complete.

(11) The Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101–510; 10 U.S.C. 2687 note) requires the Secretary of Defense to complete all such closures and realignments no later

than September 15, 2011, in order minimize to the negative impact on military operations and local communities by establishing clear, specific goals for the realignment and closure activities.

(12) The inadequate conditions and processes recently identified at Walter Reed Army Medical Center are, in part, due to antiquated facilities spread over a 113-acre campus, which was not initially designed for processes necessitated by current military operations.

(13) The BRAC decision will allow the Department of Defense to transform legacy medical facilities into a premier, modern, state-of-the-art joint operational medical facility that will combine the best military practitioners, medical practices, and medical research efforts from both the Department of the Army and the Department of the Navy under one roof working side-by-side for wounded servicemembers.

(14) The acceleration of the construction at the receiving locations from the closure of Walter Reed Army Medical Center will allow for a quicker transition of functions and patient services to newer, more modern facilities, significantly improving the capability to care for our Nation's wounded service members.

(15) Any action by Congress to delay or reverse the BRAC decision to close Walter Reed Army Medical Center will result in an unprecedented disruption to the BRAC process and introduce a level of uncertainty in every other BRAC decision, which could paralyze the efforts of the military and local communities to faithfully carry out the decisions made under the 2005 round of defense base closure and realignment.

(b) It is the sense of Congress that the realignment of functions from Walter Reed Army Medical Center, as prescribed under the 2005 round of defense base closure and realignment, should be accelerated to minimize the uncertainty faced by the dedicated professionals serving at the Center, and to ensure the quickest possible completion of facilities and the immediate transfer of functions from the Center.

(c) Of the funds appropriated by this chapter for military construction under the heading ''DEPARTMENT OF DEFENSE BASE CLOSURE ACCOUNT, 2005'', $123,000,000 shall be deposited into the Department of Defense Base Closure Account 2005 established under section 2906A(a)(1) of the Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101–510; 10 U.S.C. 2687 note) and made available for the acceleration of construction activities related to the closure of Walter Reed Army Medical Center.

SA 697. Mr. WARNER (for himself, Mr. BYRD, Ms. COLLINS, Mr. NELSON of Nebraska, Ms. SNOWE, Mr. SALAZAR, Ms. MURKOWSKI, and Mr. SMITH) submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ___. INDEPENDENT ASSESSMENT OF CAPABILITIES OF THE IRAQI SECURITY FORCES.

(a) FINDINGS.—Congress makes the following findings:

(1) The responsibility for Iraq's internal security and halting sectarian violence must rest primarily with the Government of Iraq, relying on the Iraqi Security Forces (ISF).

(2) In quarterly reports to Congress, and in testimony before a number of congressional committees, the Department of Defense reported progress towards training and equipping Iraqi Security Forces; however, the subsequent performance of the Iraqi Security Forces has been uneven and occasionally appeared inconsistent with those reports.

(3) On November 15, 2005, President Bush said, ''The plan [is] that we will train Iraqi troops to be able to take the fight to the enemy. And as I have consistently said, as the Iraqis stand up, we will stand down''.

(4) In testimony to Congress, on November 15, 2006, U.S. Central Command Commander General John Abizaid said, ''I believe that more American forces prevent the Iraqis from doing more, from taking more responsibility for their own future''.

(5) On January 10, 2007, the President announced a new strategy, which consists of three basic elements: diplomatic, economic, and military; the central component of the military element being an augmentation of the present level of the U.S. military forces with more than 20,000 additional U.S. military troops to Iraq to ''work alongside Iraqi units and be embedded in their formations. Our troops will have a well-defined mission: to help Iraqis clear and secure neighborhoods, to help them protect the local population, and to help ensure that the Iraqi forces left behind are capable of providing the security that Baghdad needs''.

(6) The President said on January 10, 2007, that ''I've made it clear to the Prime Minister and Iraq's other leaders that America's commitment is not open-ended'' so as to dispel the contrary impression that exists.

(7) The latest National Intelligence Estimate (NIE) on Iraq, entitled ''Prospects for Iraq's Stability: A Challenging Road Ahead,'' released in January 2007, found: ''If strengthened Iraqi Security Forces (ISF), more loyal to the government and supported by Coalition forces, are able to reduce levels of violence and establish more effective security for Iraq's population, Iraqi leaders could have an opportunity to begin the process of political compromise necessary for longer term stability, political progress, and economic recovery''.

(8) The NIE also stated that ''[d]espite real improvements, the Iraqi Security Forces (ISF)—particularly the Iraqi police—will be hard pressed in the next 12-18 months to execute significantly increased security responsibilities''.

(9) The current and prospective readiness of the ISF is critical to (A) the long term stability of Iraq, (B) the force protection of U.S. forces conducting combined operations with the ISF; and (C) the scale of U.S. forces deployed to Iraq.

(b) INDEPENDENT ASSESSMENT OF CAPABILITIES OF IRAQI SECURITY FORCES.—

(1) IN GENERAL.—There is hereby authorized to be appropriated for the Department of Defense, $750,000, that the Department, in turn, will commission an independent, private-sector entity, which operates as a 501(c)(3) with recognized credentials and expertise in military affairs, to prepare an independent report assessing the following:

(A) The readiness of the Iraqi Security Forces (ISF) to assume responsibility for maintaining the territorial integrity of Iraq, denying international terrorists a safe haven, and bringing greater security to Iraq's 18 provinces in the next 12-18 months, and bringing an end to sectarian violence to achieve national reconciliation.

(B) The training; equipping; command, control and intelligence capabilities; and logistics capacity of the ISF.

(C) The likelihood that, given the ISF's record of preparedness to date, following years of training and equipping by US forces, the continued support of US troops will contribute to the readiness of the ISF to fulfill the missions outlined in subparagraph (A).

(2) REPORT.—Not later than 120 days after passage of this Act, the designated private sector entity shall provide an unclassified report, with a classified annex, containing its findings, to the House and Senate Committees on Armed Services, Appropriations, Foreign Relations, and Intelligence.

SA 698. Mr. WARNER submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

SEC. 1. SENSE OF THE SENATE CONCERNING IRAQ.

Whereas on the fourth anniversary of Operation Iraqi Freedom, the regime of a brutal dictator has been replaced by a democratically elected government in the Arab world;

Whereas, the United Nations Security Council Resolution 1723, approved November 28, 2006, ''determin[ed] that the situation in Iraq continues to constitute a threat to international peace and security;''

Whereas, over 137,000 American military personnel are currently serving in Iraq, like thousands of others since March 2003, with the bravery and professionalism consistent with the finest traditions of the United States armed forces, and are deserving of the support of all Americans, which they have strongly;

Whereas many American service personnel have lost their lives, and many more have been wounded, in Iraq, and the American people will always honor their sacrifices and honor their families;

Whereas the U.S. Army and Marine Corps, including their Reserve and National Guard organizations, together with components of the other branches of the military, are under enormous strain from multiple, extended deployments to Iraq and Afghanistan, and these deployments, and those that will follow, will have lasting impacts on the future recruiting, retention and readiness of our nation's all volunteer force;

Whereas Iraq is experiencing a deteriorating problem of sectarian and intra-sectarian violence based upon political distrust and cultural differences between some Sunni and Shia Muslims, concentrated primarily in Baghdad;

Whereas Iraqis must reach political settlements in order to achieve reconciliation, and the failure of the Iraqis to reach such settlements to support a truly unified government greatly contributes to the increasing violence in Iraq;

Whereas the responsibility for Iraq's internal security and halting sectarian violence must rest primarily with the Government of Iraq, relying on the Iraqi Security Forces (ISF);

Whereas the President said on January 10, 2007, that ''I've made it clear to the Prime Minister and Iraq's other leaders that America's commitment is not open-ended'' so as to dispel the contrary impression that exists;

Whereas it is essential that the Government of Iraq set out measurable and achievable benchmarks and President Bush said, on January 10, 2007, that ''America will change our approach to help the Iraqi government as it works to meet these benchmarks;''

Whereas according to Secretary of State Rice, Iraq's Policy Committee on National Security agreed upon a set of political, security, and economic benchmarks and an associated timeline in September 2006 that were (a) reaffirmed by Iraq's Presidency Council on October 6, 2007; (b) referenced by the Iraq Study Group; and (c) posted on the President of Iraq's website;

Whereas the Secretary of State indicated on January 30, 2007 that ''we expect the Prime Minister will follow through on his pledges to the President that he would take difficult decisions.''

Whereas the Secretary of State, the Secretary of Defense, and the Chairman of the Joint Chiefs of Staff have testified about, and, or, provided unclassified material to members of Congress on Iraqi commitments and goals.

Whereas Congress acknowledges that the Baghdad Security Plan is in it's initial months and while there are signs of progress, there are also signs of difficulty and uncertainty. Now therefore be it

Resolved that

(1) The United States strategy in Iraq, hereafter, should be conditioned on the Iraqi government meeting benchmarks, as told to members of Congress by the President, the Secretary of State, the Secretary of Defense, and the Chairman of the Joint Chiefs of Staff, and reflected in the Iraqi Government's commitments to the United States, and to the international community, including:

(a) forming a Constitutional Review Committee and completing the Constitutional review;

(b) enacting and implementing legislation on de-Bathification;

(c) enacting and implementing legislation to ensure the equitable distribution of hydrocarbon resources to the people of Iraq without regard to the sect or ethnicity of recipients, and ensuring that the energy resources of Iraq benefit Sunni Arabs, Shia Arabs, Kurds, and other Iraqi citizens in an equitable manner;

(d) enacting and implementing legislation on procedures to form semi-autonomous regions;

(e) enacting and implementing legislation establishing an Independent High Electoral Commission; provincial elections law; provincial council authorities; and a date for provincial elections;

(f) enacting and implementing legislation addressing amnesty;

(g) enacting and implementing legislation establishing a strong militia disbarment program to ensure that such security forces are accountable only to the central government and loyal to the constitution of Iraq;

(h) establishing supporting political media, economic, and services committees in support of the Baghdad Security Plan;

(i) providing three trained and ready Iraqi brigades to support Baghdad operations;

(j) providing Iraqi commanders with all authorities to execute this plan and to make tactical and operational decisions, in consultation with U.S. commanders, without political intervention;

(k) ensuring that the Iraqi Security Forces are providing even handed enforcement of the law against all who break it;

(l) ensuring that, the Baghdad security plan is not providing a safe haven for any outlaws, regardless of their sectarian or political affiliation; as Prime Minister Maliki stated to President Bush.

(m) establishing all of the planned joint security stations in neighborhoods across Baghdad;

(n) increasing the number of Iraqi security forces units capable of operating independently;

(o) allocating and spending $10 billion in Iraqi revenues for reconstruction projects, including delivery of essential services, on an equitable basis;

(2) The Iraqi government achieving, or demonstrating satisfactory progress towards achieving these benchmarks should be viewed as the condition for continued United States military and economic involvement in Iraq;

Sec. 2. Reporting Requirements.

A. Report Required on Benchmarks

(1) The Commander, Multi-National Forces-Iraq, in coordination with the United States Ambassador to Iraq, shall submit a report (hereafter known as ''the report''), to the Commander of U.S. Central Command not later than July 15, 2007, and every 60 days thereafter. The report shall detail the status of each of the specific benchmarks established in Section 1, and conclude whether satisfactory progress has been made toward meeting the overall benchmarks as defined in Section 1, in a timely manner.

(2) Upon receipt of the report, the Commander of U.S. Central Command shall prepare an assessment of the report. The report and the assessment shall be submitted to the Secretary of Defense not later than July 20, 2007, and every 60 days thereafter.

(3) Upon receipt of the report and assessment, the Secretary of Defense shall, in consultation with the Secretary of State, prepare their independent assessment of and submit the report and all assessments to the Committees on Armed Services; Appropriations; Foreign Relations or International Relations; and Intelligence of the Senate and House of Representatives, not later than August 1, 2007, and every 60 days thereafter.

(4) If the report or any of the assessments fail to indicate satisfactory progress in any benchmark, the President shall submit, within 30 days thereafter, a report to Congress on those benchmarks that failed to achieve satisfactory progress. The Presidents' report shall provide an explanation of why satisfactory progress was not achieved and describe revisions to the January 10, 2007 strategy, that reflect how satisfactory progress will be attained.

(5) The reporting requirement detailed in Section 1227 of the National Defense Authorization Act for Fiscal Year 2007 is terminated after a reporting period ending May 31, 2007.

B. Reports on Readiness of the Armed Forces.

(1) Commencing 60 days after the enactment of this Act, the Secretaries of the military services, in coordination with the Chiefs of the Services, shall report to the Committees on Armed Services and Appropriations of the Senate and the House of Representatives, not later than 30 days before the date of embarkation, the deployment of any unit of the Armed Forces of the United States, to include the Reserve Forces and National Guard (hereafter known as ''the unit''), outside the United States and its territories, that is not deemed fully mission capable of performing reasonably assigned mission-essential tasks to prescribed standards, under anticipated conditions in the theater of operations, of the supported combatant commander.

(2) Subsequently, the supported combatant commander, in coordination with the Commander of Joint Forces Command, shall assess the risk of the deployment of the unit as significant, high, medium, or low, and specify corrective actions to reduce that level of risk from significant, high, or medium to low to the Secretary of Defense, not later than 20 days before the embarkation of the unit.

(3) Thereafter, the Secretary of Defense, in coordination with Chairman of the Joint Chiefs of Staff, shall forward the aforementioned risk assessment to the Committees on Armed Services and Appropriations of the Senate and the House of Representatives, not later than 10 days before the date of embarkation of the unit, with a statement that the risk associated with the deployment of ''the unit'' has been mitigated to satisfaction, or that the deployment of ''the unit'' has been canceled, delayed, or determined to be of such significant importance that deployment of ''the unit'' is essential and the level of risk of that deployment is vital to national security.

SA 699. Mr. GRASSLEY submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

Strike section 2704 and insert the following:

SEC. 2704. (a) ELIMINATION OF REMAINDER OF SCHIP FUNDING SHORTFALLS FOR FISCAL YEAR 2007.—

(1) IN GENERAL.—Section 2104(h) of the Social Security Act (42 U.S.C. 1397dd(h)), as added by section 201(a) of the National Institutes of Health Reform Act of 2006, is amended—

(A) by redesignating paragraphs (4) through (7) as paragraphs (5) through (8), respectively;

(B) by inserting after paragraph (3), the following:

''(4) ADDITIONAL AMOUNTS TO ELIMINATE REMAINDER OF FISCAL YEAR 2007 FUNDING SHORTFALLS.—

''(A) ALLOTMENT AUTHORITY.—From the amounts made available under subparagraph (D) for additional allotments under this paragraph, subject to subparagraph (C), the Secretary shall allot to each remaining shortfall State described in subparagraph (B) such amount as the Secretary determines will eliminate the estimated shortfall described in such subparagraph for the State for fiscal year 2007.

''(B) REMAINING SHORTFALL STATE DESCRIBED.—For purposes of subparagraph (A), a remaining shortfall State is a State with a State child health plan approved under this title for which the Secretary estimates, on the basis of the most recent data available to the Secretary as of March 31, 2007, that the projected Federal expenditures under such plan for the State for fiscal year 2007 will exceed the sum of—

''(i) the amount of the State's allotments for each of fiscal years 2005 and 2006 that will not be expended by the end of fiscal year 2006;

''(ii) the amount of the State's allotment for fiscal year 2007; and

''(iii) the amounts, if any, that are to be redistributed to the State during fiscal year 2007 in accordance with paragraphs (1) and (2).

''(C) PRORATION RULE.—If the amount available under subparagraph (D) is less than the total amount of the estimated shortfalls determined by the Secretary under subparagraph (A), the amount of the allotment for each remaining shortfall State determined under such subparagraph shall be reduced proportionally.

''(D) APPROPRIATION; ALLOTMENT AUTHORITY.—For the purpose of providing additional allotments to remaining shortfall States under this paragraph there is appropriated, out of any funds in the Treasury not otherwise appropriated, such sums as are necessary for fiscal year 2007, not to exceed $750,000,000. Amounts appropriated pursuant to the preceding sentence are designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress).''.

(2) CONFORMING AMENDMENTS.—Such section is further amended—

(A) in paragraph (1)(B), by striking ''paragraph (4)(B)'' and inserting ''paragraph (5)(B)'';

(B) in paragraph (2)—

(i) in the paragraph heading, by striking ''REMAINDER OF REDUCTION'' and inserting ''PART'';

(ii) in subparagraph (A), by striking ''paragraph (5)(B)'' and inserting ''paragraph (6)(B)''; and

(iii) in subparagraph (B), by striking ''paragraph (4)(B)'' and inserting ''paragraph (5)(B)'';

(C) in paragraph (5) (as redesignated by paragraph (1)(A))—

(i) in subparagraph (A), by inserting ''or allotted'' after ''redistributed''; and

(ii) in subparagraph (B)—

(I) by inserting ''or allotted'' after ''redistributed'';

(II) by striking ''To the'' and inserting the following:

''(i) IN GENERAL.—Subject to clause (ii), to the''; and

(III) by adding at the end the following new clause:

''(ii) EXCEPTION FOR REMAINING SHORTFALL STATES WITH LOWEST THIRD RANKING OF UNINSURED CHILDREN.—Only with respect to the amounts allotted under paragraph(4) to a remaining shortfall State described in subparagraph (B) of such paragraph, clause (i) shall not apply to any such State that, on the basis of the most recent American Community Survey of the Bureau of the Census (or, until such data is available, on the basis of the 3 most recent Annual Social and Economic Supplements of the Current Population Survey of the Bureau of the Census), ranks in the lowest ⅓ of States in terms of the State's percentage of low-income children without health insurance.'';

(D) in subparagraph (6)(A) (as so redesignated), by striking ''and (3)'' and inserting ''(3), and (4)''; and

(E) in paragraph (7) (as so redesignated)—

(i) in the first sentence__

(I) by inserting ''or allotted'' after ''redistributed''; and

(II) by inserting ''or allotments'' after ''redistributions''; and

(ii) in the second sentence, by striking ''and (3), in accordance with paragraph (5)'' and inserting ''(3), and (4) in accordance with paragraph (6)''.

(b) IMPROVING ACCESS TO DENTAL SERVICES AND MENTAL HEALTH SERVICES FOR CHILDREN.—Title V of the Social Security Act (42 U.S.C. 701 et seq.) is amended by adding at the end the following:

''SEC. 511. SEPARATE PROGRAM TO IMPROVE ACCESS TO DENTAL SERVICES AND MENTAL HEALTH SERVICES.

''(a) AUTHORITY TO AWARD ALLOTMENTS.—For the purpose described in subsection (b)(1), the Secretary shall allot to each State which has transmitted an application under subsection (c) that has been approved by the Secretary an amount equal to the product of—

''(1) the amount appropriated in subsection (h) for the period of fiscal years 2007 through 2012; and

''(2) the proportion that the number of low-income children for that State bears to the total of such numbers of children for all the States with approved applications under this section for such period.

''(b) PURPOSE; PRIORITY FOR USE OF FUNDS.—

''(1) PURPOSE.—The purpose of an allotment under subsection (a) to a State is to enable the State to carry out activities that are designed to improve access to dental services and mental health services for targeted low-income children and other children with low income or limited availability of health services.

''(2) PRIORITY FOR USE OF FUNDS.—In carrying out activities with funds from an allotment made under this section, a State shall give priority to activities that are designed to improve access to dental services and mental health services for targeted low-income children.

''(c) APPLICATION.—A State that desires to receive an allotment under this section shall submit, not later than June 1, 2007, an application to the Secretary in such form and manner, and containing such information, as the Secretary may require. Such application shall include—

''(1) a detailed description of the activities proposed to be conducted with funds from the allotment;

''(2) quality and outcomes performance measures to evaluate the effectiveness of such activities; and

''(3) an assurance that the State shall—

''(A) conduct an assessment of the effectiveness of such activities against such performance measures; and

''(B) cooperate with the collection and reporting of data and other information determined as a result of conducting such assessments to the Secretary, in such form and manner as the Secretary shall require.

''(d) REPORT.—Not later than March 31, 2008, the Secretary shall submit a report to Congress on the activities conducted with funds allotted under this section.

''(e) SUPPLEMENT, NOT SUPPLANT.—Funds awarded under this section shall be used to supplement, not supplant, non-Federal funds that are otherwise available for activities conducted with funds from an allotment made under this section.

''(f) APPLICATION OF OTHER PROVISIONS.—

''(1) IN GENERAL.—Sections 503, 507, and 508 shall apply to allotments under subsection (a) to the same extent and in the same manner as such sections apply to allotments under section 502(c).

''(2) REPORTS.—Section 506 shall apply to allotments under subsection (a) to the extent determined by the Secretary to be appropriate.

''(g) DEFINITIONS.—In this section:

''(1) TARGETED LOW-INCOME CHILDREN.—The term 'targeted low-income children' means, with respect to a State, children enrolled in the State child health plan under title XXI.

''(2) LOW-INCOME CHILDREN.—The term 'low-income children' has the meaning given the term 'low-income child' under section 2110(c)(4).

''(h) APPROPRIATION.—There is appropriated, out of any money in the Treasury not otherwise appropriated, $250,000,000 for the period of fiscal years 2007 through 2012 for the purpose of making allotments under this section.''.

(c) FUNDING PROVISIONS.—

(1) REPEAL OF THE LIMITED CONTINUOUS ENROLLMENT PROVISION FOR CERTAIN BENEFICIARIES UNDER THE MEDICARE ADVANTAGE PROGRAM.—

(A) IN GENERAL.—Subparagraph (E) of section 1851(e)(2) of the Social Security Act (42 U.S.C. 1395w–21(e)(2)), as added by section 206(a) of division B of the Tax Relief and Health Care Act of 2006 (Public Law 109–432), is repealed.

(B) CONFORMING AMENDMENT.—Section 1860D–1(b)(1)(B)(iii) of the Social Security Act (42 U.S.C. 1395w–101(b)(1)(B)(iii)), as amended by 206(b) of division B of the Tax Relief and Health Care Act of 2006 (Public Law 109–432), is amended by striking ''subparagraphs (B), (C), and (E)'' and inserting ''subparagraphs (B) and (C)''.

(C) EFFECTIVE DATE.—The amendments made by this paragraph shall take effect on the day after the date of enactment of this Act.

(2) REQUIREMENT FOR USE OF TAMPER-RESISTANT PRESCRIPTION PADS UNDER THE MEDICAID PROGRAM.—

(A) IN GENERAL.—Section 1903(i) of the Social Security Act (42 U.S.C. 1396b(i)) is amended—

(i) by striking ''or'' at the end of paragraph (21);

(ii) by striking the period at the end of paragraph (22) and inserting ''; or''; and

(iii) by inserting after paragraph (22) the following new paragraph:

''(23) with respect to amounts expended for medical assistance for covered outpatient drugs (as defined in section 1927(k)(2)) for which the prescription was executed in written (and non-electronic) form unless the prescription was executed on a tamper-resistant pad.''.

(B) EFFECTIVE DATE.—The amendments made by subparagraph (A) shall apply to prescriptions executed after September 30, 2007.

(3) EXTENSION OF SSI ASSET VERIFICATION DEMONSTRATION TO MEDICAID.—

(A) IN GENERAL.—Subject to subparagraph (B), the Secretary of Health and Human Services shall collaborate with the Commissioner of Social Security to provide for the use, for purposes of verifying financial eligibility for medical assistance under State plans under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.), of the system administered by the Commissioner (under section 1631(e)(1)(B)(ii) of such Act (42 U.S.C. 1383(e)(1)(B)(ii)) under which the Commissioner may obtain information held by financial institutions in order to verify eligibility for benefits under title XVI of such Act (42 U.S.C. 1381 et seq.).

(B) LIMITATION.—For purposes of this paragraph, use of the system described in subparagraph (A), and the information obtained through such system, shall be limited to determinations of eligibility for medical assistance in States in which such system is being used by the Commissioner to verify eligibility for benefits under such title XVI.

(C) SHARING BY COMMISSIONER OF INFORMATION OBTAINED FROM FINANCIAL INSTITUTIONS.—Notwithstanding the Right to Financial Privacy Act of 1978 (12 U.S.C. 3401 et seq.) or any other provision of law, information obtained by the Commissioner from financial institutions under the system described in subparagraph (A) may, for purposes of carrying out this paragraph, be shared with the agencies of States specified in subparagraph (B) which are administering the plans of such States under title XIX of the Social Security Act.

(d) GENERAL EFFECTIVE DATE; APPLICABILITY.—Except as otherwise provided, the amendments made by this section take effect on the date of enactment of this Act and apply without fiscal year limitation.

SA 700. Mr. GRASSLEY submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

Beginning on page 85, between lines 7 and 8, insert the following:

Nothing in the preceding sentence shall be construed as prohibiting the Secretary of Health and Human Services during the period described in such sentence from promulgating or implementing a rule designed to prevent fraud and protect the integrity of the Medicaid program or the State Children's Health Insurance Program, reduce inappropriate spending under such programs, or protect hospitals and other providers of items and services under such programs by permitting such hospitals and providers to retain all allowable Federal, State, and local payments for items or services provided to recipients of medical assistance under the Medicaid program or child health assistance under the State Children's Health Insurance Program.

SA 701. Mr. GRASSLEY submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

Beginning on page 85, between lines 7 and 8, insert the following:

Nothing in the preceding sentence shall be construed as prohibiting the Secretary of Health and Human Services during the period described in such sentence from promulgating or implementing a rule designed to prevent fraud and protect the integrity of the Medicaid program or the State Children's Health Insurance Program or reduce inappropriate spending under such programs.

SA 702. Mr. DEMINT submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

Strike subtitle C of title IV.

SA 703. Mr. DEMINT submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 135, strike lines 5 through 14.

SA 704. Mr. DEMINT submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the end of chapter 1 of title III, insert the following:

SEC. 3104. SPINACH.

No funds made available under this Act shall be used to make payments to growers and first handlers, as defined by the Secretary of Health and Human Services, of fresh spinach that were unable to market spinach crops as a result of the Food and Drug Administration Public Health Advisory issued on September 14, 2006.

SA 705. Mr. HAGEL (for himself, Mr. WEBB, and Mr. SALAZAR) submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

CHAPTER 8—ADDITIONAL POLICY AND REQUIREMENTS ON IRAQ

SEC. 1803. LIMITATION ON AVAILABILITY OF FUNDS FOR DEPLOYMENT OF UNITS UNLESS FULLY MISSION CAPABLE.

(a) LIMITATION.—Commencing 120 days after the date of the enactment of this Act, no funds appropriated or otherwise made available by this Act or any other Act may be obligated or expended for the deployment of a unit or member of the Armed Forces unless the Chief of Staff of the Armed Force concerned certifies to the congressional defense committees, not later than 15 days before the date of such deployment, that the unit or member, as the case may be, is fully mission capable.

(b) FULLY MISSION CAPABLE.—For purposes of this section, a unit or member of the Armed Forces shall be rated as being fully mission capable only if—

(1) the unit or member is capable of performing assigned mission-essential tasks to prescribed standards under anticipated conditions in the theater of operations of deployment in accordance with guidelines set forth in the Department of Defense readiness reporting system; and

(2) the unit or member is capable of performing such other assigned mission tasks, including mission tasks outside the theater of operations of deployment, that could reasonably be expected to arise during the period of deployment.

(c) APPLICABILITY TO VOLUNTARY DEPLOYMENTS.—The limitation in subsection (a) shall apply with respect to the deployment of any member of the Armed Forces who voluntarily consents to deployment.

(d) WAIVER AUTHORITY.—

(1) IN GENERAL.—The President may waive the applicability of the limitation in subsection (a) to the deployment of a unit or member of the Armed Forces if the President certifies to the congressional defense committees, not later than 15 days before the date of such deployment, that—

(A) any equipment required for the unit or member to be deployed as fully mission capable that is not available at the time of deployment will be supplied upon arrival in the theater of operations to which the unit or member is deployed; and

(B) the unit or member has met, prior to deployment, all other requirements to be rated as fully mission capable.

(2) CASE-BY-CASE BASIS.—Any waiver under paragraph (1) shall be made on a case-by-case basis.

(e) ADDITIONAL WAIVER AUTHORITY.—The President may waive the applicability of the limitation in subsection (a) in the event of a requirement for the use of military force in time of national emergency.

SEC. 1804. LIMITATION ON EXTENDING LENGTH OF DEPLOYMENTS FOR OPERATION IRAQI FREEDOM.

(a) LIMITATION.—Commencing 120 days after the date of the enactment of this Act, no funds appropriated or otherwise made available by this Act or any other Act may be obligated or expended to deploy, continue the deployment, or execute any order that has the effect of extending the deployment of a unit or member of the Armed Forces for Operation Iraqi Freedom as follows:

(1) In the case of a unit or member of the Army (including a unit or member of the Army National Guard or the Army Reserve), if the deployment or continuation or extension of deployment would result in the deployment of the unit or member for more than 365 consecutive days.

(2) In the case of a unit or member of the Marine Corps (including a unit or member of the Marine Corps Reserve), if the deployment or continuation or extension of deployment would result in the deployment of the unit or member for more than 210 consecutive days.

(b) EXCEPTION.—The limitation in subsection (a) shall not apply to designated key command headquarters personnel or other members of the Armed Forces who are required to maintain continuity of mission and situational awareness between rotating forces.

(c) DEPLOYMENT DEFINED.—For purposes of this section, the term ''deployment'' has the meaning given that term in section 991(b) of title 10, United States Code.

SEC. 1805. MINIMUM PERIOD BETWEEN DEPLOYMENTS FOR OPERATION IRAQI FREEDOM.

(a) MINIMUM PERIOD FOR CERTAIN MEMBERS OF THE ARMY AND MARINE CORPS.—

(1) IN GENERAL.—Commencing 120 days after the date of the enactment of this Act, no funds appropriated or otherwise made available by this Act or any other Act may be obligated or expended to deploy for Operation Iraqi Freedom a unit or member of the Armed Forces specified in paragraph (2) unless the period between the deployment of the unit or member for Operation Iraqi Freedom covered by this subsection and the previous deployment of the unit or member is equal to or longer than the period of such previous deployment of the unit or member.

(2) COVERED UNITS AND MEMBERS.—The units and members of the Armed Forces specified in this paragraph are as follows:

(A) Units and members of the regular Army.

(B) Units and members of the regular Marine Corps.

(b) MINIMUM PERIOD FOR MEMBERS OF ARMY RESERVE, MARINE CORPS RESERVE, AND ARMY NATIONAL GUARD.—Commencing 120 days after the date of the enactment of this Act, no funds appropriated or otherwise made available by this Act or any other Act may be obligated or expended to deploy for Operation Iraqi Freedom a unit or member of the Army Reserve, Marine Corps Reserve, or Army National Guard if the unit or member has been deployed at any time within the five years preceding the date of the deployment covered by this subsection.

(c) DEPLOYMENT DEFINED.—For purposes of this section, the term ''deployment'' has the meaning given that term in section 991(b) of title 10, United States Code.

SEC. 1806. ADDITIONAL AMOUNT FOR NATIONAL GUARD PERSONNEL, ARMY.

The amount appropriated by chapter 3 of this title under the heading ''NATIONAL GUARD PERSONNEL, ARMY'' is hereby increased by $597,100,000.

SEC. 1807. ADDITIONAL AMOUNT FOR OPERATION AND MAINTENANCE, ARMY NATIONAL GUARD.

The amount appropriated by chapter 3 of this title under the heading ''OPERATION AND MAINTENANCE, ARMY NATIONAL GUARD'' is hereby increased by $460,700,000.

SEC. 1808. ADDITIONAL AMOUNT FOR NATIONAL GUARD AND RESERVE EQUIPMENT.

The amount appropriated by chapter 3 of this title under the heading ''NATIONAL GUARD AND RESERVE EQUIPMENT'' is hereby increased by $364,900,000, with the amount of such increase to be available for National Guard equipment needs.

SEC. 1809. ADDITIONAL AMOUNT FOR PROCUREMENT, MARINE CORPS.

The amount appropriated by chapter 3 of this title under the heading ''PROCUREMENT, MARINE CORPS'' is hereby increased by $1,700,000,000, with the amount of such increase to be available for additional Mine Resistant Ambush Protection vehicles.

SEC. 1810. REPORTS ON UNITED STATES EFFORTS FOR IRAQ.

(a) REPORTS REQUIRED.—Not later than 60 days after the date of the enactment of this Act, and every 60 days thereafter, the President shall submit to the appropriate committees of Congress a report that sets forth a comprehensive description and assessment of current United States diplomatic, political, and economic efforts with respect to Iraq.

(b) ELEMENTS.—

(1) IN GENERAL.—Each report under subsection (a) shall set forth, current as of the date of such report, a comprehensive description and assessment of United States diplomatic, political, and economic efforts with respect to Iraq, including efforts as follows:

(A) To achieve broad-based national political reconciliation in Iraq that includes all of Iraq's communities.

(B) To engage all nations in the Middle East, including Iraq's immediate neighbors, the international community, and international institutions in developing a regional, internationally-sponsored reconciliation and reconstruction process for Iraq.

(C) To utilize United States political, economic, and military assistance to facilitate the reconstruction of Iraq.

(D) To secure the delivery of pledged economic and other assistance for Iraq from the international community, and to secure additional pledges of assistance for Iraq, including specific information regarding the status of assistance pledges for Iraq from the international community.

(E) To ensure that the Government of Iraq is increasing and improving the delivery of basic services to the people of Iraq.

(2) INFORMATION ON STATUS OF PLEDGED ASSISTANCE.—The description of pledged economic and other assistance for Iraq under

paragraph (1)(D) shall include information on the current status of delivery of assistance for Iraq under pledges of assistance from the international community.

(c) FORM OF REPORT.—Each report under this section shall be submitted in unclassified form, but may include a classified annex.

(d) APPROPRIATE COMMITTEES OF CONGRESS DEFINED.—In this section, the term ''appropriate committees of Congress'' means—

(1) the Committees on Armed Services, Foreign Relations, and Appropriations of the Senate; and

(2) the Committees on Armed Services, Foreign Affairs, and Appropriations of the House of Representatives.

SEC. 1811. EMERGENCY DESIGNATION.

Amounts provided in this chapter are designated as emergency requirements pursuant to section 403 of H.Con.Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

SA 706. Mr. BURR submitted an amendment intended to be proposed to amendment SA 641 proposed by Mr. BYRD to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 112, line 14, insert before the period the following: ''; in addition to the amounts transferred, an additional $111,000,000 is appropriated to the Public Health and Social Services Emergency Fund to carry out section 319L of the Public Health Service Act (the Biomedical Advanced Research and Development Authority), which shall be designated as an emergency requirement pursuant to section 402 of S. Con. Res. 83 (109th Congress), the concurrent resolution on the budget for fiscal year 2007, as made applicable in the Senate by section 7035 of Public Law 109–234, to remain available until expended, and to be offset through striking the amount appropriated in chapter I of title III (Department of Agriculture) for the Farm Service Agency, reducing the amount appropriated under section 412 by $12,000,000, and striking the amount appropriated under section 416''.

SA 707. Mr. HAGEL (for himself, Mr. WEBB, and Mr. SALAZAR) submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the end of title I, add the following:

CHAPTER 8—ADDITIONAL POLICY AND REQUIREMENTS ON IRAQ

SEC. 1801. SENSE OF CONGRESS.

It is the sense of Congress that—

(1) the primary objective of United States strategy in Iraq should be to achieve a political solution and national reconciliation in Iraq through increased, concerted regional and international diplomacy;

(2) the United States should engage all nations in the Middle East, including Iraq's immediate neighbors, in developing a regional, internationally sponsored peace and reconciliation process for Iraq;

(3) the regional security conferences on Iraq that are being organized by Prime Minister of Iraq Nuri al-Maliki represent important first steps to achieve a more robust diplomatic initiative that should be given the full and direct support by the President; and

(4) the President and the Government of Iraq should build on the momentum of the Baghdad conference and the upcoming ministerial meeting by convening a diplomatic conference with the purpose of bringing stability to the region, reinforcing national reconciliation efforts, achieving the withdrawal of the United States Armed Forces from Iraq, and promoting a comprehensive regional diplomatic solution.

SEC. 1802. FINDINGS REGARDING THE UNITED STATES ARMED FORCES.

Congress makes the following findings:

(1) The United States Armed Forces, and the members of the Armed Forces and their families, are under enormous strain from multiple, extended deployments to Iraq and Afghanistan.

(2) The readiness of nondeployed Army and Marine Corps units has declined significantly due to a lack of equipment and insufficient time to train, thereby jeopardizing their capability to respond quickly and effectively to other crises or contingencies in the world.

(3) The Navy and Air Force are sustaining high operating tempos in support of military operations in Iraq and Afghanistan, as well as conducting other global missions.

(4) Each of the Armed Forces has important requirements to modernize and recapitalize aging legacy platforms and systems if our Nation is to possess the military capability needed to defend against a growing array of dynamic and challenging threats to our national security.

(5) The current deployment tempo of the United States Armed Forces will have lasting impacts on the future recruitment, retention, and readiness of the All-Volunteer Force.

SEC. 1803. LIMITATION ON AVAILABILITY OF FUNDS FOR DEPLOYMENT OF UNITS UNLESS FULLY MISSION CAPABLE.

(a) LIMITATION.—Commencing 120 days after the date of the enactment of this Act, no funds appropriated or otherwise made available by this Act or any other Act may be obligated or expended for the deployment of a unit or member of the Armed Forces unless the Chief of Staff of the Armed Force concerned certifies to the congressional defense committees, not later than 15 days before the date of such deployment, that the unit or member, as the case may be, is fully mission capable.

(b) FULLY MISSION CAPABLE.—For purposes of this section, a unit or member of the Armed Forces shall be rated as being fully mission capable only if—

(1) the unit or member is capable of performing assigned mission-essential tasks to prescribed standards under anticipated conditions in the theater of operations of deployment in accordance with guidelines set forth in the Department of Defense readiness reporting system; and

(2) the unit or member is capable of performing such other assigned mission tasks, including mission tasks outside the theater of operations of deployment, that could reasonably be expected to arise during the period of deployment.

(c) APPLICABILITY TO VOLUNTARY DEPLOYMENTS.—The limitation in subsection (a) shall apply with respect to the deployment of any member of the Armed Forces who voluntarily consents to deployment.

(d) WAIVER AUTHORITY.—

(1) IN GENERAL.—The President may waive the applicability of the limitation in subsection (a) to the deployment of a unit or member of the Armed Forces if the President certifies to the congressional defense committees, not later than 15 days before the date of such deployment, that—

(A) any equipment required for the unit or member to be deployed as fully mission capable that is not available at the time of deployment will be supplied upon arrival in the theater of operations to which the unit or member is deployed; and

(B) the unit or member has met, prior to deployment, all other requirements to be rated as fully mission capable.

(2) CASE-BY-CASE BASIS.—Any waiver under paragraph (1) shall be made on a case-by-case basis.

(e) ADDITIONAL WAIVER AUTHORITY.—The President may waive the applicability of the limitation in subsection (a) in the event of a requirement for the use of military force in time of national emergency.

SEC. 1804. LIMITATION ON EXTENDING LENGTH OF DEPLOYMENTS FOR OPERATION IRAQI FREEDOM.

(a) LIMITATION.—Commencing 120 days after the date of the enactment of this Act, no funds appropriated or otherwise made available by this Act or any other Act may be obligated or expended to deploy, continue the deployment, or execute any order that has the effect of extending the deployment of a unit or member of the Armed Forces for Operation Iraqi Freedom as follows:

(1) In the case of a unit or member of the Army (including a unit or member of the Army National Guard or the Army Reserve), if the deployment or continuation or extension of deployment would result in the deployment of the unit or member for more than 365 consecutive days.

(2) In the case of a unit or member of the Marine Corps (including a unit or member of the Marine Corps Reserve), if the deployment or continuation or extension of deployment would result in the deployment of the unit or member for more than 210 consecutive days.

(b) EXCEPTION.—The limitation in subsection (a) shall not apply to designated key command headquarters personnel or other members of the Armed Forces who are required to maintain continuity of mission and situational awareness between rotating forces.

(c) DEPLOYMENT DEFINED.—For purposes of this section, the term ''deployment'' has the meaning given that term in section 991(b) of title 10, United States Code.

SEC. 1805. MINIMUM PERIOD BETWEEN DEPLOYMENTS FOR OPERATION IRAQI FREEDOM.

(a) MINIMUM PERIOD FOR CERTAIN MEMBERS OF THE ARMY AND MARINE CORPS.—

(1) IN GENERAL.—Commencing 120 days after the date of the enactment of this Act, no funds appropriated or otherwise made available by this Act or any other Act may be obligated or expended to deploy for Operation Iraqi Freedom a unit or member of the Armed Forces specified in paragraph (2) unless the period between the deployment of the unit or member for Operation Iraqi Freedom covered by this subsection and the previous deployment of the unit or member is equal to or longer than the period of such previous deployment of the unit or member.

(2) COVERED UNITS AND MEMBERS.—The units and members of the Armed Forces specified in this paragraph are as follows:

(A) Units and members of the regular Army.

(B) Units and members of the regular Marine Corps.

(b) MINIMUM PERIOD FOR MEMBERS OF ARMY RESERVE, MARINE CORPS RESERVE, AND ARMY NATIONAL GUARD.—Commencing 120 days after the date of the enactment of this Act, no funds appropriated or otherwise made available by this Act or any other Act may be obligated or expended to deploy for Operation Iraqi Freedom a unit or member of the Army Reserve, Marine Corps Reserve, or Army National Guard if the unit or member has been deployed at any time within the five years preceding the date of the deployment covered by this subsection.

(c) DEPLOYMENT DEFINED.—For purposes of this section, the term ''deployment'' has the meaning given that term in section 991(b) of title 10, United States Code.

SEC. 1806. ADDITIONAL AMOUNT FOR NATIONAL GUARD PERSONNEL, ARMY.

The amount appropriated by chapter 3 of this title under the heading ''NATIONAL GUARD PERSONNEL, ARMY'' is hereby increased by $597,100,000.

SEC. 1807. ADDITIONAL AMOUNT FOR OPERATION AND MAINTENANCE, ARMY NATIONAL GUARD.

The amount appropriated by chapter 3 of this title under the heading ''OPERATION AND MAINTENANCE, ARMY NATIONAL GUARD'' is hereby increased by $460,700,000.

SEC. 1808. ADDITIONAL AMOUNT FOR NATIONAL GUARD AND RESERVE EQUIPMENT.

The amount appropriated by chapter 3 of this title under the heading ''NATIONAL GUARD AND RESERVE EQUIPMENT'' is hereby increased by $364,900,000, with the amount of such increase to be available for National Guard equipment needs.

SEC. 1809. ADDITIONAL AMOUNT FOR PROCUREMENT, MARINE CORPS.

The amount appropriated by chapter 3 of this title under the heading ''PROCUREMENT, MARINE CORPS'' is hereby increased by $1,700,000,000, with the amount of such increase to be available for additional Mine Resistant Ambush Protection vehicles.

SEC. 1810. REPORTS ON UNITED STATES EFFORTS FOR IRAQ.

(a) REPORTS REQUIRED.—Not later than 60 days after the date of the enactment of this Act, and every 60 days thereafter, the President shall submit to the appropriate committees of Congress a report that sets forth a comprehensive description and assessment of current United States diplomatic, political, and economic efforts with respect to Iraq.

(b) ELEMENTS.—

(1) IN GENERAL.—Each report under subsection (a) shall set forth, current as of the date of such report, a comprehensive description and assessment of United States diplomatic, political, and economic efforts with respect to Iraq, including efforts as follows:

(A) To achieve broad-based national political reconciliation in Iraq that includes all of Iraq's communities.

(B) To engage all nations in the Middle East, including Iraq's immediate neighbors, the international community, and international institutions in developing a regional, internationally-sponsored reconciliation and reconstruction process for Iraq.

(C) To utilize United States political, economic, and military assistance to facilitate the reconstruction of Iraq.

(D) To secure the delivery of pledged economic and other assistance for Iraq from the international community, and to secure additional pledges of assistance for Iraq, including specific information regarding the status of assistance pledges for Iraq from the international community.

(E) To ensure that the Government of Iraq is increasing and improving the delivery of basic services to the people of Iraq.

(2) INFORMATION ON STATUS OF PLEDGED ASSISTANCE.—The description of pledged economic and other assistance for Iraq under paragraph (1)(D) shall include information on the current status of delivery of assistance for Iraq under pledges of assistance from the international community.

(c) FORM OF REPORT.—Each report under this section shall be submitted in unclassified form, but may include a classified annex.

(d) APPROPRIATE COMMITTEES OF CONGRESS DEFINED.—In this section, the term ''appropriate committees of Congress'' means—

(1) the Committees on Armed Services, Foreign Relations, and Appropriations of the Senate; and

(2) the Committees on Armed Services, Foreign Affairs, and Appropriations of the House of Representatives.

SEC. 1811. EMERGENCY DESIGNATION.

Amounts provided in this chapter are designated as emergency requirements pursuant to section 403 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

SA 708. Mr. KYL submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At page 53, strike line 12 and all that follows through page 56, line 4 and insert the following:

''(b) AUTOMATIC RELIEF FOR THE HMONG AND OTHER GROUPS THAT DO NOT POSE A THREAT TO THE UNITED STATES.—For purposes of section 212(a)(3)(B) of the Immigration and Nationality Act (INA) (8 U.S.C. §1181(a)(3)(B)), the Hmong, the Montagnards, the Karen National Union/Karen National Liberation Army (KNU/KNLA), the Chin National Front/Chin National Army (CNF/CNA), the Chin National League for Democracy (CNLD), the Kayan New Land Party (KNLP), the Arakan Liberation Party (ALP), the Mustangs, the Alzados, and the Karenni National Progressive Party shall not be considered to be a terrorist organization on the basis of any act or event occurring before the date of the enactment of this section. Nothing in this subsection may be construed to alter or limit the authority of the Secretary of State and Secretary of Homeland Security to exercise their discretionary authority pursuant to section 212(d)(3)(B)(i) of the INA (8 U.S.C. 1182(d)(3)(B)(i).''.

(c) TECHNICAL CORRECTION.—Section 212(a)(3)(B)(ii) of the INA (8 U.S.C. 1182(a)(3)(B)(vi)) is amended by striking ''Subclause (VII)'' and replacing it with ''Subclause (IX)''.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of enactment of this section, and these amendments and section 212(a)(3)(B)(ii) of the INA (8 U.S.C. 1182(a)(3)(B)(ii), as amended by this section, shall apply to—

(1) removal proceedings instituted before, on, or after the date of the enactment of this section; and

(2) acts and conditions constituting a ground for inadmissibility, excludability, deportation, or removal occurring or existing before, on, or after such date.

SA 709. Mr. WYDEN (for himself, Mr. REID, Mr. BAUCUS, Mr. BINGAMAN, Mr. SMITH, Ms. CANTWELL, Mr. DOMENICI, Mrs. BOXER, Mr. CRAIG, Mrs. MURRAY, Mr. CRAPO, Mr. TESTER, and Mr. STEVENS, Mr. BENNETT Ms. MURKOWSKI, Mr. SALAZAR, and Mrs. FEINSTEIN) proposed an amendment to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; as follows:

Beginning on page 75, strike line 25 and all that follows through page 76, line 15, and insert the following:

SEC. 2601. SECURE RURAL SCHOOLS AND COMMUNITY SELF-DETERMINATION PROGRAM.

(a) REAUTHORIZATION OF THE SECURE RURAL SCHOOLS AND COMMUNITY SELF-DETERMINATION ACT OF 2000.—The Secure Rural Schools and Community Self-Determination Act of 2000 (16 U.S.C. 500 note; Public Law 106–393) is amended by striking sections 1 through 403 and inserting the following:

''SECTION 1. SHORT TITLE.

''This Act may be cited as the 'Secure Rural Schools and Community Self-Determination Act of 2000'.

''SEC. 2. PURPOSES.

''The purposes of this Act are—

''(1) to stabilize and transition payments to counties to provide funding for schools and roads that supplements other available funds;

''(2) to make additional investments in, and create additional employment opportunities through, projects that—

''(A)(i) improve the maintenance of existing infrastructure;

''(ii) implement stewardship objectives that enhance forest ecosystems; and

''(iii) restore and improve land health and water quality;

''(B) enjoy broad-based support; and

''(C) have objectives that may include—

''(i) road, trail, and infrastructure maintenance or obliteration;

''(ii) soil productivity improvement;

''(iii) improvements in forest ecosystem health;

''(iv) watershed restoration and maintenance;

''(v) the restoration, maintenance, and improvement of wildlife and fish habitat;

''(vi) the control of noxious and exotic weeds; and

''(vii) the reestablishment of native species; and

''(3) to improve cooperative relationships among—

''(A) the people that use and care for Federal land; and

''(B) the agencies that manage the Federal land.

''SEC. 3. DEFINITIONS.

''In this Act:

''(1) ADJUSTED SHARE.—The term 'adjusted share' means the number equal to the quotient obtained by dividing—

''(A) the number equal to the quotient obtained by dividing—

''(i) the base share for the eligible county; by

''(ii) the income adjustment for the eligible county; by

''(B) the number equal to the sum of the quotients obtained under subparagraph (A) and paragraph (8)(A) for all eligible counties.

''(2) BASE SHARE.—The term 'base share' means the number equal to the average of—

''(A) the quotient obtained by dividing—

''(i) the number of acres of Federal land described in paragraph (7)(A) in each eligible county; by

''(ii) the total number acres of Federal land in all eligible counties in all eligible States; and

''(B) the quotient obtained by dividing—

''(i) the amount equal to the average of the 3 highest 25-percent payments and safety net payments made to each eligible State for each eligible county during the eligibility period; by

''(ii) the amount equal to the sum of the averages calculated under clause (i) and paragraph (9)(B)(i) for all eligible counties in all eligible States during the eligibility period.

''(3) COUNTY PAYMENT.—The term 'county payment' means the payment for an eligible county calculated under section 101(b).

''(4) ELIGIBLE COUNTY.—The term 'eligible county' means any county that—

''(A) contains Federal land (as defined in paragraph (7)); and

''(B) elects to receive a share of the State payment or the county payment under section 102(b).

''(5) ELIGIBILITY PERIOD.—The term 'eligibility period' means fiscal year 1986 through fiscal year 1999.

''(6) ELIGIBLE STATE.—The term 'eligible State' means a State or territory of the United States that received a 25-percent payment for 1 or more fiscal years of the eligibility period.

''(7) FEDERAL LAND.—The term 'Federal land' means—

''(A) land within the National Forest System, as defined in section 11(a) of the Forest and Rangeland Renewable Resources Planning Act of 1974 (16 U.S.C. 1609(a)) exclusive of the National Grasslands and land utilization projects designated as National Grasslands administered pursuant to the Act of July 22, 1937 (7 U.S.C. 1010–1012); and

''(B) such portions of the revested Oregon and California Railroad and reconveyed Coos Bay Wagon Road grant land as are or may hereafter come under the jurisdiction of the Department of the Interior, which have heretofore or may hereafter be classified as timberlands, and power-site land valuable for timber, that shall be managed, except as provided in the former section 3 of the Act of August 28, 1937 (50 Stat. 875; 43 U.S.C. 1181c), for permanent forest production.

''(8) 50-PERCENT ADJUSTED SHARE.—The term '50-percent adjusted share' means the number equal to the quotient obtained by dividing—

''(A) the number equal to the quotient obtained by dividing—

''(i) the 50-percent base share for the eligible county; by

''(ii) the income adjustment for the eligible county; by

''(B) the number equal to the sum of the quotients obtained under subparagraph (A) and paragraph (1)(A) for all eligible counties.

''(9) 50-PERCENT BASE SHARE.—The term '50-percent base share' means the number equal to the average of—

''(A) the quotient obtained by dividing—

''(i) the number of acres of Federal land described in paragraph (7)(B) in each eligible county; by

''(ii) the total number acres of Federal land in all eligible counties in all eligible States; and

''(B) the quotient obtained by dividing—

''(i) the amount equal to the average of the 3 highest 50-percent payments made to each eligible county during the eligibility period; by

''(ii) the amount equal to the sum of the averages calculated under clause (i) and paragraph (2)(B)(i) for all eligible counties in all eligible States during the eligibility period.

''(10) 50-PERCENT PAYMENT.—The term '50-percent payment' means the payment that is the sum of the 50-percent share otherwise paid to a county pursuant to title II of the Act of August 28, 1937 (chapter 876; 50 Stat. 875; 43 U.S.C. 1181f), and the payment made to a county pursuant to the Act of May 24, 1939 (chapter 144; 53 Stat. 753; 43 U.S.C. 1181f–1 et seq.).

''(11) FULL FUNDING AMOUNT.—The term 'full funding amount' means—

''(A) $526,079,656 for fiscal year 2007;

''(B) $520,000,000 for fiscal year 2008; and

''(C) for fiscal year 2009 and each fiscal year thereafter, the amount that is equal to 90 percent of the full funding amount for the preceding fiscal year.

''(12) INCOME ADJUSTMENT.—The term 'income adjustment' means the square of the quotient obtained by dividing—

''(A) the per capita personal income for each eligible county; by

''(B) the median per capita personal income of all eligible counties.

''(13) PER CAPITA PERSONAL INCOME.—The term 'per capita personal income' means the most recent per capita personal income data, as determined by the Bureau of Economic Analysis.

''(14) SAFETY NET PAYMENTS.—The term 'safety net payments' means the special payment amounts paid to States and counties required by section 13982 or 13983 of the Omnibus Budget Reconciliation Act of 1993 (Public Law 103–66; 16 U.S.C. 500 note; 43 U.S.C. 1181f note).

''(15) SECRETARY CONCERNED.—The term 'Secretary concerned' means—

''(A) the Secretary of Agriculture or the designee of the Secretary of Agriculture with respect to the Federal land described in paragraph (7)(A); and

''(B) the Secretary of the Interior or the designee of the Secretary of the Interior with respect to the Federal land described in paragraph (7)(B).

''(16) STATE PAYMENT.—The term 'State payment' means the payment for an eligible State calculated under section 101(a).

''(17) 25-PERCENT PAYMENT.—The term '25-percent payment' means the payment to States required by the sixth paragraph under the heading of 'FOREST SERVICE' in the Act of May 23, 1908 (35 Stat. 260; 16 U.S.C. 500), and section 13 of the Act of March 1, 1911 (36 Stat. 963; 16 U.S.C. 500).

''TITLE I—SECURE PAYMENTS FOR STATES AND COUNTIES CONTAINING FEDERAL LAND

''SEC. 101. SECURE PAYMENTS FOR STATES CONTAINING FEDERAL LAND.

''(a) STATE PAYMENT.—For each of fiscal years 2007 through 2011, the Secretary of Agriculture shall calculate for each eligible State an amount equal to the sum of the products obtained by multiplying—

''(1) the adjusted share for each eligible county within the eligible State; by

''(2) the full funding amount for the fiscal year.

''(b) COUNTY PAYMENT.—For each of fiscal years 2007 through 2011, the Secretary of the Interior shall calculate for each eligible county that received a 50-percent payment during the eligibility period an amount equal to the product obtained by multiplying—

''(1) the 50-percent adjusted share for the eligible county; by

''(2) the full funding amount for the fiscal year.

''SEC. 102. PAYMENTS TO STATES AND COUNTIES.

''(a) PAYMENT AMOUNTS.—Except as provided in section 103, the Secretary of the Treasury shall pay to—

''(1) a State an amount equal to the sum of the amounts elected under subsection (b) by each county within the State for—

''(A) if the county is eligible for the 25-percent payment, the share of the 25-percent payment; or

''(B) the share of the State payment of the eligible county; and

''(2) a county an amount equal to the amount elected under subsection (b) by each county for—

''(A) if the county is eligible for the 50-percent payment, the 50-percent payment; or

''(B) the county payment for the eligible county.

''(b) ELECTION TO RECEIVE PAYMENT AMOUNT.—

''(1) ELECTION; SUBMISSION OF RESULTS.—

''(A) IN GENERAL.—The election to receive a share of the State payment, the county payment, a share of the State payment and the county payment, a share of the 25-percent payment, the 50-percent payment, or a share of the 25-percent payment and the 50-percent payment, as applicable, shall be made at the discretion of each affected county by August 1, 2007, and August 1 of each second fiscal year thereafter, in accordance with paragraph (2), and transmitted to the Secretary concerned by the Governor of each eligible State.

''(B) FAILURE TO TRANSMIT.—If an election for an affected county is not transmitted to the Secretary concerned by the date specified under subparagraph (A), the affected county shall be considered to have elected to receive a share of the State payment, the county payment, or a share of the State payment and the county payment, as applicable.

''(2) DURATION OF ELECTION.—

''(A) IN GENERAL.—A county election to receive a share of the 25-percent payment or 50-percent payment, as applicable shall be effective for 2 fiscal years.

''(B) FULL FUNDING AMOUNT.—If a county elects to receive a share of the State payment or the county payment, the election shall be effective for all subsequent fiscal years through fiscal year 2011.

''(3) SOURCE OF PAYMENT AMOUNTS.—The payment to an eligible State or eligible county under this section for a fiscal year shall be derived from—

''(A) any revenues, fees, penalties, or miscellaneous receipts, exclusive of deposits to any relevant trust fund, special account, or permanent operating funds, received by the Federal Government from activities by the Bureau of Land Management or the Forest Service on the applicable Federal land; and

''(B) to the extent of any shortfall, out of any amounts in the Treasury of the United States not otherwise appropriated.

''(c) DISTRIBUTION AND EXPENDITURE OF PAYMENTS.—

''(1) DISTRIBUTION METHOD.—A State that receives a payment under subsection (a) for Federal land described in section 3(7)(A) shall distribute the appropriate payment amount among the appropriate counties in the State in accordance with—

''(A) the Act of May 23, 1908 (16 U.S.C. 500); and

''(B) section 13 of the Act of March 1, 1911 (36 Stat. 963; 16 U.S.C. 500).

''(2) EXPENDITURE PURPOSES.—Subject to subsection (d), payments received by a State under subsection (a) and distributed to counties in accordance with paragraph (1) shall be expended as required by the laws referred to in paragraph (1).

''(d) EXPENDITURE RULES FOR ELIGIBLE COUNTIES.—

''(1) ALLOCATIONS.—

''(A) USE OF PORTION IN SAME MANNER AS 25-PERCENT PAYMENT OR 50-PERCENT PAYMENT, AS APPLICABLE.—Except as provided in paragraph (3)(B), if an eligible county elects to receive its share of the State payment or the county payment, not less than 80 percent, but not more than 85 percent, of the funds shall be expended in the same manner in which the 25-percent payments or 50-percent payment, as applicable, are required to be expended.

''(B) ELECTION AS TO USE OF BALANCE.—Except as provided in subparagraph (C), an eligible county shall elect to do 1 or more of the following with the balance of any funds not expended pursuant to subparagraph (A):

''(i) Reserve any portion of the balance for projects in accordance with title II.

''(ii) Reserve not more than 7 percent of the total share for the eligible county of the State payment or the county payment for projects in accordance with title III.

''(iii) Return the portion of the balance not reserved under clauses (i) and (ii) to the Treasury of the United States.

''(C) COUNTIES WITH MODEST DISTRIBUTIONS.—In the case of each eligible county to which more than $100,000, but less than

$350,000, is distributed for any fiscal year pursuant to either or both of paragraphs (1)(B) and (2)(B) of subsection (a), the eligible county, with respect to the balance of any funds not expended pursuant to subparagraph (A) for that fiscal year, shall—

''(i) reserve any portion of the balance for—

''(I) carrying out projects under title II;

''(II) carrying out projects under title III; or

''(III) a combination of the purposes described in subclauses (I) and (II); or

''(ii) return the portion of the balance not reserved under clause (i) to the Treasury of the United States.

''(2) DISTRIBUTION OF FUNDS.—

''(A) IN GENERAL.—Funds reserved by an eligible county under subparagraph (B)(i) or (C)(i)(I) of paragraph (1) shall be deposited in a special account in the Treasury of the United States.

''(B) AVAILABILITY.—Amounts deposited under subparagraph (A) shall—

''(i) be available for expenditure by the Secretary concerned, without further appropriation; and

''(ii) remain available until expended in accordance with title II.

''(3) ELECTION.—

''(A) NOTIFICATION.—

''(i) IN GENERAL.—An eligible county shall notify the Secretary concerned of an election by the eligible county under this subsection not later than September 30 of each fiscal year.

''(ii) FAILURE TO ELECT.—Except as provided in subparagraph (B), if the eligible county fails to make an election by the date specified in clause (i), the eligible county shall—

''(I) be considered to have elected to expend 85 percent of the funds in accordance with paragraph (1)(A); and

''(II) return the balance to the Treasury of the United States.

''(B) COUNTIES WITH MINOR DISTRIBUTIONS.—In the case of each eligible county to which less than $100,000 is distributed for any fiscal year pursuant to either or both of paragraphs (1)(B) and (2)(B) of subsection (a), the eligible county may elect to expend all the funds in the same manner in which the 25-percent payments or 50-percent payments, as applicable, are required to be expended.

''(e) TIME FOR PAYMENT.—The payments required under this section for a fiscal year shall be made as soon as practicable after the end of that fiscal year.

''SEC. 103. TRANSITION PAYMENTS TO THE STATES OF CALIFORNIA, OREGON, AND WASHINGTON.

''(a) DEFINITIONS.—In this section:

''(1) ADJUSTED AMOUNT.—The term 'adjusted amount' means, with respect to a covered State—

''(A) for fiscal year 2007—

''(i) the sum of the amounts paid in fiscal year 2006 under section 102(a)(2) (as in effect on September 29, 2006) for the eligible counties in the covered State that have elected under section 102(b) to receive a share of the State payment for fiscal year 2007; and

''(ii) the sum of the amounts paid in fiscal year 2006 under section 103(a)(2) (as in effect on September 29, 2006) for the eligible counties in the State of Oregon that have elected under section 102(b) to receive the county payment for fiscal year 2007;

''(B) for fiscal year 2008, 90 percent of—

''(i) the sum of the amounts paid in fiscal year 2006 under section 102(a)(2) (as in effect on September 29, 2006) for the eligible counties in the covered State that have elected under section 102(b) to receive a share of the State payment for fiscal year 2008; and

''(ii) the sum of the amounts paid in fiscal year 2006 under section 103(a)(2) (as in effect on September 29, 2006) for the eligible counties in the State of Oregon that have elected under section 102(b) to receive the county payment for fiscal year 2008;

''(C) for fiscal year 2009, 81 percent of—

''(i) the sum of the amounts paid in fiscal year 2006 under section 102(a)(2) (as in effect on September 29, 2006) for the eligible counties in the covered State that have elected under section 102(b) to receive a share of the State payment for fiscal year 2009; and

''(ii) the sum of the amounts paid in fiscal year 2006 under section 103(a)(2) (as in effect on September 29, 2006) for the eligible counties in the State of Oregon that have elected under section 102(b) to receive the county payment for fiscal year 2009; and

''(D) for fiscal year 2010, 73 percent of—

''(i) the sum of the amounts paid in fiscal year 2006 under section 102(a)(2) (as in effect on September 29, 2006) for the eligible counties in the covered State that have elected under section 102(b) to receive a share of the State payment for fiscal year 2010; and

''(ii) the sum of the amounts paid in fiscal year 2006 under section 103(a)(2) (as in effect on September 29, 2006) for the eligible counties in the State of Oregon that have elected under section 102(b) to receive the county payment for fiscal year 2010.

''(2) COVERED STATE.—The term 'covered State' means each of the States of California, Oregon, and Washington.

''(b) TRANSITION PAYMENTS.—For each of fiscal years 2007 through 2010, in lieu of the payment amounts that otherwise would have been made under paragraphs (1)(B) and (2)(B) of section 102(a), the Secretary of the Treasury shall pay the adjusted amount to each covered State and the eligible counties within the covered State, as applicable, from funds in the Treasury of the United States not otherwise appropriated.

''(c) DISTRIBUTION OF ADJUSTED AMOUNT IN OREGON AND WASHINGTON.—It is the intent of Congress that the method of distributing the payments under subsection (b) among the counties in the States of Oregon and Washington for each of fiscal years 2007 through 2010 be in the same proportion that the payments were distributed to the eligible counties in fiscal year 2006.

''(d) DISTRIBUTION OF PAYMENTS IN CALIFORNIA.—The following payments shall be distributed among the eligible counties in the State of California in the same proportion that payments under section 102(a)(2) (as in effect on September 29, 2006) were distributed to the eligible counties in fiscal year 2006:

''(1) Payments to the State of California under subsection (b).

''(2) The shares of the eligible counties of the State payment for California under section 102 for fiscal year 2011.

''(e) TREATMENT OF PAYMENTS.—For purposes of this Act, any payment made under subsection (b) shall be considered to be a payment made under section 102(a).

''TITLE II—SPECIAL PROJECTS ON FEDERAL LAND

''SEC. 201. DEFINITIONS.

''In this title:

''(1) PARTICIPATING COUNTY.—The term 'participating county' means an eligible county that elects under section 102(d) to expend a portion of the Federal funds received under section 102 in accordance with this title.

''(2) PROJECT FUNDS.—The term 'project funds' means all funds an eligible county elects under section 102(d) to reserve for expenditure in accordance with this title.

''(3) RESOURCE ADVISORY COMMITTEE.—The term 'resource advisory committee' means—

''(A) an advisory committee established by the Secretary concerned under section 205; or

''(B) an advisory committee determined by the Secretary concerned to meet the requirements of section 205.

''(4) RESOURCE MANAGEMENT PLAN.—The term 'resource management plan' means—

''(A) a land use plan prepared by the Bureau of Land Management for units of the Federal land described in section 3(7)(B) pursuant to section 202 of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1712); or

''(B) a land and resource management plan prepared by the Forest Service for units of the National Forest System pursuant to section 6 of the Forest and Rangeland Renewable Resources Planning Act of 19741 (16 U.S.C. 1604).

''SEC. 202. GENERAL LIMITATION ON USE OF PROJECT FUNDS.

''(a) LIMITATION.—Project funds shall be expended solely on projects that meet the requirements of this title.

''(b) AUTHORIZED USES.—Project funds may be used by the Secretary concerned for the purpose of entering into and implementing cooperative agreements with willing Federal agencies, State and local governments, private and nonprofit entities, and landowners for protection, restoration, and enhancement of fish and wildlife habitat, and other resource objectives consistent with the purposes of this Act on Federal land and on non-Federal land where projects would benefit the resources on Federal land.

''SEC. 203. SUBMISSION OF PROJECT PROPOSALS.

''(a) SUBMISSION OF PROJECT PROPOSALS TO SECRETARY CONCERNED.—

''(1) PROJECTS FUNDED USING PROJECT FUNDS.—Not later than September 30 for fiscal year 2007, and each September 30 thereafter for each succeeding fiscal year through fiscal year 2011, each resource advisory committee shall submit to the Secretary concerned a description of any projects that the resource advisory committee proposes the Secretary undertake using any project funds reserved by eligible counties in the area in which the resource advisory committee has geographic jurisdiction.

''(2) PROJECTS FUNDED USING OTHER FUNDS.—A resource advisory committee may submit to the Secretary concerned a description of any projects that the committee proposes the Secretary undertake using funds from State or local governments, or from the private sector, other than project funds and funds appropriated and otherwise available to do similar work.

''(3) JOINT PROJECTS.—Participating counties or other persons may propose to pool project funds or other funds, described in paragraph (2), and jointly propose a project or group of projects to a resource advisory committee established under section 205.

''(b) REQUIRED DESCRIPTION OF PROJECTS.—In submitting proposed projects to the Secretary concerned under subsection (a), a resource advisory committee shall include in the description of each proposed project the following information:

''(1) The purpose of the project and a description of how the project will meet the purposes of this title.

''(2) The anticipated duration of the project.

''(3) The anticipated cost of the project.

''(4) The proposed source of funding for the project, whether project funds or other funds.

''(5)(A) Expected outcomes, including how the project will meet or exceed desired ecological conditions, maintenance objectives, or stewardship objectives.

''(B) An estimate of the amount of any timber, forage, and other commodities and other economic activity, including jobs generated, if any, anticipated as part of the project.

''(6) A detailed monitoring plan, including funding needs and sources, that—

''(A) tracks and identifies the positive or negative impacts of the project, implementation, and provides for validation monitoring; and

''(B) includes an assessment of the following:

''(i) Whether or not the project met or exceeded desired ecological conditions; created local employment or training opportunities, including summer youth jobs programs such as the Youth Conservation Corps where appropriate.

''(ii) Whether the project improved the use of, or added value to, any products removed from land consistent with the purposes of this title.

''(7) An assessment that the project is to be in the public interest.

''(c) AUTHORIZED PROJECTS.—Projects proposed under subsection (a) shall be consistent with section 2.

''SEC. 204. EVALUATION AND APPROVAL OF PROJECTS BY SECRETARY CONCERNED.

''(a) CONDITIONS FOR APPROVAL OF PROPOSED PROJECT.—The Secretary concerned may make a decision to approve a project submitted by a resource advisory committee under section 203 only if the proposed project satisfies each of the following conditions:

''(1) The project complies with all applicable Federal laws (including regulations).

''(2) The project is consistent with the applicable resource management plan and with any watershed or subsequent plan developed pursuant to the resource management plan and approved by the Secretary concerned.

''(3) The project has been approved by the resource advisory committee in accordance with section 205, including the procedures issued under subsection (e) of that section.

''(4) A project description has been submitted by the resource advisory committee to the Secretary concerned in accordance with section 203.

''(5) The project will improve the maintenance of existing infrastructure, implement stewardship objectives that enhance forest ecosystems, and restore and improve land health and water quality.

''(b) ENVIRONMENTAL REVIEWS.—

''(1) REQUEST FOR PAYMENT BY COUNTY.—The Secretary concerned may request the resource advisory committee submitting a proposed project to agree to the use of project funds to pay for any environmental review, consultation, or compliance with applicable environmental laws required in connection with the project.

''(2) CONDUCT OF ENVIRONMENTAL REVIEW.—If a payment is requested under paragraph (1) and the resource advisory committee agrees to the expenditure of funds for this purpose, the Secretary concerned shall conduct environmental review, consultation, or other compliance responsibilities in accordance with Federal laws (including regulations).

''(3) EFFECT OF REFUSAL TO PAY.—

''(A) IN GENERAL.—If a resource advisory committee does not agree to the expenditure of funds under paragraph (1), the project shall be deemed withdrawn from further consideration by the Secretary concerned pursuant to this title.

''(B) EFFECT OF WITHDRAWAL.—A withdrawal under subparagraph (A) shall be deemed to be a rejection of the project for purposes of section 207(c).

''(c) DECISIONS OF SECRETARY CONCERNED.—

''(1) REJECTION OF PROJECTS.—

''(A) IN GENERAL.—A decision by the Secretary concerned to reject a proposed project shall be at the sole discretion of the Secretary concerned.

''(B) NO ADMINISTRATIVE APPEAL OR JUDICIAL REVIEW.—Notwithstanding any other provision of law, a decision by the Secretary concerned to reject a proposed project shall not be subject to administrative appeal or judicial review.

''(C) NOTICE OF REJECTION.—Not later than 30 days after the date on which the Secretary concerned makes the rejection decision, the Secretary concerned shall notify in writing the resource advisory committee that submitted the proposed project of the rejection and the reasons for rejection.

''(2) NOTICE OF PROJECT APPROVAL.—The Secretary concerned shall publish in the Federal Register notice of each project approved under subsection (a) if the notice would be required had the project originated with the Secretary.

''(d) SOURCE AND CONDUCT OF PROJECT.—Once the Secretary concerned accepts a project for review under section 203, the acceptance shall be deemed a Federal action for all purposes.

''(e) IMPLEMENTATION OF APPROVED PROJECTS.—

''(1) COOPERATION.—Notwithstanding chapter 63 of title 31, United States Code, using project funds the Secretary concerned may enter into contracts, grants, and cooperative agreements with States and local governments, private and nonprofit entities, and landowners and other persons to assist the Secretary in carrying out an approved project.

''(2) BEST VALUE CONTRACTING.—

''(A) IN GENERAL.—For any project involving a contract authorized by paragraph (1) the Secretary concerned may elect a source for performance of the contract on a best value basis.

''(B) FACTORS.—The Secretary concerned shall determine best value based on such factors as—

''(i) the technical demands and complexity of the work to be done;

''(ii)(I) the ecological objectives of the project; and

''(II) the sensitivity of the resources being treated;

''(iii) the past experience by the contractor with the type of work being done, using the type of equipment proposed for the project, and meeting or exceeding desired ecological conditions; and

''(iv) the commitment of the contractor to hiring highly qualified workers and local residents.

''(3) MERCHANTABLE TIMBER CONTRACTING PILOT PROGRAM.—

''(A) ESTABLISHMENT.—The Secretary concerned shall establish a pilot program to implement a certain percentage of approved projects involving the sale of merchantable timber using separate contracts for—

''(i) the harvesting or collection of merchantable timber; and

''(ii) the sale of the timber.

''(B) ANNUAL PERCENTAGES.—Under the pilot program, the Secretary concerned shall ensure that, on a nationwide basis, not less than the following percentage of all approved projects involving the sale of merchantable timber are implemented using separate contracts:

''(i) For fiscal year 2007, 25 percent.

''(ii) For fiscal year 2008, 35 percent.

''(iii) For fiscal year 2009, 45 percent.

''(iv) For each of fiscal years 2010 and 2011, 50 percent.

''(C) INCLUSION IN PILOT PROGRAM.—The decision whether to use separate contracts to implement a project involving the sale of merchantable timber shall be made by the Secretary concerned after the approval of the project under this title.

''(D) ASSISTANCE.—

''(i) IN GENERAL.—The Secretary concerned may use funds from any appropriated account available to the Secretary for the Federal land to assist in the administration of projects conducted under the pilot program.

''(ii) MAXIMUM AMOUNT OF ASSISTANCE.—The total amount obligated under this subparagraph may not exceed $1,000,000 for any fiscal year during which the pilot program is in effect.

''(E) REVIEW AND REPORT.—

''(i) INITIAL REPORT.—Not later than September 30, 2009, the Comptroller General shall submit to the Committees on Agriculture, Nutrition, and Forestry and Energy and Natural Resources of the Senate and the Committees on Agriculture and Natural Resources of the House of Representatives a report assessing the pilot program.

''(ii) ANNUAL REPORT.—The Secretary concerned shall submit to the Committees on Agriculture, Nutrition, and Forestry and Energy and Natural Resources of the Senate and the Committees on Agriculture and Natural Resources of the House of Representatives an annual report describing the results of the pilot program.

''(f) REQUIREMENTS FOR PROJECT FUNDS.—The Secretary shall ensure that at least 50 percent of all project funds be used for projects that are primarily dedicated—

''(1) to road maintenance, decommissioning, or obliteration; or

''(2) to restoration of streams and watersheds.

''SEC. 205. RESOURCE ADVISORY COMMITTEES.

''(a) ESTABLISHMENT AND PURPOSE OF RESOURCE ADVISORY COMMITTEES.—

''(1) ESTABLISHMENT.—The Secretary concerned shall establish and maintain resource advisory committees to perform the duties in subsection (b), except as provided in paragraph (4).

''(2) PURPOSE.—The purpose of a resource advisory committee shall be—

''(A) to improve collaborative relationships; and

''(B) to provide advice and recommendations to the land management agencies consistent with the purposes of this title.

''(3) ACCESS TO RESOURCE ADVISORY COMMITTEES.—To ensure that each unit of Federal land has access to a resource advisory committee, and that there is sufficient interest in participation on a committee to ensure that membership can be balanced in terms of the points of view represented and the functions to be performed, the Secretary concerned may, establish resource advisory committees for part of, or 1 or more, units of Federal land.

''(4) EXISTING ADVISORY COMMITTEES.—

''(A) IN GENERAL.—An advisory committee that meets the requirements of this section, an advisory committee established before the date of enactment of this Act, or an advisory committee determined by the Secretary concerned to meet the requirements of this section before the date of enactment of this Act may be deemed by the Secretary concerned to be a resource advisory committee for the purposes of this title.

''(B) CHARTER.—A charter for a committee described in subparagraph (A) that was filed on or before September 29, 2006, shall be considered to be filed for purposes of this Act.

''(C) BUREAU OF LAND MANAGEMENT ADVISORY COMMITTEES.—The Secretary of the Interior may deem a resource advisory committee meeting the requirements of subpart 1784 of part 1780 of title 43, Code of Federal Regulations, as a resource advisory committee for the purposes of this title.

''(b) DUTIES.—A resource advisory committee shall—

''(1) review projects proposed under this title by participating counties and other persons;

''(2) propose projects and funding to the Secretary concerned under section 203;

''(3) provide early and continuous coordination with appropriate land management agency officials in recommending projects consistent with purposes of this Act under this title;

''(4) provide frequent opportunities for citizens, organizations, tribes, land management agencies, and other interested parties to participate openly and meaningfully, beginning at the early stages of the project development process under this title;

''(5)(A) monitor projects that have been approved under section 204; and

''(B) advise the designated Federal official on the progress of the monitoring efforts under subparagraph (A); and

''(6) make recommendations to the Secretary concerned for any appropriate changes or adjustments to the projects being monitored by the resource advisory committee.

''(c) APPOINTMENT BY THE SECRETARY.—

''(1) APPOINTMENT AND TERM.—

''(A) IN GENERAL.—The Secretary concerned, shall appoint the members of resource advisory committees for a term of 4 years beginning on the date of appointment.

''(B) REAPPOINTMENT.—The Secretary concerned may reappoint members to subsequent 4-year terms.

''(2) BASIC REQUIREMENTS.—The Secretary concerned shall ensure that each resource advisory committee established meets the requirements of subsection (d).

''(3) INITIAL APPOINTMENT.—Not later than 180 days after the date of the enactment of this Act, the Secretary concerned shall make initial appointments to the resource advisory committees.

''(4) VACANCIES.—The Secretary concerned shall make appointments to fill vacancies on any resource advisory committee as soon as practicable after the vacancy has occurred.

''(5) COMPENSATION.—Members of the resource advisory committees shall not receive any compensation.

''(d) COMPOSITION OF ADVISORY COMMITTEE.—

''(1) NUMBER.—Each resource advisory committee shall be comprised of 15 members.

''(2) COMMUNITY INTERESTS REPRESENTED.—Committee members shall be representative of the interests of the following 3 categories:

''(A) 5 persons that—

''(i) represent organized labor or non-timber forest product harvester groups;

''(ii) represent developed outdoor recreation, off highway vehicle users, or commercial recreation activities;

''(iii) represent—

''(I) energy and mineral development interests; or

''(II) commercial or recreational fishing interests;

''(iv) represent the commercial timber industry; or

''(v) hold Federal grazing or other land use permits, or represent nonindustrial private forest land owners, within the area for which the committee is organized.

''(B) 5 persons that represent—

''(i) nationally recognized environmental organizations;

''(ii) regionally or locally recognized environmental organizations;

''(iii) dispersed recreational activities;

''(iv) archaeological and historical interests; or

''(v) nationally or regionally recognized wild horse and burro interest groups, wildlife or hunting organizations, or watershed associations.

''(C) 5 persons that—

''(i) hold State elected office (or a designee);

''(ii) hold county or local elected office;

''(iii) represent American Indian tribes within or adjacent to the area for which the committee is organized;

''(iv) are school officials or teachers; or

''(v) represent the affected public at large.

''(3) BALANCED REPRESENTATION.—In appointing committee members from the 3 categories in paragraph (2), the Secretary concerned shall provide for balanced and broad representation from within each category.

''(4) GEOGRAPHIC DISTRIBUTION.—The members of a resource advisory committee shall reside within the State in which the committee has jurisdiction and, to extent practicable, the Secretary concerned shall ensure local representation in each category in paragraph (2).

''(5) CHAIRPERSON.—A majority on each resource advisory committee shall select the chairperson of the committee.

''(e) APPROVAL PROCEDURES.—

''(1) IN GENERAL.—Subject to paragraph (3), each resource advisory committee shall establish procedures for proposing projects to the Secretary concerned under this title.

''(2) QUORUM.—A quorum must be present to constitute an official meeting of the committee.

''(3) APPROVAL BY MAJORITY OF MEMBERS.—A project may be proposed by a resource advisory committee to the Secretary concerned under section 203(a), if the project has been approved by a majority of members of the committee from each of the 3 categories in subsection (d)(2).

''(f) OTHER COMMITTEE AUTHORITIES AND REQUIREMENTS.—

''(1) STAFF ASSISTANCE.—A resource advisory committee may submit to the Secretary concerned a request for periodic staff assistance from Federal employees under the jurisdiction of the Secretary.

''(2) MEETINGS.—All meetings of a resource advisory committee shall be announced at least 1 week in advance in a local newspaper of record and shall be open to the public.

''(3) RECORDS.—A resource advisory committee shall maintain records of the meetings of the committee and make the records available for public inspection.

''SEC. 206. USE OF PROJECT FUNDS.

''(a) AGREEMENT REGARDING SCHEDULE AND COST OF PROJECT.—

''(1) AGREEMENT BETWEEN PARTIES.—The Secretary concerned may carry out a project submitted by a resource advisory committee under section 203(a) using project funds or other funds described in section 203(a)(2), if, as soon as practicable after the issuance of a decision document for the project and the exhaustion of all administrative appeals and judicial review of the project decision, the Secretary concerned and the resource advisory committee enter into an agreement addressing, at a minimum, the following:

''(A) The schedule for completing the project.

''(B) The total cost of the project, including the level of agency overhead to be assessed against the project.

''(C) For a multiyear project, the estimated cost of the project for each of the fiscal years in which it will be carried out.

''(D) The remedies for failure of the Secretary concerned to comply with the terms of the agreement consistent with current Federal law.

''(2) LIMITED USE OF FEDERAL FUNDS.—The Secretary concerned may decide, at the sole discretion of the Secretary concerned, to cover the costs of a portion of an approved project using Federal funds appropriated or otherwise available to the Secretary for the same purposes as the project.

''(b) TRANSFER OF PROJECT FUNDS.—

''(1) INITIAL TRANSFER REQUIRED.—As soon as practicable after the agreement is reached under subsection (a) with regard to a project to be funded in whole or in part using project funds, or other funds described in section 203(a)(2), the Secretary concerned shall transfer to the applicable unit of National Forest System land or Bureau of Land Management District an amount of project funds equal to—

''(A) in the case of a project to be completed in a single fiscal year, the total amount specified in the agreement to be paid using project funds, or other funds described in section 203(a)(2); or

''(B) in the case of a multiyear project, the amount specified in the agreement to be paid using project funds, or other funds described in section 203(a)(2) for the first fiscal year.

''(2) CONDITION ON PROJECT COMMENCEMENT.—The unit of National Forest System land or Bureau of Land Management District concerned, shall not commence a project until the project funds, or other funds described in section 203(a)(2) required to be transferred under paragraph (1) for the project, have been made available by the Secretary concerned.

''(3) SUBSEQUENT TRANSFERS FOR MULTIYEAR PROJECTS.—

''(A) IN GENERAL.—For the second and subsequent fiscal years of a multiyear project to be funded in whole or in part using project funds, the unit of National Forest System land or Bureau of Land Management District concerned shall use the amount of project funds required to continue the project in that fiscal year according to the agreement entered into under subsection (a).

''(B) SUSPENSION OF WORK.—The Secretary concerned shall suspend work on the project if the project funds required by the agreement in the second and subsequent fiscal years are not available.

''SEC. 207. AVAILABILITY OF PROJECT FUNDS.

''(a) SUBMISSION OF PROPOSED PROJECTS TO OBLIGATE FUNDS.—By September 30 of each fiscal year through fiscal year 2011, a resource advisory committee shall submit to the Secretary concerned pursuant to section 203(a)(1) a sufficient number of project proposals that, if approved, would result in the obligation of at least the full amount of the project funds reserved by the participating county in the preceding fiscal year.

''(b) USE OR TRANSFER OF UNOBLIGATED FUNDS.—Subject to section 208, if a resource advisory committee fails to comply with subsection (a) for a fiscal year, any project funds reserved by the participating county in the preceding fiscal year and remaining unobligated shall be available for use as part of the project submissions in the next fiscal year.

''(c) EFFECT OF REJECTION OF PROJECTS.—Subject to section 208, any project funds reserved by a participating county in the preceding fiscal year that are unobligated at the end of a fiscal year because the Secretary concerned has rejected one or more proposed projects shall be available for use as part of the project submissions in the next fiscal year.

''(d) EFFECT OF COURT ORDERS.—

''(1) IN GENERAL.—If an approved project under this Act is enjoined or prohibited by a Federal court, the Secretary concerned shall return the unobligated project funds related to the project to the participating county or counties that reserved the funds.

''(2) EXPENDITURE OF FUNDS.—The returned funds shall be available for the county to expend in the same manner as the funds reserved by the county under subparagraph (B) or (C)(i) of section 102(d)(1).

''SEC. 208. TERMINATION OF AUTHORITY.

''(a) IN GENERAL.—The authority to initiate projects under this title shall terminate on September 30, 2011.

''(b) DEPOSITS IN TREASURY.—Any project funds not obligated by September 30, 2012, shall be deposited in the Treasury of the United States.

''TITLE III—COUNTY FUNDS

''SEC. 301. DEFINITIONS.

''In this title:

''(1) COUNTY FUNDS.—The term 'county funds' means all funds an eligible county elects under section 102(d) to reserve for expenditure in accordance with this title.

''(2) PARTICIPATING COUNTY.—The term 'participating county' means an eligible county that elects under section 102(d) to expend a portion of the Federal funds received under section 102 in accordance with this title.

''SEC. 302. USE.

''(a) AUTHORIZED USES.—A participating county, including any applicable agencies of the participating county, shall use county funds, in accordance with this title, only—

''(1) to carry out activities under the Firewise Communities program to provide to homeowners in fire-sensitive ecosystems education on, and assistance with implementing, techniques in home siting, home construction, and home landscaping that can increase the protection of people and property from wildfires;

''(2) to reimburse the participating county for search and rescue and other emergency services, including firefighting, that are—

''(A) performed on Federal land after the date on which the use was approved under subsection (b); and

''(B) paid for by the participating county; and

''(3) to develop community wildfire protection plans in coordination with the appropriate Secretary concerned.

''(b) PROPOSALS.—A participating county shall use county funds for a use described in subsection (a) only after a 45-day public comment period, at the beginning of which the participating county shall—

''(1) publish in any publications of local record a proposal that describes the proposed use of the county funds; and

''(2) submit the proposal to any resource advisory committee established under section 205 for the participating county.

''SEC. 303. CERTIFICATION.

''(a) IN GENERAL.—Not later than February 1 of the year after the year in which any county funds were expended by a participating county, the appropriate official of the participating county shall submit to the Secretary concerned a certification that the county funds expended in the applicable year have been used for the uses authorized under section 302(a), including a description of the amounts expended and the uses for which the amounts were expended.

''(b) REVIEW.—The Secretary concerned shall review the certifications submitted under subsection (a) as the Secretary concerned determines to be appropriate.

''SEC. 304. TERMINATION OF AUTHORITY.

''(a) IN GENERAL.—The authority to initiate projects under this title terminates on September 30, 2011.

''(b) AVAILABILITY.—Any county funds not obligated by September 30, 2012, shall be deposited in the Treasury of the United States.

''TITLE IV—MISCELLANEOUS PROVISIONS

''SEC. 401. REGULATIONS.

''The Secretary of Agriculture and the Secretary of the Interior shall jointly issue regulations to carry out the purposes of this Act.

''SEC. 402. AUTHORIZATION OF APPROPRIATIONS.

''(a) IN GENERAL.—There are authorized to be appropriated such sums as are necessary to carry out this Act for each of fiscal years 2007 through 2011.

''(b) EMERGENCY DESIGNATION.—Of the amounts authorized to be appropriated under subsection (a) for fiscal year 2007, $425,000,000 is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress).

''SEC. 403. TREATMENT OF FUNDS AND REVENUES.

''(a) RELATION TO OTHER APPROPRIATIONS.—Funds made available under section 402 and funds made available to a Secretary concerned under section 206 shall be in addition to any other annual appropriations for the Forest Service and the Bureau of Land Management.

''(b) DEPOSIT OF REVENUES AND OTHER FUNDS.—All revenues generated from projects pursuant to title II, including any interest accrued from the revenues, shall be deposited in the Treasury of the United States.''.

(b) FOREST RECEIPT PAYMENTS TO ELIGIBLE STATES AND COUNTIES.—

(1) ACT OF MAY 23, 1908.—The sixth paragraph under the heading ''FOREST SERVICE'' in the Act of May 23, 1908 (16 U.S.C. 500) is amended in the first sentence by striking ''twenty-five percentum'' and all that follows through ''shall be paid'' and inserting the following: ''an amount equal to the annual average of 25 percent of all amounts received for the applicable fiscal year and each of the preceding 6 fiscal years from each national forest shall be paid''.

(2) WEEKS LAW.—Section 13 of the Act of March 1, 1911 (commonly known as the ''Weeks Law'') (16 U.S.C. 500) is amended in the first sentence by striking ''twenty-five percentum'' and all that follows through ''shall be paid'' and inserting the following: ''an amount equal to the annual average of 25 percent of all amounts received for the applicable fiscal year and each of the preceding 6 fiscal years from each national forest shall be paid''.

(c) PAYMENTS IN LIEU OF TAXES.—

(1) IN GENERAL.—Section 6906 of title 31, United States Code, is amended to read as follows:

''§ 6906. Funding

''For each of fiscal years 2008 through 2012, such sums as are authorized under this chapter shall be made available to the Secretary of the Interior, out of any amounts in the Treasury not otherwise appropriated, for obligation or expenditure in accordance with this chapter.''.

(2) CONFORMING AMENDMENT.—The table of sections for chapter 69 of title 31, United States Code, is amended by striking the item relating to section 6906 and inserting the following:

''6906. Funding.''.

(d) INCREASE IN INFORMATION RETURN PENALTIES.—

(1) FAILURE TO FILE CORRECT INFORMATION RETURNS.—

(A) IN GENERAL.—Section 6721(a)(1) of the Internal Revenue Code of 1986 is amended—

(i) by striking ''$50'' and inserting ''$250'', and

(ii) by striking ''$250,000'' and inserting ''$3,000,000''.

(B) REDUCTION WHERE CORRECTION IN SPECIFIED PERIOD.—

(i) CORRECTION WITHIN 30 DAYS.—Section 6721(b)(1) of such Code is amended—

(I) by striking ''$15'' and inserting ''$50'',

(II) by striking ''$50'' and inserting ''$250'', and

(III) by striking ''$75,000'' and inserting ''$500,000''.

(ii) FAILURES CORRECTED ON OR BEFORE AUGUST 1.—Section 6721(b)(2) of such Code is amended—

(I) by striking ''$30'' and inserting ''$100'',

(II) by striking ''$50'' and inserting ''$250'', and

(III) by striking ''$150,000'' and inserting ''$1,500,000''.

(C) LOWER LIMITATION FOR PERSONS WITH GROSS RECEIPTS OF NOT MORE THAN $5,000,000.—Section 6721(d)(1) of such Code is amended—

(i) in subparagraph (A)—

(I) by striking ''$100,000'' and inserting ''$1,000,000'', and

(II) by striking ''$250,000'' and inserting ''$3,000,000'',

(ii) in subparagraph (B)—

(I) by striking ''$25,000'' and inserting ''$175,000'', and

(II) by striking ''$75,000'' and inserting ''$500,000'', and

(iii) in subparagraph (C)—

(I) by striking ''$50,000'' and inserting ''$500,000'', and

(II) by striking ''$150,000'' and inserting ''$1,500,000''.

(D) PENALTY IN CASE OF INTENTIONAL DISREGARD.—Section 6721(e) of such Code is amended—

(i) by striking ''$100'' in paragraph (2) and inserting ''$500'',

(ii) by striking ''$250,000'' in paragraph (3)(A) and inserting ''$3,000,000''.

(2) FAILURE TO FURNISH CORRECT PAYEE STATEMENTS.—

(A) IN GENERAL.—Section 6722(a) of the Internal Revenue Code of 1986 is amended—

(i) by striking ''$50'' and inserting ''$250'', and

(ii) by striking ''$100,000'' and inserting ''$1,000,000''.

(B) PENALTY IN CASE OF INTENTIONAL DISREGARD.—Section 6722(c) of such Code is amended—

(i) by striking ''$100'' in paragraph (1) and inserting ''$500'', and

(ii) by striking ''$100,000'' in paragraph (2)(A) and inserting ''$1,000,000''.

(3) FAILURE TO COMPLY WITH OTHER INFORMATION REPORTING REQUIREMENTS.—Section 6723 of the Internal Revenue Code of 1986 is amended—

(A) by striking ''$50'' and inserting ''$250'', and

(B) by striking ''$100,000'' and inserting ''$1,000,000''.

(4) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to information returns required to be filed on or after January 1, 2008.

(e) REPEAL OF SUSPENSION OF CERTAIN PENALTIES AND INTEREST.—

(1) IN GENERAL.—Section 6404 of the Internal Revenue Code of 1986 is amended by striking subsection (g).

(2) EFFECTIVE DATE.—

(A) IN GENERAL.—Except as provided in paragraph (2), the amendment made by this section shall apply to notices provided by the Secretary of the Treasury, or his delegate after the date which is 6 months after the date of the enactment of this Act.

(B) EXCEPTION FOR CERTAIN TAXPAYERS.—The amendment made by this section shall not apply to any taxpayer with respect to whom a suspension of any interest, penalty, addition to tax, or other amount is in effect on the date which is 6 months after the date of the enactment of this Act.

(f) PARTICIPANTS IN GOVERNMENT SECTION 457 PLANS ALLOWED TO TREAT ELECTIVE DEFERRALS AS ROTH CONTRIBUTIONS.—

(1) IN GENERAL.—Section 402A(e)(1) of the Internal Revenue Code of 1986 (defining applicable retirement plan) 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:

''(C) an eligible deferred compensation plan (as defined in section 457(b)) of an eligible employer described in section 457(e)(1)(A).''.

(2) ELECTIVE DEFERRALS.—Section 402A(e)(2) of the Internal Revenue Code of 1986 (defining elective deferral) is amended to read as follows:

''(2) ELECTIVE DEFERRAL.—The term 'elective deferral' means—

''(A) any elective deferral described in subparagraph (A) or (C) of section 402(g)(3), and

''(B) any elective deferral of compensation by an individual under an eligible deferred compensation plan (as defined in section 457(b)) of an eligible employer described in section 457(e)(1)(A).''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after December 31, 2007.

SA 710. Mr. KYL submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At page 52, line 16, strike ''may determine'' and all that follows through page 53, line 11 and insert the following:

''may determine in such Secretary's sole unreviewable discretion that—

(1) subsection (a)(3)(B)(i)(IV)(bb) of this section shall not apply to an alien;

(II) subsection (a)(3)(B)(i)(VII) of this section shall not apply to an alien who endorsed or espoused terrorist activity or persuaded others to endorse or espouse terrorist activity or support a terrorist organization described in clause (vi)(III);

(III) subsection (a)(3)(B)(iv)(VI) of this section shall not apply with respect to any material support that an alien afforded under duress (as that term is defined in common law) to an organization or individual that has engaged in a terrorist activity; or

(IV) subsection (a)(3)(B)(vi)(III) of this section shall not apply to a group that—

(aa) does not pose a threat to the United States or other democratic countries; and

(bb) has not engaged in terrorist activity targeted at civilians; or

(V) subsection (a)(3)(B)(vi)(III) of this section shall not apply to a group solely by virtue of its having a subgroup within the scope of that subsection.

''Such a determination shall neither prejudice the ability of the United States Government to commence criminal or civil proceedings involving a beneficiary of such a determination or any other person, nor create any substantive or procedural right or benefit for a beneficiary of such a determination or any other person. Not withstanding any other provision of law (statutory or nonstatutory), including but not limited to section 2241 of title 28, or any other habeas corpus provision, and sections 1361 and 1651 of such title, no court shall have jurisdiction to review such a determination or revocation except in a proceeding for review of a final order of removal pursuant to section 242 and only to the extent provided in section 242(a)(2)(D). The Secretary of State may not exercise the discretion provided in this clause with respect to an alien at any time during which the alien is the subject of pending removal proceedings under section 1229a of title 8.''.

SA 711. Mr. GREGG submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 50, strike line 7 and all that follows through page 52, line 5.

SA 712. Mr. DOMENICI submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 62, line 18, insert the following before the period:

Provided further, That the Secretary of the Army, acting through the Chief of Engineers, is provided an additional $10,000,000 under this heading to rehabilitate the flood damage projects for the Albuquerque Middle Rio Grande levee, New Mexico; the Abeytas to Bernardo levee in Socorro County, New Mexico; and the Glenwood/Whitewater Creek levee in Catron County, New Mexico, to Federal levee standards: *Provided further*, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress).

SA 713. Mr. COLEMAN (for himself and Ms. KLOBUCHAR) submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the end of chapter 9 of title II, add the following:

CONVEYANCE OF A–12 BLACKBIRD AIRCRAFT TO THE MINNESOTA AIR NATIONAL GUARD HISTORICAL FOUNDATION

SEC. 2904. (a) CONVEYANCE REQUIRED.—The Secretary of the Air Force shall convey, without consideration, to the Minnesota Air National Guard Historical Foundation, Inc. (in this section referred to as the ''Foundation''), a non-profit entity located in the State of Minnesota, A–12 Blackbird aircraft with tail number 60–6931 that is under the jurisdiction of the National Museum of the United States Air Force and, as of January 1, 2007, was on loan to the Foundation and display with the 133rd Airlift Wing at Minneapolis-St. Paul International Airport, Minnesota.

(b) CONDITION.—The conveyance required by subsection (a) shall be subject to the requirement that Foundation utilize and display the aircraft described in that subsection for educational and other appropriate public purposes as jointly agreed upon by the Secretary and the Foundation before the conveyance.

(c) RELOCATION OF AIRCRAFT.—As part of the conveyance required by subsection (a), the Secretary shall relocate the aircraft described in that subsection to Minneapolis-St. Paul International Airport and undertake any reassembly of the aircraft required as part of the conveyance and relocation. Any costs of the Secretary under this subsection shall be borne by the Secretary.

(d) MAINTENANCE SUPPORT.—The Secretary may authorize the 133rd Airlift Wing to provide support to the Foundation for the maintenance of the aircraft relocated under subsection (a) after its relocation under that subsection.

(e) REVERSION OF AIRCRAFT.—

(1) REVERSION.—In the event the Foundation ceases to exist, all right, title, and interest in and to the aircraft conveyed under subsection (a) shall revert to the United States, and the United States shall have immediate right of possession of the aircraft.

(2) ASSUMPTION OF POSSESSION.—Possession under paragraph (1) of the aircraft conveyed under subsection (a) shall be assumed by the 133rd Airlift Wing.

(f) ADDITIONAL TERMS AND CONDITIONS.—The Secretary may require such additional terms and conditions in connection with the conveyance required by subsection (a) as the Secretary considers appropriate to protect the interests of the United States.

SA 714. Mr. VOINOVICH submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ___. SENSE OF CONGRESS REGARDING BUDGETING FOR OPERATION IRAQI FREEDOM AND THE GLOBAL WAR ON TERRORISM.

(a) FINDINGS.—Congress makes the following findings:

(1) The global war on terrorism began in September 2001 and military operations in Iraq began in March 2003, and United States military involvement in Iraq and Afghanistan no longer represents unforeseen, unpredictable, or unanticipated events.

(2) Since the beginning of the global war on terrorism and the military operations in Iraq, Congress has provided $503,000,000,000 in budget authority to carry out Operation Iraqi Freedom and the global war on terrorism, including funding for military operations and other defense activities, indigenous security forces, diplomatic operations, and foreign aid.

(3) The President has requested $98,000,000,000 in additional fiscal year 2007 supplemental appropriations to carry out Operation Iraqi Freedom and the global war on terrorism, bringing the total appropriated upon the date of the enactment of this Act for that purpose to $601,000,000,000.

(4) The President has requested $145,000,000,000 in fiscal year 2008 supplemental appropriations to carry out Operation Iraqi Freedom and the global war on terrorism.

(5) During the past few years, both the President and Congress have consistently underestimated the future costs of carrying out Operation Iraqi Freedom and the global war on terrorism in budget requests and in congressional budget resolutions.

(6) The President and Congress have provided funds to carry out Operation Iraqi Freedom and the global war on terrorism largely through the use of supplemental appropriations bills that escape the budget limitations imposed on regular appropriations.

(7) As a result of insufficient budget projections and exemption of supplemental appropriations from budget rules, Congress and the President have provided the public with erroneous information regarding the true impact of Operation Iraqi Freedom and the global war on terrorism on future budget deficits and the growth of the national debt.

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

(1) fiscal year 2008 should be the last fiscal year for which Congress provides funding to carry out Operation Iraqi Freedom and the global war on terrorism through the use of supplemental appropriations that generally are not subject to budget limitations; and

(2) beginning in fiscal year 2009, Congress should include funding to carry out Operation Iraqi Freedom and the global war on terrorism in the regular budget and appropriations processes so that the public is able to recognize and understand the costs of carrying out such activities and Congress may consider whether additional spending and revenue policies should be enacted to offset such costs.

SA 715. Mr. COBURN submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ___. In accordance with paragraphs (4) and (5) of section 203(d) of the Legislative Reorganization Act of 1946 (2 U.S.C. 166(d)), the Congressional Research Service may not refuse a request from a Member of the Senate or House of Representatives for compilation and analysis of earmarks contained in appropriations bills and amendments.

SA 716. Mr. BURR proposed an amendment to amendment SA 709 proposed by Mr. WYDEN (for himself, Mr. REID, Mr. BAUCUS, Mr. BINGAMAN, Mr. SMITH, Ms. CANTWELL, Mr. DOMENICI, Mrs. BOXER, Mr. CRAIG, Mrs. MURRAY, Mr. CRAPO, Mr. TESTER, Mr. STEVENS, Mr. BENNETT, Ms. MURKOWSKI, Mr. SALAZAR, and Mrs. FEINSTEIN) to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; as follows:

Beginning on page 13, strike line 22 and all that follows through page 17, line 18, and insert the following:

''(2) EXPENDITURE PURPOSES.—Subject to subsection (d), payments received by a State under subsection (a) and distributed to eligible counties shall be expended only for public schools of the eligible county.

''(d) EXPENDITURE RULES FOR ELIGIBLE COUNTIES.—

''(1) ALLOCATIONS.—

''(A) IN GENERAL.—Except as provided in paragraph (3)(B), if an eligible county elects to receive its share of the State payment or the county payment, not less than 80 percent, but not more than 85 percent, of the funds shall be expended only for public schools of the eligible county.

''(B) ELECTION AS TO USE OF BALANCE.—Except as provided in subparagraph (C), an eligible county shall elect to do 1 or more of the following with the balance of any funds not expended pursuant to subparagraph (A):

''(i) Reserve any portion of the balance for projects in accordance with title II.

''(ii) Reserve not more than 7 percent of the total share for the eligible county of the State payment or the county payment for projects in accordance with title III.

''(iii) Return the portion of the balance not reserved under clauses (i) and (ii) to the Treasury of the United States.

''(C) COUNTIES WITH MODEST DISTRIBUTIONS.—In the case of each eligible county to which more than $100,000, but less than $350,000, is distributed for any fiscal year pursuant to either or both of paragraphs (1)(B) and (2)(B) of subsection (a), the eligible county, with respect to the balance of any funds not expended pursuant to subparagraph (A) for that fiscal year, shall—

''(i) reserve any portion of the balance for—

''(I) carrying out projects under title II;

''(II) carrying out projects under title III; or

''(III) a combination of the purposes described in subclauses (I) and (II); or

''(ii) return the portion of the balance not reserved under clause (i) to the Treasury of the United States.

''(2) DISTRIBUTION OF FUNDS.—

''(A) IN GENERAL.—Funds reserved by an eligible county under subparagraph (B)(i) or (C)(i)(I) of paragraph (1) shall be deposited in a special account in the Treasury of the United States.

''(B) AVAILABILITY.—Amounts deposited under subparagraph (A) shall—

''(i) be available for expenditure by the Secretary concerned, without further appropriation; and

''(ii) remain available until expended in accordance with title II.

''(3) ELECTION.—

''(A) NOTIFICATION.—

''(i) IN GENERAL.—An eligible county shall notify the Secretary concerned of an election by the eligible county under this subsection not later than September 30 of each fiscal year.

''(ii) FAILURE TO ELECT.—Except as provided in subparagraph (B), if the eligible county fails to make an election by the date specified in clause (i), the eligible county shall—

''(I) be considered to have elected to expend 85 percent of the funds in accordance with paragraph (1)(A); and

''(II) return the balance to the Treasury of the United States.

''(B) COUNTIES WITH MINOR DISTRIBUTIONS.—In the case of each eligible county to which less than $100,000 is distributed for any fiscal year pursuant to either or both of paragraphs (1)(B) and (2)(B) of subsection (a), the eligible county may elect to expend all the funds for public schools in the eligible county.

SA 717. Mr. COBURN submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; as follows:

At the appropriate place, insert the following:

SEC. ___. INAPPLICABILITY OF CERTAIN PROVISIONS.

Notwithstanding any other provision of this Act, titles II, III, and IV of this Act shall not take effect.

SA 718. Mr. COBURN submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; as follows:

SEC. ___. INAPPLICABILITY OF CERTAIN PROVISIONS.

Notwithstanding any provision of this Act, titles II (except for chapter 8 and 9 of title II), III, and IV of this Act shall not take effect.

SA 719. Mr. ALEXANDER submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

Beginning on page 95, strike line 22 and all that follows through page 96, line 8.

SA 720. Mr. ALEXANDER submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 96, lines 5 and 6, strike ''a State found within Federal Emergency Management Agency Region IV or VI'' and insert ''the State of Alabama, Florida, Louisiana, Mississippi, or Texas''.

SA 721. Mr. ALEXANDER submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 96, lines 6 through 8, strike ''The provisions of this section shall cease to be in effect twenty-four months following the date of enactment of this Act.'' and insert ''This section shall cease to be in effect as of the date that is 180 days after the date of enactment of this Act, and the authority provided by this section is contingent on authorization by the appropriate committees of Congress prior to implementation.''.

SA 722. Mr. DOMENICI (for himself and Mrs. HUTCHISON) submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 37, between lines 10 and 11, insert the following:

INTERNATIONAL COMMISSIONS

INTERNATIONAL BOUNDARY AND WATER COMMISSION, UNITED STATES AND MEXICO

(INCLUDING RESCISSION OF FUNDS)

For an additional amount for the ''International Boundary and Water Commission, United States and Mexico'', $21,700,000, to remain available until expended: *Provided*, That of the funds appropriated under this heading, not less than $11,700,000 shall be made available for sediment removal and construction associated with the Rio Grande Canalization project in Doña Ana County, New Mexico: *Provided further*, That of the funds appropriated under this heading, not less than $10,000,000 shall be made available for sediment removal associated with the Rio Grande Flood Control System Rehabilitation project in El Paso County, Texas.

Of the funds appropriated for the ''Millennium Challenge Corporation'' under the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 2006 (Public Law 109–102), $21,700,000 are rescinded.

SA 723. Mr. DOMENICI submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 62, line 18, insert the following before the period:

Provided further, That the Secretary of the Army, acting through the Chief of Engineers, is provided an additional $10,000,000 under this heading to rehabilitate the flood damage projects for the Albuquerque Middle Rio Grande levee, New Mexico; the Abeytas to Bernardo levee in Socorro County, New Mexico; and the Glenwood/Whitewater Creek levee in Catron County, New Mexico, to Federal levee standards.

SA 724. Mrs. BOXER submitted an amendment intended to be proposed by her to the bill H.R. 1591, making emergency supplemental appropriations for

the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 28, between lines 18 and 19, insert the following:

SEC. 1316. It is the sense of the Senate that a portion of the funds appropriated or otherwise made available by this Act should be used to begin the phased redeployment of United States military forces from Iraq.

SA 725. Mrs. BOXER submitted an amendment intended to be proposed by her to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the end of chapter 3 of title I, add the following:

SEC. 1316. RESEARCH ON MENTAL HEALTH NEEDS OF FEMALE MEMBERS OF THE ARMED FORCES.

Of the amount appropriated or otherwise made available by this chapter under the heading ''DEFENSE HEALTH PROGRAM'', $10,000,000 shall be available for research on the mental health needs of female members of the Armed Forces, with a specific emphasis on post traumatic stress disorder and sexual trauma and the development of new treatment models.

SA 726. Mr. KERRY submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 40, line 3, insert after ''Public Law 109–13:'' the following: ''*Provided further,* That of the funds appropriated under this heading that are available for assistance for Iraq, not less than $1,000,000 shall be made available for a Youth Center/Work Study Program in Iraq to be administered by the Iraqi Ministry of Youth and Sport:''.

SA 727. Mr. STEVENS submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the end of chapter 3 of title I, add the following:

SEC. 1316. REDEVELOPMENT OF INDUSTRIAL SECTOR IN IRAQ.

Of the amount appropriated or otherwise made available by this chapter under the heading ''IRAQ FREEDOM FUND'', up to $100,000,000 may be obligated and expended for purposes of the Task Force to Improve Business and Stability Operations in Iraq.

SA 728. Mr. BOND submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table, as follows:

At the end of chapter 10 of title II, insert the following:

SEC. 4004. In section 21307 of Public Law 110–5, in the first proviso, strike out ''for such account''.

SA 729. Mr. VITTER submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 64, between lines 15 and 16, insert the following:

SEC. 23____. Not later than 90 days after the date of enactment of this Act, the Chief of Engineers shall, at full Federal expense, investigate and submit to Congress an analysis of—

(1) the overall technical advantages, disadvantages, and operational effectiveness of operating the new pumping stations at the mouths of the 17th Street, Orleans Avenue, and London Avenue canals in the New Orleans area directed for construction in the matter under the heading ''FLOOD CONTROL AND COASTAL EMERGENCIES'' of chapter 3 of title II of the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006 (Public Law 109–234; 120 Stat. 454) concurrently or in series with existing pumping stations serving those canals;

(2) the advantages, disadvantages, and technical operational effectiveness of removing the existing pumping stations and configuring the new pumping stations and associated canals to handle all needed discharges; and

(3) the advantages, disadvantages, and technical operational effectiveness of replacing or improving the floodwalls and levees adjacent to the 3 canals specified in paragraph (1).

SA 730. Mr. VITTER submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

Beginning on page 60, strike line 23 and all that follows through page 70, line 13, and insert the following:

FLOOD CONTROL AND COASTAL EMERGENCIES.—For an additional amount for ''Flood Control and Coastal Emergencies'', as authorized by section 5 of the Act of August 18, 1941 (33 U.S.C. 701n), for necessary expenses relating to the consequences of Hurricanes Katrina and Rita and for other purposes, $2,257,700,000, to remain available until expended: *Provided,* That $2,000,000,000 of the amount provided may be used by the Secretary of the Army to carry out projects and measures to provide the level of protection necessary to achieve the certification required for the 100-year level of flood protection in accordance with the national flood insurance program under the base flood elevations in existence at the time of construction of the enhancements for the West Bank and Vicinity and Lake Ponchartrain and Vicinity, Louisiana, projects, as described under the heading ''Flood Control and Coastal Emergencies'', in chapter 3 of Public Law 109–148: *Provided further,* That $150,000,000 of the amount provided may be used to support emergency operations, repairs and other activities in response to flood, drought and earthquake emergencies as authorized by law: *Provided further,* That $107,700,000 of the amount provided may be used to implement the projects for hurricane storm damage reduction, flood damage reduction, and ecosystem restoration within Hancock, Harrison, and Jackson Counties, Mississippi substantially in accordance with the Report of the Chief of Engineers dated December 31, 2006, and entitled ''Mississippi, Coastal Improvements Program Interim Report, Hancock, Harrison, and Jackson Counties, Mississippi'': *Provided further,* That projects authorized for implementation under this Chief's report shall be carried out at full Federal expense, except that the non-Federal interests shall be responsible for providing any lands, easements, rights-of-way, disposal areas, and relocations required for construction of the project and for all costs associated with operation and maintenance of the project: *Provided further,* That any project using funds appropriated under this heading shall be initiated only after non-Federal interests have entered into binding agreements with the Secretary requiring the non-Federal interests to pay 100 percent of the operation, maintenance, repair, replacement, and rehabilitation costs of the project and to hold and save the United States free from damages due to the construction or operation and maintenance of the project, except for damages due to the fault or negligence of the United States or its contractors.

DEPARTMENT OF INTERIOR.

BUREAU OF RECLAMATION.

WATER AND RELATED RESOURCES.—For an additional amount for ''Water and Related Resources'', $18,000,000, to remain available until expended for drought assistance: *Provided,* That drought assistance may be provided under the Reclamation States Drought Emergency Act or other applicable Reclamation authorities to assist drought plagued areas of the West.

SEC. 2301. GENERAL PROVISIONS—THIS CHAPTER.

The Secretary is authorized and directed to reimburse local governments for expenses they have incurred in storm-proofing pumping stations, constructing safe houses for operators, and other interim flood control measures in and around the New Orleans metropolitan area, provided the Secretary determines those elements of work and related expenses to be integral to the overall plan to ensure operability of the stations during hurricanes, storms and high water events and the flood control plan for the area.

SEC. 2302. The limitation concerning total project costs in section 902 of the Water Resources Development Act of 1986, as amended (33 U.S.C. 2280), shall not apply during fiscal year 2008 to any water resources project for which funds were made available during fiscal year 2007.

SEC. 2303.(a) The Secretary of the Army is authorized and directed to utilize funds remaining available for obligation from the amounts appropriated in chapter 3 of Public Law 109–234 under the heading ''Flood Control and Coastal Emergencies'' for projects in the greater New Orleans metropolitan area to prosecute these projects in a manner which promotes the goal of continuing work at an optimal pace, while maximizing, to the greatest extent practicable, levels of protection to reduce the risk of storm damage to people and property.

(b) The expenditure of funds as provided in subsection (a) may be made without regard to individual amounts or purposes specified in chapter 3 of Public Law 109–234.

(c) Any reallocation of funds that are necessary to accomplish the goal established in subsection (a) are authorized. Reallocation of funds in excess of $250,000,000 or 50 percent, whichever is less, of the individual amounts specified in chapter 3 of Public Law 109–234 require notifications of the House and Senate Committees on Appropriation.

CHAPTER 4—SMALL BUSINESS ADMINISTRATION—DISASTER LOANS PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

For an additional amount for ''Disaster Loans Program Account'' for administrative expenses to carry out the disaster loan program, $25,069,000, to remain available until

expended, which may be transferred to and merged with ''Small Business Administration, Salaries and Expenses''.

SEC. 2401. GENERAL PROVISIONS—THIS CHAPTER.

In this section—

(1) the term ''Administrator'' means the Administrator of the Small Business Administration;

(2) the term ''covered small business concern'' means a small business concern—

(A) that is located in any area in Louisiana or Mississippi for which the President declared a major disaster because of Hurricane Katrina of 2005 or Hurricane Rita of 2005;

(B) that has not more than 50 full-time employees; and

(C) that—

(i)(I) suffered a substantial economic injury as a result of Hurricane Katrina of 2005 or Hurricane Rita of 2005, because of a reduction in travel or tourism to the area described in subparagraph (A); and

(II) demonstrates that, during the 1-year period ending on August 28, 2005, not less than 45 percent of the revenue of that small business concern resulted from tourism or travel related sales; or

(ii)(I) suffered a substantial economic injury as a result of Hurricane Katrina of 2005 or Hurricane Rita of 2005; and

(II) operates in a parish or county for which the population on the date of enactment of this Act, as determined by the Administrator, is not greater than 75 percent of the population of that parish or county before August 28, 2005, based on the most recent United States population estimate available before August 28, 2005;

(3) the term ''major disaster'' has the meaning given that term in section 102 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5122); and

(4) the term ''small business concern'' has the meaning given that term in section 3 of the Small Business Act (15 U.S.C. 632).

(b) APPROPRIATION.—

(1) IN GENERAL.—There are appropriated, out of any money in the Treasury not otherwise appropriated, $25,000,000 to the Administrator, which, except as provided in paragraph (2) or (3), shall be used for loans under section 7(b)(2) of the Small Business Act (15 U.S.C. 636(b)(2)) to covered small business concerns.

(2) ADMINISTRATIVE EXPENSES.—Of the amounts made available under paragraph (1), not more than $8,750,000 may be transferred to and merged with ''Salaries and Expenses'' to carry out the disaster loan program of the Small Business Administration.

(3) OTHER USES OF FUNDS.—The Administrator may use amounts made available under paragraph (1) for other purposes authorized for amounts in the ''Disaster Loans Program Account'' or transfer such amounts to and merge such amounts with ''Salaries and Expenses'', if—

(A) such amounts are—

(i) not obligated on the later of 5 months after the date of enactment of this Act and August 29, 2007; or

(ii) necessary to provide assistance in the event of a major disaster; and

(B) not later than 5 days before any such use or transfer of amounts, the Administrator provides written notification of such use or transfer to the Committee on Appropriations of the Senate and the Committee on Appropriations of the House of Representatives.

SEC. 2402. OTHER PROGRAMS.

(a) HUBZONES.—Section 3(p) of the Small Business Act (15 U.S.C. 632(p)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (D), by striking ''or'';

(B) in subparagraph (E), by striking the period at the end and inserting ''; or''; and

(C) by adding at the end the following:

''(F) an area in which the President has declared a major disaster (as that term is defined in section 102 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5122)) as a result of Hurricane Katrina of August 2005 or Hurricane Rita of September 2005, during the time period described in paragraph (8).''; and

(2) by adding at the end the following:

''(8) TIME PERIOD.—The time period for the purposes of paragraph (1)(F)—

''(A) shall be the 2-year period beginning on the later of the date of enactment of this paragraph and August 29, 2007; and

''(B) may, at the discretion of the Administrator, be extended to be the 3-year period beginning on the later of the date of enactment of this paragraph and August 29, 2007.''.

(b) RELIEF FROM TEST PROGRAM.—Section 711(d) of the Small Business Competitive Demonstration Program Act of 1988 (15 U.S.C. 644 note) is amended—

(1) by striking ''The Program'' and inserting the following:

''(1) IN GENERAL.—Except as provided in paragraph (2), the Program''; and

(2) by adding at the end the following:

''(2) EXCEPTION.—

''(A) IN GENERAL.—The Program shall not apply to any contract related to relief or reconstruction from Hurricane Katrina of 2005 or Hurricane Rita of 2005 during the time period described in subparagraph (B).

''(B) TIME PERIOD.—The time period for the purposes of subparagraph (A)—

''(i) shall be the 2-year period beginning on the later of the date of enactment of this paragraph and August 29, 2007; and

''(ii) may, at the discretion of the Administrator, be extended to be the 3-year period beginning on the later of the date of enactment of this paragraph and August 29, 2007.''.

CHAPTER 5—DEPARTMENT OF HOMELAND SECURITY—FEDERAL EMERGENCY MANAGEMENT AGENCY

DISASTER RELIEF.

For an additional amount for ''Disaster Relief'' for necessary expenses under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.), $3,610,000,000, to remain available until expended.

SA 731. Mr. VITTER submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 64, between lines 15 and 16, insert the following:

Section 23__. (a) Using funds made available in Chapter 3 under Title II of Public Law 109–234 (120 Stat. 453), under the heading ''Investigations'', within three months after the date of enactment of this Act, the Secretary of the Army, in consultation with other agencies and the State of Louisiana shall submit to Congress a final report of the Chief of Engineers recommending a comprehensive plan to install a permanent storm surge and intrusion barrier on the lower Mississippi River Gulf-outlet and to restore associated structural and non-structural hurricane and storm surge reduction in this region to ensure the level of protection necessary to achieve the certification required for the 100-year level of flood protection in accordance with the national flood insurance program under the base flood elevations in existence at the time of construction of the enhancements as part of the Lake Pontchartrain and Vicinity Louisiana project as described under the heading ''Flood Control and Coastal Emergencies'', in chapter 3 of Public Law 109–148: Provided, That the plan shall incorporate and build upon the Interim Mississippi River Gulf Outlet Deep-Draft De-Authorization Report submitted to Congress in December 2006 pursuant to Public Law 109–234.

SA 732. Ms. LANDRIEU submitted an amendment intended to be proposed by her to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place in title II Chapter 3 General Provisions, insert the following:

Section __. The Chief of Engineers shall investigate the overall technical advantages, disadvantages and operational effectiveness of operating the new pumping stations at the mouths of the 17th Street, Orleans Avenue and London Avenue canals in the New Orleans area directed for construction in Public Law 109–234 concurrently or in series with existing pumping stations serving these canals and the advantages, disadvantages and technical operational effectiveness of removing the existing pumping stations and configuring the new pumping stations and associated canals to handle all needed discharges: Provided, That the analysis should be conducted at Federal expense: Provided further, that the analysis shall be completed and furnished to the Congress not later than three months after enactment of this Act.

SA 733. Ms. LANDRIEU submitted an amendment intended to be proposed by her to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows;

On page 59, between lines 23 and 24, insert the following:

ECONOMIC DEVELOPMENT ADMINISTRATION

For an additional amount for the Economic Development Administration, $175,000,000, to remain available until expended, for use in providing grants to the Port of New Orleans to relocate public facilities located along the Mississippi River Gulf Outlet that are adversely affected by the closing of the Mississippi River Gulf Outlet: *Provided*, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress).

SA 734. Mr. SANDERS submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows;

At the end of title III, add the following:

NO AUTHORITY TO INITIATE MILITARY ACTION AGAINST IRAN

SEC. 4104. No provision of this Act, the Authorization for Use of Military Force (Public Law 107–40; 50 U.S.C. 1541 note), or the Authorization for Use of Military Force Against Iraq Resolution of 2002 (Public Law 107–243; 50 U.S.C. 1541 note), may be construed as granting authority to the President to initiate military action against Iran.

SA 735. Mr. SANDERS submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for

the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows;

At the end of title III, add the following:

PROHIBITION ON USE OF FUNDS TO INITIATE OFFENSIVE MILITARY ACTION

SEC. 4104. None of the funds appropriated or otherwise made available by this Act may be obligated or expended to initiate offensive military action against any country, including Iran, that is not authorized by law.

SA 736. Mr. SANDERS submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows;

At the end of title III, add the following:

SENSE OF CONGRESS REGARDING INITIATING MILITARY ACTION AGAINST IRAN

SEC. 4104. It is the sense of Congress that—

(1) initiating military action against Iran without congressional approval does not fall within the President's ''Commander in Chief'' powers under article II, section 2, of the Constitution of the United States;

(2) the Authorization for Use of Military Force (Public Law 107–40; 50 U.S.C. 1541 note), approved in response to the terrorist attacks of September 11, 2001, does not explicitly or implicitly extend to authorizing military action against Iran, including over its nuclear program;

(3) the Authorization for Use of Military Force Against Iraq Resolution of 2002 (Public Law 107–243; 50 U.S.C. 1541 note) does not explicitly or implicitly extend to authorizing military action against Iran, including over its nuclear program; and

(4) seeking congressional authority prior to taking military action against Iran is not discretionary, but is a legal and constitutional requirement.

SA 737. Mr. SANDERS (for himself, Mr. REED, Mr. BINGAMAN, Mr. MENENDEZ, Mr. KERRY, Mr. HARKIN, Mr. WYDEN, Mrs. CLINTON, and Mr. SUNUNU) submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows;

On page 99, line 4, strike ''ties'' and insert ''ties: *Provided further*, That $242,200,000 of the amount provided shall be used for the weatherization assistance program of the Department of Energy''.

SA 738. Mr. BIDEN submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows;

At the appropriate place, insert the following:

TITLE VI—FUNDING FOR GLOBAL WAR ON TERROR

SEC. 601. FINDINGS.

The Congress finds the following:

(1) It is estimated that the top 1 percent of income earners in the United States will receive at total of $715 billion in tax cuts between 2001 and 2010 under current law.

(2) It is estimated that in the single year 2009, tax cuts for the top 1 percent of income earners will total over $94 billion.

(3) To date all of the funds for military operations in Iraq and Afghanistan have been designated as emergency spending.

(4) Operations in Iraq alone have now lasted longer than World War II and are not ''unanticipated uncontrollable expenditures'' as defined by the Congressional Budget Act.

SEC. 602. SENSE OF THE SENATE.

It is the sense of the Senate that in order to fund the operations of the Government under chapter 3 of title I of this Act, including $1,500,000,000 for mine resistant ambush protected vehicles, the Committee on Finance of the Senate should report to the Senate not later than 30 days after the date of the enactment of this Act legislation which increases revenues to the Treasury in the amount of $93,500,000,000 during taxable years 2007 through 2011 by reducing scheduled and existing income tax reductions enacted since taxable year 2001 with respect to the top 1 percent of income earners.

SA 739. Mr. BIDEN (for himself, Mr. KENNEDY, Mr. KERRY, Mr. DURBIN, and Mr. PRYOR) submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the end of chapter 3 of title I, add the following:

SEC. 1316. ADDITIONAL AMOUNT FOR PROCUREMENT, MARINE CORPS, FOR ACCELERATION OF PROCUREMENT OF ADDITIONAL 2,500 MINE RESISTANT AMBUSH PROTECTED VEHICLES FOR THE ARMED FORCES.

(a) ADDITIONAL AMOUNT.—The amount appropriated by this chapter under the heading ''PROCUREMENT, MARINE CORPS'' is hereby increased by $1,500,000,000, with the amount of the increase to be available to the Marine Corps for the procurement of an additional 2,500 Mine Resistant Ambush Protected (MRAP) vehicles for the regular and reserve components of the Armed Forces by not later than December 31, 2007.

(b) SUPPLEMENT NOT SUPPLANT.—The amount available under subsection (a) for the procurement of vehicles described in that subsection is in addition to any other amounts available under this chapter for that purpose.

SA 740. Mr. CASEY submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the end of subtitle A of title IV, add the following:

SEC. 4___. DAIRY LOSSES.

The Secretary shall use such funds of the Commodity Credit Corporation as are necessary to make payments to producers on a dairy farm in the State of Pennsylvania in the amount of $2.50 per hundredweight of milk produced by the dairy producers during the period beginning on August 1, 2006, and ending on February 28, 2007.

SA 741. Mr. KENNEDY submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

TITLE V—FAIR MINIMUM WAGE

SEC. 500. SHORT TITLE.

This title may be cited as the ''Fair Minimum Wage Act of 2007''.

SEC. 501. MINIMUM WAGE.

(a) IN GENERAL.—Section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) is amended to read as follows:

''(1) except as otherwise provided in this section, not less than—

''(A) $5.85 an hour, beginning on the 60th day after the date of enactment of the Fair Minimum Wage Act of 2007;

''(B) $6.55 an hour, beginning 12 months after that 60th day; and

''(C) $7.25 an hour, beginning 24 months after that 60th day;''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect 60 days after the date of enactment of this Act.

SEC. 502. APPLICABILITY OF MINIMUM WAGE TO THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS.

(a) IN GENERAL.—Section 6 of the Fair Labor Standards Act of 1938 (29 U.S.C. 206) shall apply to the Commonwealth of the Northern Mariana Islands.

(b) TRANSITION.—Notwithstanding subsection (a), the minimum wage applicable to the Commonwealth of the Northern Mariana Islands under section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) shall be—

(1) $3.55 an hour, beginning on the 60th day after the date of enactment of this Act; and

(2) increased by $0.50 an hour (or such lesser amount as may be necessary to equal the minimum wage under section 6(a)(1) of such Act), beginning 6 months after the date of enactment of this Act and every 6 months thereafter until the minimum wage applicable to the Commonwealth of the Northern Mariana Islands under this subsection is equal to the minimum wage set forth in such section.

SA 742. Mr. BAUCUS submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows;

On page 35, line 3, insert after ''law'' the following: '': *Provided*, That of the funds appropriated under this heading, up to $1,900,000 may be available for the construction of a Deployment Processing Facility for the Montana Air National Guard''.

SA 743. Mr. LAUTENBERG submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. . FAA PERSONNEL MANAGEMENT SYSTEM ARBITRATION.

Section 40122(a) of title 49, United States Code, is amended—

(1) by striking the second and third sentences of paragraph (2);

(2) by redesignating paragraphs (3) and (4) as paragraphs (4) and (5), respectively; and

(3) by inserting after paragraph (2) the following:

''(3) ARBITRATION.—

''(A) IN GENERAL.—If the services of the Federal Mediation and Conciliation Service under paragraph (2) do not lead to an agreement, the Federal Service Impasses Panel shall assert jurisdiction over the issues in controversy in accordance with subsection (g)(2)(C) and order binding arbitration.

''(B) ARBITRATION BOARD.—The Panel shall appoint an arbitration board composed of 3

professional private arbitrators with Federal sector experience. The Executive Director of the Panel shall request a list of not fewer than 15 arbitrators from the Director of the Federal Mediation and Conciliation Service. Each party shall select one arbitrator and the Executive Director of the Panel shall select the third and final member of the arbitration board.

''(C) RATIFICATION AND APPROVAL.—In accordance with subsection (g)(2)(C), upon reaching agreement or at the conclusion of the binding arbitration, the final agreement shall be subject to ratification by the exclusive representative, upon request, and approval by the head of the agency.

''(D) ENFORCEMENT ACTIONS.—Each United States district court and each United States court of a place subject to the jurisdiction of the United States shall have jurisdiction of any action brought to enforce this paragraph. Upon the application of any exclusive bargaining representative, any changes implemented in the personnel management system by the Administrator after July 9, 2005, without the agreement of the exclusive bargaining representative and before the agreement ratified and approved under subparagraph (C) takes effect shall be reversed and the status quo ante shall be restored until the date certified by the exclusive bargaining representative and the Administrator as the date on which the ratified and approved agreement takes effect.''

SA 744. Ms. STABENOW submitted an amendment intended to be proposed by her to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

In section 402, strike paragraph (2) and insert the following:

(2) APPLICABLE CROP.—The term ''applicable crop'' means—

(A) 1 or more crops planted, or prevented from being planted, during, as elected by the producers on a farm, 1 of—

(i) the 2005 crop year;

(ii) the 2006 crop year; or

(iii) that part of the 2007 crop year that takes place before the end of the applicable period; and

(B) that part of the 2004 crop of sugar beets that was damaged during calendar year 2005.

SA 745. Mr. PRYOR submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the end of chapter 5 of title I, add the following:

SEC. 1503. DOMESTIC PREPAREDNESS EQUIPMENT TECHNICAL ASSISTANCE PROGRAM.

Of the amount appropriated or otherwise made available by this chapter under the heading ''STATE AND LOCAL PROGRAM'' and available under that heading for regional grants and technical assistance, $5,000,000 shall be available for the Domestic Preparedness Equipment Technical Assistance Program (DPETAP).

SA 746. Mr. TESTER submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 94, between lines 10 and 11, insert the following:

SEC. 2904. (a) ADDITIONAL AMOUNT FOR MEDICAL SERVICES.—The amount appropriated or otherwise made available by this chapter under the heading ''MEDICAL SERVICES'' is increased by $127,000,000.

(b) AVAILABILITY.—Of the amount appropriated or otherwise made available by this chapter under the heading ''MEDICAL SERVICES'', as increased by subsection (a), $127,000,000 shall be available for increasing the reimbursement rate for beneficiary travel described in section 111 of title 38, United States Code.

SA 747. Mr. PRYOR submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 25, strike line 11 and all that follows through page 26, line 24 and insert:

(b) CLASSIFIED CAMPAIGN PLAN.—The President shall create a classified campaign plan for Iraq, including strategic and operational benchmarks and projected redeployment dates of US forces ITom Iraq as those benchmarks are met.

(c) COMMENCEMENT OF PHASED REDEPLOYMENT OF UNITED STATES FORCES FROM IRAQ.—

(1) TRANSITION OF MISSION.—The President shall promptly transition the mission of United States forces in Iraq to the limited purposes set forth in paragraph (2)

(2) COMMENCEMENT OF PHASED REDEPLOYMENT FROM IRAQ.—The President shall commence the phased redeployment of United States forces from Iraq pursuant to the plan required in subsection

(b) except for the limited number that are essential for the following Purposes:

(A) Protecting United States and coalition personnel and infrastructure.

(B) Training and equipping Iraqi forces.

(C) Conducting targeted counter-terrorism operations.

(3) COMPREHENSIVE STRATEGY.—Paragraph (2) shall be implemented as part of a comprehensive diplomatic, political, and economic strategy that includes sustained engagement with Iraq's neighbors and the international community for the purpose of working collectively to bring stability to Iraq.

(4) REPORTS REQUIRED.—Not later than 60 days after the date of enactment of this Act, the President shall submit the plan required in subsection (b), and every 90 days thereafter, provide classified reports to Congress on the progress made in transitioning the mission of United States forces in Iraq and implementing the phased redeployment of United States forces from Iraq as required by subsection (b).

(d) BENCHMARKS FOR THE GOVERNMENT OF IRAQ.—

SA 748. Mr. CHAMBLISS submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. _____. AUTHORITY TO WAIVE ANNUAL LIMITATIONS ON TOTAL COMPENSATION PAID TO CERTAIN FEDERAL CIVILIAN EMPLOYEES.

(a) WAIVER AUTHORITY.—For pay earned during calendar years 2006 and 2007 and notwithstanding section 5547 of title 5, United States Code, the head of an executive agency or the head of a military department may waive, subject to subsection (c), the limitation established in that section for total compensation (including limitations on the aggregate of basic pay and premium pay payable in a calendar year) of an employee who performs work while engaged in repair, recovery, restoration, and other authorized actions associated with the destruction caused by natural disasters in Louisiana, Mississippi, and Alabama.

(b) PAY EARNED IN 2006 BUT PAID IN 2007.—With regard to subsection (c), to the extent that a waiver granted under subsection (a) results in additional pay for calendar year 2006 that is paid in calendar year 2007, such additional pay paid in calendar year 2007 shall not be used to compute the total maximum compensation for calendar year 2007.

(c) MAXIMUM TOTAL COMPENSATION.—The total compensation of an employee whose pay is covered by a waiver under subsection (a) may not exceed $200,000 in calendar year 2006 and $212,000 in calendar year 2007.

(d) ADDITIONAL PAY NOT CONSIDERED BASIC PAY.—To the extent that a waiver under subsection (a) results in payment of additional premium pay of a type that is normally creditable as basic pay for retirement or any other purpose, such additional pay—

(1) shall not be considered to be basic pay for any purpose; and

(2) shall not be used in computing a lump sum payment for accumulated and accrued annual leave under section 5551 of title 5, United States Code.

SA 749. Mr. ENSIGN submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 63, strike lines 14 through 19.

SA 750. Mr. ENSIGN submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the end of title III, insert the following:

RESCISSION

SEC. ____. Five percent of each amount appropriated under the Continuing Appropriations Resolution, 2007 (as amended by the Revised Continuing Appropriations Resolution, 2007 (Public Law 110–5)) is rescinded, except that none of the amount appropriated under the following provisions of the Continuing Appropriations Resolution, 2007 shall be rescinded:

(1) Section 101(a)(7).

(2) Chapter 2 or 8 of title II.

SA 751. Mr. ENSIGN submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

In the second sentence of the matter under the heading ''LOW-INCOME HOME ENERGY ASSISTANCE'' in the matter under the heading ''ADMINISTRATION FOR CHILDREN AND FAMILIES'' in the matter under the heading ''DEPARTMENT OF HEALTH AND HUMAN SERVICES'', in chapter 7 of title II (relating to amounts for section 2604(e) of the Low-Income Home Energy Assistance Act of 1981),

strike ''$320,000,000'' and insert the following ''$320,000,000: *Provided*, That $80,000,000 of that $320,000,000 shall be transferred to the Secretary of the Interior, for the account entitled 'PAYMENTS IN LIEU OF TAXES', to implement sections 6901 through 6907 of title 31, United States Code''.

SA 752. Mr. ENSIGN submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 3, strike lines 13 through 22 and insert the following:

SALARIES AND EXPENSES, UNITED STATES ATTORNEYS

For an additional amount for ''Salaries and Expenses, United States Attorneys'', $17,500,000, to remain available until September 30, 2008.

UNITED STATES MARSHALS SERVICE

SALARIES AND EXPENSES, UNITED STATES MARSHALS SERVICE

For an additional amount for ''Salaries and Expenses, United States Marshals Service'', $37,500,000, to remain available until September 30, 2008: *Provided*, That of the amounts made available in this Act for ''Educational and Cultural Exchange Programs'', $25,000,000 is rescinded.

SA 753. Mr. ENSIGN submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 3, strike lines 13 through 22 and insert the following:

SALARIES AND EXPENSES, UNITED STATES ATTORNEYS

For an additional amount for ''Salaries and Expenses, United States Attorneys'', $17,500,000, to remain available until September 30, 2008: *Provided*, That $12,500,000 of such amount shall be used by the United States Attorneys' Offices to prosecute child pornographers and individuals who exploit children.

UNITED STATES MARSHALS SERVICE

SALARIES AND EXPENSES, UNITED STATES MARSHALS SERVICE

For an additional amount for ''Salaries and Expenses, United States Marshals Service'', $37,500,000, to remain available until September 30, 2008: *Provided*, That $12,500,000 of such amount shall be used by the United States Marshals Service to carry out the Adam Walsh Child Protection and Safety Act of 2006 (Public Law 109-248; 120 Stat. 587), and the amendments made by that Act, and to track down unregistered convicted sex offenders: *Provided Further*, That of the amounts made available in this Act for ''Educational and Cultural Exchange Programs'', $25,000,000 is rescinded.

SA 754. Mr. SHELBY (for himself and Ms. MIKULSKI) submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 60, line 4, strike the period and insert the following '': Provided, that of the amount made available under this heading, $20,000,000 shall be for the Lunar Precursor and Robotic Program.''

SA 755. Mr. LEAHY (for himself and Mr. SPECTER) submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

CHAPTER ___—THE JUDICIARY

SUPREME COURT OF THE UNITED STATES

SALARIES AND EXPENSES

For an additional amount for ''SALARIES AND EXPENSES'' for the salaries of Justices of the Supreme Court, $27,000, *Provided*, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress).

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

SALARIES AND EXPENSES

For an additional amount for ''SALARIES AND EXPENSES'' for the salaries of the judges of the United States Court of Appeals for the Federal Circuit, $29,000, *Provided*, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress).

UNITED STATES COURT OF INTERNATIONAL TRADE

SALARIES AND EXPENSES

For an additional amount for ''SALARIES AND EXPENSES'' for the salaries of the judges of the United States Court of International Trade, $18,000, *Provided*, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress).

COURTS OF APPEALS, DISTRICT COURTS, AND OTHER JUDICIAL SERVICES

SALARIES AND EXPENSES

For an additional amount for ''SALARIES AND EXPENSES'' for the salaries of the judges of the Courts of Appeals and District Courts, $5,279,000, *Provided*, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress).

GENERAL PROVISIONS—THE JUDICIARY

SEC. _____. (a) Pursuant to section 140 of Public Law 97–92, justices and judges of the United States are authorized during fiscal year 2007 to receive a salary adjustment in accordance with section 461 of title 28, United States Code.

(b) This section shall be effective as of January 1, 2007, and shall apply only with respect to the salaries of justices and judges for whom appropriations are made available under this chapter, notwithstanding section 603 of title 28, United States Code, or similar provision of law.

SA 756. Mrs. LANDRIEU submitted an amendment intended to be proposed by her to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the end of chapter 3 of title I, add the following:

SEC. ___. ADDITIONAL AMOUNT FOR DEFENSE HEALTH PROGRAM.

The amount appropriated or otherwise made available by this chapter under the heading ''DEFENSE HEALTH PROGRAM'' is hereby increased by $20,000,000, with the amount of the increase to be available to provide for:

(1) The development of a field-deployable system which would mitigate the impact of traumatic brain injury, such as deployable ice water immersion cooling system.

(2) The development of an ice water immersion cooling system to treat traumatic brain injuries, suitable for use in a stationary medical treatment center.

SA 757. Mr. BYRD (for himself and Mr. INOUYE) submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 11, between lines 4 and 5, insert the following:

(RESCISSION)

Of the amount appropriated by title III of division A of Public Law 109–148 under the heading ''OTHER PROCUREMENT ARMY'', $6,250,000 is hereby rescinded.

On page 34, line 5, strike ''$1,261,390,000'' and insert ''$1,267,640,000''.

SA 758. Mr. INOUYE submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the end of chapter 3 of title I, add the following:

SEC. 1316. STUDY ON REFORM OF NATIONAL SECURITY SYSTEM.

Of the amount appropriated or otherwise made available by this chapter under the heading ''OPERATION AND MAINTENANCE, DEFENSE-WIDE'', up to $4,000,000 may be available for a detailed, objective study of the current national security system in order to identify the reforms to the system that will be required to assure that the system possesses the capabilities required to meet the future national security interests of the United States.

SA 759. Mrs. CLINTON (for herself and Mr. SCHUMER) submitted an amendment intended to be proposed by her to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place in chapter 7 of title II, insert the following:

SEC. ____. For an additional amount to enable the Centers for Disease Control and Prevention to carry out activities under section 5011(b) of the Department of Defense, Emergency Supplemental Appropriations to Address Hurricanes in the Gulf of Mexico, and Pandemic Influenza Act, 2006 (Public law 109–148), and in addition to giving first priority to the entities described in such section, also including first priority for the World Trade Center Environmental Health Center at Bellevue Hospital, $296,700,000 to remain available until September 30, 2008.

SA 760. Mr. ENSIGN submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30,

2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 83, strike lines 14 through 20, and insert the following:

''(C) LIMITATION ON USE OF FUNDS.—A State shall not use amounts allotted under this paragraph for expenditures for providing child health assistance or other health benefits coverage for any nonpregnant adult.

''(D) APPROPRIATION; ALLOTMENT AUTHORITY.—For the purpose of providing additional allotments to remaining shortfall States under this paragraph there is appropriated, out of any funds in the Treasury not otherwise appropriated, such sums as are necessary for fiscal year 2007.''.

SA 761. Mr. ENSIGN submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 83, strike lines 14 through 20, and insert the following:

''(C) LIMITATION ON USE OF FUNDS.—A State shall not use amounts allotted under this paragraph for expenditures for providing child health assistance or other health benefits coverage for any nonpregnant childless adult.

''(D) APPROPRIATION; ALLOTMENT AUTHORITY.—For the purpose of providing additional allotments to remaining shortfall States under this paragraph there is appropriated, out of any funds in the Treasury not otherwise appropriated, such sums as are necessary for fiscal year 2007.''.

SA 762. Mr. VOINOVICH (for himself, Mr. INHOFE, Mr. WARNER, Mrs. HUTCHISON, Mr. CRAIG, Mr. COBURN, and Mr. ENZI) submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 33, strike lines 11 through 23.

SA 763. Mr. BROWNBACK (for himself and Mr. ROBERTS) submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

IMPORTANCE OF OMITTING PROVISIONS THAT THREATEN PASSAGE OF LEGISLATION FUNDING THE IMPLEMENTATION OF BRAC RECOMMENDATIONS

SEC. ____. (a) The Senate makes the following findings:

(1) Congress and President George W. Bush approved the final recommendations of the Defense Base Closure and Realignment Commission under the 2005 round of defense base closure and realignment.

(2) These recommendations propose major changes in the positioning of United States military personnel.

(3) The Department of Defense is moving rapidly to implement these recommendations.

(4) The communities near military installations that are slated to receive major troop increases have already invested time and capital in making preparations for upcoming increases in population.

(5) Funding these recommendations on an annual basis is absolutely necessary for their implementation and the economic confidence of the communities that are expecting increases in population.

(b) It is the sense of the Senate that Congress should not include provisions that provoke veto threats from the President in bills that appropriate funds for the implementation of recommendations of the Base Closure and Realignment Commission.

SA 764. Mr. BINGAMAN submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 37, between lines 10 and 11, insert the following:

INTERNATIONAL COMMISSIONS

INTERNATIONAL BOUNDARY AND WATER COMMISSION, UNITED STATES AND MEXICO

CONSTRUCTION

For an additional amount for ''Construction'' for the ''International Boundary and Water Commission, United States and Mexico'', $4,300,000, to remain available until expended.

SA 765. Mr. SMITH (for himself and Mr. COLEMAN) submitted an amendment intended to be proposed to amendment SA 680 submitted by Mr. KENNEDY (for himself, Mr. ENZI, Mr. BAUCUS, and Mr. GRASSLEY) by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

Beginning on page 32, line 13, strike all through page 39, line 10, and insert the following:

Subtitle B—Subchapter S Provisions

SEC. 521. CAPITAL GAIN OF S CORPORATION NOT TREATED AS PASSIVE INVESTMENT INCOME.

(a) IN GENERAL.—Section 1362(d)(3) is amended by striking subparagraphs (B), (C), (D), (E), and (F) and inserting the following new subparagraph:

''(B) PASSIVE INVESTMENT INCOME DEFINED.—

''(i) IN GENERAL.—Except as otherwise provided in this subparagraph, the term 'passive investment income' means gross receipts derived from royalties, rents, dividends, interest, and annuities.

''(ii) EXCEPTION FOR INTEREST ON NOTES FROM SALES OF INVENTORY.—The term 'passive investment income' shall not include interest on any obligation acquired in the ordinary course of the corporation's trade or business from its sale of property described in section 1221(a)(1).

''(iii) TREATMENT OF CERTAIN LENDING OR FINANCE COMPANIES.—If the S corporation meets the requirements of section 542(c)(6) for the taxable year, the term 'passive investment income' shall not include gross receipts for the taxable year which are derived directly from the active and regular conduct of a lending or finance business (as defined in section 542(d)(1)).

''(iv) TREATMENT OF CERTAIN DIVIDENDS.—If an S corporation holds stock in a C corporation meeting the requirements of section 1504(a)(2), the term 'passive investment income' shall not include dividends from such C corporation to the extent such dividends are attributable to the earnings and profits of such C corporation derived from the active conduct of a trade or business.

''(v) EXCEPTION FOR BANKS, ETC.—In the case of a bank (as defined in section 581) or a depository institution holding company (as defined in section 3(w)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1813(w)(1)), the term 'passive investment income' shall not include—

''(I) interest income earned by such bank or company, or

''(II) dividends on assets required to be held by such bank or company, including stock in the Federal Reserve Bank, the Federal Home Loan Bank, or the Federal Agricultural Mortgage Bank or participation certificates issued by a Federal Intermediate Credit Bank.''.

(b) CONFORMING AMENDMENT.—Clause (i) of section 1042(c)(4)(A) is amended by striking ''section 1362(d)(3)(C)'' and inserting ''section 1362(d)(3)(B)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2006.

SEC. 522. TREATMENT OF BANK DIRECTOR SHARES.

(a) IN GENERAL.—Section 1361 (defining S corporation) is amended by adding at the end the following new subsection:

''(f) RESTRICTED BANK DIRECTOR STOCK.—

''(1) IN GENERAL.—Restricted bank director stock shall not be taken into account as outstanding stock of the S corporation in applying this subchapter (other than section 1368(f)).

''(2) RESTRICTED BANK DIRECTOR STOCK.—For purposes of this subsection, the term 'restricted bank director stock' means stock in a bank (as defined in section 581) or a depository institution holding company (as defined in section 3(w)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1813(w)(1)), if such stock—

''(A) is required to be held by an individual under applicable Federal or State law in order to permit such individual to serve as a director, and

''(B) is subject to an agreement with such bank or company (or a corporation which controls (within the meaning of section 368(c)) such bank or company) pursuant to which the holder is required to sell back such stock (at the same price as the individual acquired such stock) upon ceasing to hold the office of director.

''(3) CROSS REFERENCE.—

''For treatment of certain distributions with respect to restricted bank director stock, see section 1368(f)''.

(b) DISTRIBUTIONS.—Section 1368 (relating to distributions) is amended by adding at the end the following new subsection:

''(f) RESTRICTED BANK DIRECTOR STOCK.—If a director receives a distribution (not in part or full payment in exchange for stock) from an S corporation with respect to any restricted bank director stock (as defined in section 1361(f)), the amount of such distribution—

''(1) shall be includible in gross income of the director, and

''(2) shall be deductible by the corporation for the taxable year of such corporation in which or with which ends the taxable year in which such amount in included in the gross income of the director.''.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years beginning after December 31, 2006.

(2) SPECIAL RULE FOR TREATMENT AS SECOND CLASS OF STOCK.—In the case of any taxable year beginning after December 31, 1996, restricted bank director stock (as defined in section 1361(f) of the Internal Revenue Code of 1986, as added by this section) shall not be taken into account in determining whether

an S corporation has more than 1 class of stock.

SEC. 523. SPECIAL RULE FOR BANK REQUIRED TO CHANGE FROM THE RESERVE METHOD OF ACCOUNTING ON BECOMING S CORPORATION.

(a) IN GENERAL.—Section 1361, as amended by this Act, is amended by adding at the end the following new subsection:

''(g) SPECIAL RULE FOR BANK REQUIRED TO CHANGE FROM THE RESERVE METHOD OF ACCOUNTING ON BECOMING S CORPORATION.—In the case of a bank which changes from the reserve method of accounting for bad debts described in section 585 or 593 for its first taxable year for which an election under section 1362(a) is in effect, the bank may elect to take into account any adjustments under section 481 by reason of such change for the taxable year immediately preceding such first taxable year.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2006.

SEC. 524. TREATMENT OF THE SALE OF INTEREST IN A QUALIFIED SUBCHAPTER S SUBSIDIARY.

(a) IN GENERAL.—Subparagraph (C) of section 1361(b)(3) (relating to treatment of terminations of qualified subchapter S subsidiary status) is amended—

(1) by striking ''For purposes of this title,'' and inserting the following:

''(i) IN GENERAL.—For purposes of this title,'', and

(2) by inserting at the end the following new clause:

''(ii) TERMINATION BY REASON OF SALE OF STOCK.—If the failure to meet the requirements of subparagraph (B) is by reason of the sale of stock of a corporation which is a qualified subchapter S subsidiary, the sale of such stock shall be treated as if—

''(I) the sale were a sale of an undivided interest in the assets of such corporation (based on the percentage of the corporation's stock sold), and

''(II) the sale were followed by an acquisition by such corporation of all of its assets (and the assumption by such corporation of all of its liabilities) in a transaction to which section 351 applies.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2006.

SEC. 525. ELIMINATION OF ALL EARNINGS AND PROFITS ATTRIBUTABLE TO PRE-1983 YEARS FOR CERTAIN CORPORATIONS.

In the case of a corporation which is—

(1) described in section 1311(a)(1) of the Small Business Job Protection Act of 1996, and

(2) not described in section 1311(a)(2) of such Act,

the amount of such corporation's accumulated earnings and profits (for the first taxable year beginning after December 31, 2006) shall be reduced by an amount equal to the portion (if any) of such accumulated earnings and profits which were accumulated in any taxable year beginning before January 1, 1983, for which such corporation was an electing small business corporation under subchapter S of the Internal Revenue Code of 1986.

SEC. 526. EXPANSION OF QUALIFYING BENEFICIARIES OF AN ELECTING SMALL BUSINESS TRUST.

(a) NO LOOK THROUGH FOR ELIGIBILITY PURPOSES.—Clause (v) of section 1361(c)(2)(B) is amended by adding at the end the following new sentence: ''This clause shall not apply for purposes of subsection (b)(1)(C).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2006.

SA 766. Mr. BIDEN submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ___. PROHIBITION ON COMPETITIVE SOURCING OF CERTAIN ACTIVITIES AT MEDICAL FACILITIES OF THE DEPARTMENT OF DEFENSE.

(a) PROHIBITION ON COMPETITIVE SOURCING OF CERTAIN ACTIVITIES AT MEDICAL FACILITIES OF THE DEPARTMENT OF DEFENSE.—

(1) PROHIBITION ON INITIATION OF COMPETITIVE SOURCING ACTIVITIES AT MEDICAL FACILITIES OF DEPARTMENT OF DEFENSE DURING PERIOD OF MAJOR MILITARY CONFLICT.—

(A) IN GENERAL.—Except as provided in paragraph (2), during a period in which the Armed Forces are involved in a major military conflict, the Secretary of Defense shall not take any action under the Office of Management and Budget Circular A-76 or any other similar administrative regulation, directive, or policy—

(i) to subject work performed by an employee of a medical facility of the Department of Defense or employee of a private contractor of such a medical facility to public-private competition; or

(ii) to convert such employee or the work performed by such employee to private contractor performance.

(B) EXCEPTION TO PREVENT NEGATIVE IMPACT ON PROVISION OF SERVICES.—Paragraph (1) shall not apply to any action at a medical facility of the Department of Defense if the Secretary of Defense certifies to Congress that not initiating such action during such period would have a negative impact on the provision of services at such military medical facility.

(2) STUDY ON COMPETITIVE SOURCING ACTIVITIES AT MEDICAL FACILITIES OF DEPARTMENT OF DEFENSE.—The Comptroller General of the United States shall assess the efficiency and advisability of subjecting work performed by an employee of a medical facility of the Department of Defense or a private contractor of such a medical facility to public-private competition, or converting such employee or the work performed by such employee to private contractor performance, under the Office of Management and Budget Circular A-76 or any other similar administrative regulation, directive, or policy.

(b) MINIMUM BUDGET FOR MEDICAL SERVICES OF THE ARMED FORCES DURING PERIOD OF MAJOR MILITARY CONFLICT.—

(1) IN GENERAL.—Except as provided in paragraph (2), if the Armed Forces are involved in a major military conflict at the time the President submits the budget for a fiscal year to Congress, the President shall not include in that budget a total aggregate amount allocated for medical services for the Department of Defense and the Department of Veterans Affairs that is less than the total aggregate amount allocated for such purposes in the budget submitted by the President to Congress for the previous fiscal year.

(2) EXCEPTION.—Paragraph (1) shall not apply if the President—

(A) certifies to Congress that submitting a total aggregate amount allocated for medical services for the Department of Defense and the Department of Veterans Affairs that is less than that required under paragraph (1) is in the national interest; and

(B) submits to Congress a report on the reasons for the reduction described by subparagraph (A).

(c) LIMITATION ON IMPLEMENTATION OF RECOMMENDATION TO CLOSE WALTER REED ARMY MEDICAL CENTER.—

(1) LIMITATION ON IMPLEMENTATION OF RECOMMENDATIONS.—The Secretary of Defense shall not take any action to implement the recommendations of the Defense Base Closure and Realignment Commission under the 2005 round of defense base closure and realignment relating to the transfer of medical services from Walter Reed Army Medical Center to the National Naval Medical Center at Bethesda and at Fort Belvoir during the period beginning on the date of the enactment of this Act and ending on the date that is 60 days after the date on which Congress receives the plan required under paragraph (2).

(2) PLAN REQUIRED.—Not later than one year after the date of the enactment of this Act, the Secretary of Defense shall submit to Congress a plan that includes an assessment of the following:

(A) The feasibility and advisability of providing current or prospective employees at Walter Reed Army Medical Center a guarantee that their employment will continue for more than two years after the date on which Walter Reed Army Medical Center is closed.

(B) Detailed construction plans for new medical facilities and family housing at the National Naval Medical Center at Bethesda and at Fort Belvoir to accommodate the transfer of medical services from Walter Reed Army Medical Center to the National Naval Medical Center at Bethesda and at Fort Belvoir.

(C) The costs, feasibility, and advisability of completing all of the construction planned for the transfer of medical services from Walter Reed Army Medical Center to the National Naval Medical Center at Bethesda and at Fort Belvoir before any patients are transferred to such new facilities from Walter Reed Army Medical Center as a result of the recommendations of the Defense Base Closure and Realignment Commission under the 2005 round of defense base closure and realignment.

(d) IMPROVING CASE MANAGEMENT SERVICES FOR MEMBERS OF THE ARMED FORCES.—

(1) CASE MANAGERS.—

(A) IN GENERAL.—The Secretary of Defense shall assign at least one case manager for every 20 recovering servicemembers to assist in the recovery of such recovering servicemember.

(B) MINIMUM CONTACT.—The Secretary of Defense shall ensure that case managers meet with each of their assigned recovering servicemembers not less than once per week.

(C) TRAINING.—The Secretary of Defense shall ensure that case managers of the Department of Defense are familiar with the disability and discharge system of the Department of Defense and that such case managers are able to assist recovering servicemembers complete necessary and related forms.

(2) RECOVERING SERVICEMEMBER.—In this subsection, the term ''recovering servicemember'' means a member of the Armed Forces, including a member of the National Guard or a Reserve, who is undergoing medical treatment, recuperation, or therapy, or is otherwise in medical hold or holdover status, for an injury, illness, or disease incurred or aggravated while on active duty in the Armed Forces.

(e) SCREENING FOR TRAUMATIC BRAIN INJURY.—

(1) SCREENING REQUIRED.—The Secretary of Defense shall screen every member of the Armed Forces returning from deployment in Operation Iraqi Freedom or Operation Enduring Freedom for traumatic brain injury upon the return of each such member.

(2) STUDIES ON TREATING TRAUMATIC BRAIN INJURY AS PRESUMPTIVE CONDITION FOR DISABILITY COMPENSATION.—

(A) STUDY BY SECRETARY OF DEFENSE.—

(i) IN GENERAL.—The Secretary of Defense shall conduct a study on the feasability and advisability of treating traumatic brain injury as a presumptive condition for members of the Armed Forces who served in Operation Iraqi Freedom or Operation Enduring Freedom for the qualification for disability compensation under laws administered by the Secretary of Defense.

(ii) REPORT.—Not later than 180 days after the date of the enactment of this Act, the Secretary of Defense shall submit to Congress a report on the results of the study required by clause (i).

(B) STUDY BY SECRETARY OF VETERANS AFFAIRS.—

(i) IN GENERAL.—The Secretary of Veterans Affairs shall conduct a study on the feasability and advisability of treating traumatic brain injury as a presumptive condition for the qualification for veterans who served as members of the Armed Forces in Operation Iraqi Freedom or Operation Enduring Freedom for disability compensation under laws administered by the Secretary of Veterans Affairs.

(ii) REPORT.—Not later than 180 days after the date of the enactment of this Act, the Secretary of Veterans Affairs shall submit to Congress a report on the results of the study required by clause (i).

(C) STUDY BY DIRECTOR OF NATIONAL INSTITUTES OF HEALTH.—

(i) IN GENERAL.—The Director of the National Institutes of Health shall conduct a study on traumatic brain injury, including the detection of traumatic brain injury and the measurement and classification of the severity of traumatic brain injury.

(ii) REPORT.—Not later than 180 days after the date of the enactment of this Act, the Director of the National Institutes of Health shall submit to Congress a report on the results of the study required by clause (i).

(f) REQUIRING MEDICAL RECORDS MANAGEMENT SYSTEMS OF DEPARTMENT OF DEFENSE TO COMMUNICATE WITH MEDICAL RECORDS MANAGEMENT SYSTEMS OF DEPARTMENT OF VETERANS AFFAIRS.—

(1) IN GENERAL.—Not later than two years after the date of the enactment of this Act, the Secretary of Defense shall ensure that the medical records management systems of the Department of Defense are capable of transmitting medical records to and receiving medical records from the medical records management systems of the Department of Veterans Affairs electronically.

(2) INITIATION OF ACTIVITIES.—Not later than one year after the date of the enactment of this Act, the Secretary of Defense shall begin any activities required to meet the requirements of paragraph (1).

(g) DEPARTMENT OF VETERANS AFFAIRS ASSESSMENT OF LONG-TERM CARE NEEDS OF VETERANS.—

(1) ASSESSMENT OF LONG-TERM CARE NEEDS.—The Secretary of Veterans Affairs shall assess the current ability of the Department of Veterans Affairs to meet long-term care needs of veterans during the 50-year period that begins on the date of the enactment of this Act.

(2) DETERMINATION OF ACTIONS REQUIRED TO MEET LONG-TERM CARE NEEDS.—The Secretary of Veterans Affairs shall determine what actions are required to ensure that the needs described in paragraph (1) are satisfied.

(3) REPORT REQUIRED.—Not later than one year after the date of the enactment of this Act, the Secretary of Veterans Affairs shall submit to Congress a report on the assessment required in paragraph (1) and the determination required in paragraph (2).

SA 767. Mr. KENNEDY (for himself, Mr. LIEBERMAN, Mr. LEAHY, Mr. SMITH, and Mr. LEVIN) submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ___. TEMPORARY INCREASE IN NUMBER OF IRAQI AND AFGHAN TRANSLATORS IN THE UNITED STATES ARMED FORCES ELIGIBLE FOR SPECIAL IMMIGRANT STATUS.

Section 1059(c) of the National Defense Authorization Act for Fiscal Year 2006 (8 U.S.C. 1101 note) is amended—

(1) in paragraph (1), by striking ''The total'' and inserting ''Except as provided under paragraph (3), the total'';

(2) in paragraph (2), by inserting ''and shall not be counted against the numerical limitations under sections 202(a) and 203(b)(4) of the Immigration and Nationality Act (8 U.S.C. 1152(a) and 1153(b)(4))'' before the period at the end; and

(3) by adding at the end the following:

''(3) ADDITIONAL VISAS AVAILABLE FOR FISCAL YEAR 2007.—Notwithstanding paragraph (1), up to 500 principal aliens may be provided special immigrant status under this section during fiscal year 2007.''.

SA 768. Mrs. CLINTON (for herself and Mr. SCHUMER) submitted an amendment intended to be proposed by her to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place in chapter 7 of title II, insert the following:

SEC. ___. For an additional amount to enable the Centers for Disease Control and Prevention to carry out activities under section 5011(b) of the Department of Defense, Emergency Supplemental Appropriations to Address Hurricanes in the Gulf of Mexico, and Pandemic Influenza Act, 2006 (Public Law 109–148), $296,700,000 to remain available until expended.

SA 769. Ms. SNOWE submitted an amendment intended to be proposed by her to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 70, between lines 5 and 6, insert the following:

(c) CATASTROPHIC DISASTER AREAS.—Section 3(p) of the Small Business Act (15 U.S.C. 632(p)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (F), as added by subsection (a) of this section, by striking the period at the end and inserting ''; or''; and

(B) by adding at the end the following:

''(G) catastrophic disaster areas, for a period of not longer than 3 years, as determined by the Administrator.''; and

(2) in paragraph (4), by adding at the end the following:

''(E) CATASTROPHIC DISASTER AREA.—The term 'catastrophic disaster area' means an area—

''(i) affected by—

''(I) a disaster determined to be an incident of national significance under Homeland Security Presidential Directive-5, or any successor to that directive; or

''(II) a catastrophic incident, as that term is defined in section 501 of the Homeland Security Act of 2002 (6 U.S.C. 311); and

''(ii) for which the Administrator determines that designation as a HUBZone would substantially contribute to the reconstruction and recovery effort in that area.''.

SA 770. Ms. SNOWE (for herself and Mr. KOHL) submitted an amendment intended to be proposed by her to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ____. CLARIFICATION OF ELIGIBLE CONTRIBUTIONS IN CONNECTION WITH REGIONAL CENTERS RESPONSIBLE FOR IMPLEMENTING THE OBJECTIVES OF THE HOLLINGS MANUFACTURING PARTNERSHIP PROGRAM.

Paragraph (3) of section 25(c) of the National Institute of Standards and Technology Act (15 U.S.C. 278k(c)(3)) is amended to read as follows:

''(3) FINANCIAL SUPPORT.—

''(A) IN GENERAL.—Any nonprofit institution, or group thereof, or consortia of nonprofit institutions, including entities existing on August 23, 1988, may submit to the Secretary an application for financial support under this subsection, in accordance with the procedures established by the Secretary and published in the Federal Register under paragraph (2).

''(B) CENTER CONTRIBUTIONS.—In order to receive assistance under this section, an applicant for financial assistance under subparagraph (A) shall provide adequate assurances that non-Federal assets obtained from the applicant and the applicant's partnering organizations will be used as a funding source to meet not less than 50 percent of the costs incurred in connection with the activities undertaken to improve the management, productivity, and technological performance of small- and medium-sized manufacturing companies.

''(C) AGREEMENTS WITH OTHER ENTITIES.—In meeting the 50 percent requirement, it is anticipated that a Center will enter into agreements with other entities such as private industry, universities, other Federal agencies, and State governments to accomplish programmatic objectives and access new and existing resources that will further the impact of the Federal investment made on behalf of small- and medium-sized manufacturing companies. All non-Federal costs, contributed by such entities and determined by a Center as programmatically reasonable and allocable are includable as a portion of the Center's contribution.

''(D) ALLOCATION OF LEGAL RIGHTS.—Each applicant under subparagraph (A) shall also submit a proposal for the allocation of any legal right associated with any invention that may result from an activity of a Center for which such applicant receives financial assistance under this section.''.

SA 771. Ms. SNOWE submitted an amendment intended to be proposed by her to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 70, between lines 5 and 6, insert the following:

(c) SUBCONTRACTS.—Section 15 of the Small Business Act (15 U.S.C. 640) is amended by adding at the end the following:

''(q) DISASTER SUBCONTRACTING POLICY.—As soon as is practicable, the Administrator may issue a policy reflecting the recommendations of the Comptroller General in

the report titled 'Hurricane Katrina: Agency Contracting Should Be More Complete Regarding Subcontracting Opportunities for Small Businesses' (relating to small business disaster subcontracting compliance and reporting), GAO-07-205, dated March 2007.''.

SA 772. Ms. SNOWE submitted an amendment intended to be proposed by her to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 69, strike line 5 and all that follows through page 70, line 5, and insert the following:

(b) TERMINATION OF PROGRAM.—Section 711(c) of the Small Business Competitive Demonstration Program Act of 1988 (15 U.S.C. 644 note) is amended by inserting after ''January 1, 1989'' the following: '', and shall terminate on the date of enactment of the U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007''.

SA 773. Mr. LEAHY submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ___. INCREASING NUMBER OF H–2B NONIMMIGRANT VISAS FOR FISCAL YEAR 2007.

Section 214(g)(1)(B) of the Immigration and Nationality Act (8 U.S.C. 1184(g)(1)(B)) is amended to read as follows:

''(B) under section 101(a)(15)(H)(ii)(b), may not exceed—

''(i) 106,000 in fiscal year 2007; and

''(ii) 66,000 in any fiscal year other than fiscal year 2007.''.

SA 774. Mr. BAUCUS submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 85, line 21, strike ''20'' and insert ''17.4''.

SA 775. Mr. BAUCUS submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 85, strike lines 8 through 21.

SA 776. Ms. LANDRIEU (for herself and Mr. COCHRAN) submitted an amendment intended to be proposed by her to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

HURRICANE EDUCATION RECOVERY

For carrying out activities authorized by subpart 1 of part D of title V of the Elementary and Secondary Education Act of 1965, $30,000,000, to remain available until expended, for use by the States of Louisiana, Mississippi, and Alabama primarily for recruiting, retaining, and compensating new and current teachers, principals, school leaders, and other educators for positions in public elementary and secondary schools located in an area with respect to which a major disaster was declared under section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170) by reason of Hurricane Katrina or Hurricane Rita, including through such mechanisms as paying salary premiums, performance bonuses, housing subsidies, and relocation costs, with priority given to teachers and school leaders who were displaced from, or lost employment in, Louisiana, Mississippi, or Alabama by reason of Hurricane Katrina or Hurricane Rita and who return to and are rehired by such State or local educational agency; *Provided*, That funds available under this heading to such States may also be used for 1 or more of the following activities: (1) to build the capacity of such public elementary and secondary schools to provide an effective education, including the design, adaptation, and implementation of high-quality formative assessments; (2) the establishment of partnerships with nonprofit entities with a demonstrated track record in recruiting and retaining outstanding teachers and other school leaders; and (3) paid release time for teachers and principals to identify and replicate successful practices from the fastest-improving and highest-performing schools: *Provided further*, That the Secretary of Education shall allocate amounts available under this heading among such States that submit applications; that such allocation shall be based on the number of public elementary and secondary schools in each State that were closed for 19 days or more during the period beginning on August 29, 2005, and ending on December 31, 2005, due to Hurricane Katrina or Hurricane Rita; and that such States shall in turn allocate funds, on a competitive basis, to local educational agencies, with priority given first to such agencies with the highest percentages of public elementary and secondary schools that are closed as a result of such hurricanes as of the date of enactment of this Act and then to such agencies with the highest percentages of public elementary and secondary schools with a student-teacher ratio of at least 25 to 1, and with any remaining amounts to be distributed to such agencies with demonstrated need, as determined by the State educational agency: *Provided further*, That, in the case of a State that chooses to use amounts available under this heading for performance bonuses, not later than 60 days after the date of enactment of this Act and after consultation with, as applicable, local educational agencies, teachers' unions, local principals' organizations, local parents' organizations, local business organizations, and local charter schools organizations, such State shall establish and implement a rating system for such performance bonuses based on strong learning gains for students and growth in student achievement, based on classroom observation and feedback at least 4 times annually, conducted by multiple sources (including principals and master teachers), and evaluated against research-validated rubrics that use planning, instructional, and learning environment standards to measure teaching performance: *Provided further*, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress).

HURRICANE EDUCATION RECOVERY

PROGRAMS TO RESTART SCHOOL OPERATIONS

Funds made available under section 102 of the Hurricane Education Recovery Act (title IV of division B of Public Law 109–148) may be used by the States of Louisiana, Mississippi, Alabama, and Texas, in addition to the uses of funds described in section 102(e) for the following costs: (1) recruiting, retaining and compensating new and current teachers, principals, school leaders, other school administrators, and other educators for positions in reopening public elementary and secondary schools impacted by Hurricane Katrina or Hurricane Rita, including through such mechanisms as paying salary premiums, performance bonuses, housing subsidies and relocation costs; and (2) activities to build the capacity of reopening such public elementary and secondary schools to provide an effective education, including the design, adaptation, and implementation of high-quality formative assessments; the establishment of partnerships with nonprofit entities with a demonstrated track record in recruiting and retaining outstanding teachers and other school leaders; and paid release time for teachers and principals to identify and replicate successful practices from the fastest-improving and highest-performing schools: *Provided, further*, That in the case of a State that chooses to use amounts available under this heading for performance bonuses, not later than 60 days after the date of enactment of this Act, and after consultation with, as applicable, local educational agencies, teachers' unions, local principals' organizations, local parents' organizations, local business organizations, and local charter schools organizations, such State shall establish and implement a rating system that shall be based on strong learning gains for students and growth in student achievement, based on classroom observation and feedback at least 4 times annually, conducted by multiple sources (including principals and master teachers), and evaluated against research-validated rubrics that use planning, instructional, and learning environment standards to measure teaching performance: *Provided further*, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress).

SA 777. Mr. THUNE submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At end of chapter 3 of title I, add the following:

SEC. 1316. ADDITIONAL AMOUNT FOR OPERATION AND MAINTENANCE, AIR FORCE.

(a) ADDITIONAL AMOUNT.—The amount appropriated or otherwise made available by this chapter under the heading ''OPERATION AND MAINTENANCE, AIR FORCE'' is hereby increased by $100,000,000.

(b) OFFSET.—The amount appropriated or otherwise made available by chapter 2 of title II under the heading ''STATE AND LOCAL LAW ENFORCEMENT ASSISTANCE'' is hereby decreased by $100,000,000, with the amount of the decrease to be allocated to amounts otherwise available under that heading for reimbursement of State and local law enforcement entities for security and related costs associated with the 2008 Presidential Candidate Nominating Conventions.

SA 778. Ms. COLLINS submitted an amendment intended to be proposed by her to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 33, strike lines 11 through 23 and insert the following:

SEC. 1502. (a) Any provision of the interim final regulations issued under section 550 of the Department of Homeland Security Appropriations Act, 2007 (6 U.S.C. 121 note) relating to the preemption of State law, or the law of a political subdivision thereof, shall have no force or effect.

(b) Nothing in subsection (a) shall be construed to effect the interpretation by any court of Federal preemption of State law, or the law of a political subdivision thereof, under section 550 of the Department of Homeland Security Appropriations Act, 2007 (6 U.S.C. 121 note).

SA 779. Ms. SNOWE submitted an amendment intended to be proposed by her to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

Not later than 120 days after enactment of this provision, the Commander, Multi-National Forces-Iraq, having consulted with the relevant U.S. and Iraqi officials, shall provide a report detailing the status of the specific 5 benchmarks described below and declaring, in his judgment, whether each has been met:

(a) Iraqi assumption of control of its military;

(b) enactment of a Militia Law to disarm and demobilize militias and to ensure that such security forces are accountable only to the central government and loyal to the constitution of Iraq;

(c) completion of the constitutional review and a referendum held on special amendments to the Iraq Constitution that ensure equitable participation in the Government of Iraq without regard to religious sect or ethnicity;

(d) completion of provincial election law and preparation for the conduct of provincial elections that ensures equitable constitution of provincial representative bodies without regard to religious sect or ethnicity;

(e) enactment and implementation of legislation to ensure that the energy resources of Iraq benefit Sunni Arabs, Shia Arabs, Kurds, and other Iraqi citizens in an equitable manner; and

(f) enactment and implementation of legislation that equitably reforms the de-Ba'athification process in Iraq.

Not later than 14 days after submission of that report to Congress, the Commander, Multi-National Forces-Iraq shall appear to testify before the relevant committees of jurisdiction in both the House of Representatives and the Senate to provide his personal and professional opinion regarding:

(a) the Iraqi government's success or failure to meet the benchmarks listed

(b) the ability of the Iraqi government to meet these benchmarks Should the Commander, Multi-National Forces, Iraq report and testify that the Iraqi government has failed to meet the benchmarks listed, then the Commander, Multi-National Forces, Iraq shall be required to present:

(a) plans for the phased redeployment of U.S. Armed Forces deployed to Iraq in support of the Baghdad Security Plan as outlined by the President

(b) plans for changing the mission of US forces to: (i) Train and equip Iraqi forces. (ii) Assist Iraqi deployed brigades with intelligence, transportation, air support, and logistics support. (iii) Protect United States and coalition personnel and infrastructure. (iv) Maintain rapid-reaction teams and special operations teams to undertake strike missions against al Qaeda in Iraq, and for other missions considered vital by the U.S. commander in Iraq.''

SA 780. Mr. GRASSLEY (for himself and Mr. BAUCUS) submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

Strike all after the first word and insert the following:

V—FAIR MINIMUM WAGE AND TAX RELIEF

Subtitle A—Fair Minimum Wage

SEC. 500. SHORT TITLE.

This subtitle may be cited as the ''Fair Minimum Wage Act of 2007''.

SEC. 501. MINIMUM WAGE.

(a) IN GENERAL.—Section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) is amended to read as follows:

''(1) except as otherwise provided in this section, not less than—

''(A) $5.85 an hour, beginning on the 60th day after the date of enactment of the Fair Minimum Wage Act of 2007;

''(B) $6.55 an hour, beginning 12 months after that 60th day; and

''(C) $7.25 an hour, beginning 24 months after that 60th day;''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect 60 days after the date of enactment of this Act.

SEC. 502. APPLICABILITY OF MINIMUM WAGE TO THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS.

(a) IN GENERAL.—Section 6 of the Fair Labor Standards Act of 1938 (29 U.S.C. 206) shall apply to the Commonwealth of the Northern Mariana Islands.

(b) TRANSITION.—Notwithstanding subsection (a), the minimum wage applicable to the Commonwealth of the Northern Mariana Islands under section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) shall be—

(1) $3.55 an hour, beginning on the 60th day after the date of enactment of this Act; and

(2) increased by $0.50 an hour (or such lesser amount as may be necessary to equal the minimum wage under section 6(a)(1) of such Act), beginning 6 months after the date of enactment of this Act and every 6 months thereafter until the minimum wage applicable to the Commonwealth of the Northern Mariana Islands under this subsection is equal to the minimum wage set forth in such section.

Subtitle B—Small Business Tax Incentives

SEC. 510. SHORT TITLE; AMENDMENT OF CODE.

(a) SHORT TITLE.—This subtitle may be cited as the ''Small Business and Work Opportunity Act of 2007''.

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this subtitle 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.

PART I—SMALL BUSINESS TAX RELIEF PROVISIONS

Subpart A—General Provisions

SEC. 511. EXTENSION OF INCREASED EXPENSING FOR SMALL BUSINESSES.

Section 179 (relating to election to expense certain depreciable business assets) is amended by striking ''2010'' each place it appears and inserting ''2011''.

SEC. 512. EXTENSION AND MODIFICATION OF 15-YEAR STRAIGHT-LINE COST RECOVERY FOR QUALIFIED LEASEHOLD IMPROVEMENTS AND QUALIFIED RESTAURANT IMPROVEMENTS; 15-YEAR STRAIGHT-LINE COST RECOVERY FOR CERTAIN IMPROVEMENTS TO RETAIL SPACE.

(a) EXTENSION OF LEASEHOLD AND RESTAURANT IMPROVEMENTS.—

(1) IN GENERAL.—Clauses (iv) and (v) of section 168(e)(3)(E) (relating to 15-year property) are each amended by striking ''January 1, 2008'' and inserting ''January 1, 2009''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to property placed in service after December 31, 2007.

(b) MODIFICATION OF TREATMENT OF QUALIFIED RESTAURANT PROPERTY AS 15-YEAR PROPERTY FOR PURPOSES OF DEPRECIATION DEDUCTION.—

(1) TREATMENT TO INCLUDE NEW CONSTRUCTION.—Paragraph (7) of section 168(e) (relating to classification of property) is amended to read as follows:

''(7) QUALIFIED RESTAURANT PROPERTY.—The term 'qualified restaurant property' means any section 1250 property which is a building (or its structural components) or an improvement to such building if more than 50 percent of such building's square footage is devoted to preparation of, and seating for on-premises consumption of, prepared meals.''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to any property placed in service after the date of the enactment of this Act, the original use of which begins with the taxpayer after such date.

(c) RECOVERY PERIOD FOR DEPRECIATION OF CERTAIN IMPROVEMENTS TO RETAIL SPACE.—

(1) 15-YEAR RECOVERY PERIOD.—Section 168(e)(3)(E) (relating to 15-year property) is amended by striking ''and'' at the end of clause (vii), by striking the period at the end of clause (viii) and inserting '', and'', and by adding at the end the following new clause:

''(ix) any qualified retail improvement property placed in service before January 1, 2009.''.

(2) QUALIFIED RETAIL IMPROVEMENT PROPERTY.—Section 168(e) is amended by adding at the end the following new paragraph:

''(8) QUALIFIED RETAIL IMPROVEMENT PROPERTY.—

''(A) IN GENERAL.—The term 'qualified retail improvement property' means any improvement to an interior portion of a building which is nonresidential real property if—

''(i) such portion is open to the general public and is used in the retail trade or business of selling tangible personal property to the general public, and

''(ii) such improvement is placed in service more than 3 years after the date the building was first placed in service.

''(B) IMPROVEMENTS MADE BY OWNER.—In the case of an improvement made by the owner of such improvement, such improvement shall be qualified retail improvement property (if at all) only so long as such improvement is held by such owner. Rules similar to the rules under paragraph (6)(B) shall apply for purposes of the preceding sentence.

''(C) CERTAIN IMPROVEMENTS NOT INCLUDED.—Such term shall not include any improvement for which the expenditure is attributable to—

''(i) the enlargement of the building,

''(ii) any elevator or escalator,

''(iii) any structural component benefitting a common area, or

''(iv) the internal structural framework of the building.''.

(3) REQUIREMENT TO USE STRAIGHT LINE METHOD.—Section 168(b)(3) is amended by

adding at the end the following new subparagraph:

''(I) Qualified retail improvement property described in subsection (e)(8).''.

(4) ALTERNATIVE SYSTEM.—The table contained in section 168(g)(3)(B) is amended by inserting after the item relating to subparagraph (E)(viii) the following new item:

(E)(ix) ..... 39''.

(5) EFFECTIVE DATE.—The amendments made by this subsection shall apply to property placed in service after the date of the enactment of this Act.

SEC. 513. CLARIFICATION OF CASH ACCOUNTING RULES FOR SMALL BUSINESS.

(a) CASH ACCOUNTING PERMITTED.—

(1) IN GENERAL.—Section 446 (relating to general rule for methods of accounting) is amended by adding at the end the following new subsection:

''(g) CERTAIN SMALL BUSINESS TAXPAYERS PERMITTED TO USE CASH ACCOUNTING METHOD WITHOUT LIMITATION.—

''(1) IN GENERAL.—An eligible taxpayer shall not be required to use an accrual method of accounting for any taxable year.

''(2) ELIGIBLE TAXPAYER.—For purposes of this subsection, a taxpayer is an eligible taxpayer with respect to any taxable year if—

''(A) for each of the prior taxable years ending on or after the date of the enactment of this subsection, the taxpayer (or any predecessor) met the gross receipts test in effect under section 448(c) for such taxable year, and

''(B) the taxpayer is not subject to section 447 or 448.''.

(2) EXPANSION OF GROSS RECEIPTS TEST.—

(A) IN GENERAL.—Paragraph (3) of section 448(b) (relating to entities with gross receipts of not more than $5,000,000) is amended to read as follows:

''(3) ENTITIES MEETING GROSS RECEIPTS TEST.—Paragraphs (1) and (2) of subsection (a) shall not apply to any corporation or partnership for any taxable year if, for each of the prior taxable years ending on or after the date of the enactment of the Small Business and Work Opportunity Act of 2007, the entity (or any predecessor) met the gross receipts test in effect under subsection (c) for such prior taxable year.''.

(B) CONFORMING AMENDMENTS.—Section 448(c) of such Code is amended—

(i) by striking ''$5,000,000'' in the heading thereof,

(ii) by striking ''$5,000,000'' each place it appears in paragraph (1) and inserting ''$10,000,000'', and

(iii) by adding at the end the following new paragraph:

''(4) INFLATION ADJUSTMENT.—In the case of any taxable year beginning in a calendar year after 2008, the dollar amount contained in paragraph (1) shall be increased by an amount equal to—

''(A) such dollar amount, multiplied by

''(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, by substituting 'calendar year 2007' for 'calendar year 1992' in subparagraph (B) thereof.

''If any amount as adjusted under this subparagraph is not a multiple of $100,000, such amount shall be rounded to the nearest multiple of $100,000.''.

(b) CLARIFICATION OF INVENTORY RULES FOR SMALL BUSINESS.—

(1) IN GENERAL.—Section 471 (relating to general rule for inventories) is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

''(c) SMALL BUSINESS TAXPAYERS NOT REQUIRED TO USE INVENTORIES.—

''(1) IN GENERAL.—A qualified taxpayer shall not be required to use inventories under this section for a taxable year.

''(2) TREATMENT OF TAXPAYERS NOT USING INVENTORIES.—If a qualified taxpayer does not use inventories with respect to any property for any taxable year beginning after the date of the enactment of this subsection, such property shall be treated as a material or supply which is not incidental.

''(3) QUALIFIED TAXPAYER.—For purposes of this subsection, the term 'qualified taxpayer' means—

''(A) any eligible taxpayer (as defined in section 446(g)(2)), and

''(B) any taxpayer described in section 448(b)(3).''.

(2) CONFORMING AMENDMENTS.—

(A) Subpart D of part II of subchapter E of chapter 1 is amended by striking section 474.

(B) The table of sections for subpart D of part II of subchapter E of chapter 1 is amended by striking the item relating to section 474.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 514. EXTENSION AND MODIFICATION OF COMBINED WORK OPPORTUNITY TAX CREDIT AND WELFARE-TO-WORK CREDIT.

(a) EXTENSION.—Section 51(c)(4)(B) (relating to termination) is amended by striking ''2007'' and inserting ''2012''.

(b) INCREASE IN MAXIMUM AGE FOR DESIGNATED COMMUNITY RESIDENTS.—

(1) IN GENERAL.—Paragraph (5) of section 51(d) is amended to read as follows:

''(5) DESIGNATED COMMUNITY RESIDENTS.—

''(A) IN GENERAL.—The term 'designated community resident' means any individual who is certified by the designated local agency—

''(i) as having attained age 18 but not age 40 on the hiring date, and

''(ii) as having his principal place of abode within an empowerment zone, enterprise community, renewal community, or rural renewal county.

''(B) INDIVIDUAL MUST CONTINUE TO RESIDE IN ZONE, COMMUNITY, OR COUNTY.—In the case of a designated community resident, the term 'qualified wages' shall not include wages paid or incurred for services performed while the individual's principal place of abode is outside an empowerment zone, enterprise community, renewal community, or rural renewal county.

''(C) RURAL RENEWAL COUNTY.—For purposes of this paragraph, the term 'rural renewal county' means any county which—

''(i) is outside a metropolitan statistical area (defined as such by the Office of Management and Budget), and

''(ii) during the 5-year periods 1990 through 1994 and 1995 through 1999 had a net population loss.''.

(2) CONFORMING AMENDMENT.—Subparagraph (D) of section 51(d)(1) is amended to read as follows:

''(D) a designated community resident,''.

(c) CLARIFICATION OF TREATMENT OF INDIVIDUALS UNDER INDIVIDUAL WORK PLANS.—Subparagraph (B) of section 51(d)(6) (relating to vocational rehabilitation referral) is amended by striking ''or'' at the end of clause (i), by striking the period at the end of clause (ii) and inserting '', or'', and by adding at the end the following new clause:

''(iii) an individual work plan developed and implemented by an employment network pursuant to subsection (g) of section 1148 of the Social Security Act with respect to which the requirements of such subsection are met.''.

(d) TREATMENT OF DISABLED VETERANS UNDER THE WORK OPPORTUNITY TAX CREDIT.—

(1) DISABLED VETERANS TREATED AS MEMBERS OF TARGETED GROUP.—

(A) IN GENERAL.—Subparagraph (A) of section 51(d)(3) (relating to qualified veteran) is amended by striking ''agency as being a member of a family'' and all that follows and inserting ''agency as—

''(i) being a member of a family receiving assistance under a food stamp program under the Food Stamp Act of 1977 for at least a 3-month period ending during the 12-month period ending on the hiring date, or

''(ii) entitled to compensation for a service-connected disability incurred after September 10, 2001.''.

(B) DEFINITIONS.—Paragraph (3) of section 51(d) is amended by adding at the end the following new subparagraph:

''(C) OTHER DEFINITIONS.—For purposes of subparagraph (A), the terms 'compensation' and 'service-connected' have the meanings given such terms under section 101 of title 38, United States Code.''.

(2) INCREASE IN AMOUNT OF WAGES TAKEN INTO ACCOUNT FOR DISABLED VETERANS.—Paragraph (3) of section 51(b) is amended—

(A) by inserting ''($12,000 per year in the case of any individual who is a qualified veteran by reason of subsection (d)(3)(A)(ii))'' before the period at the end, and

(B) by striking ''**ONLY FIRST** $6,000 of'' in the heading and inserting ''**LIMITATION ON**''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to individuals who begin work for the employer after the date of the enactment of this Act, in taxable years ending after such date.

SEC. 515. CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.

(a) EMPLOYMENT TAXES.—Chapter 25 (relating to general provisions relating to employment taxes) is amended by adding at the end the following new section:

''SEC. 3511. CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.

''(a) GENERAL RULES.—For purposes of the taxes, and other obligations, imposed by this subtitle—

''(1) a certified professional employer organization shall be treated as the employer (and no other person shall be treated as the employer) of any work site employee performing services for any customer of such organization, but only with respect to remuneration remitted by such organization to such work site employee, and

''(2) exclusions, definitions, and other rules which are based on the type of employer and which would (but for paragraph (1)) apply shall apply with respect to such taxes imposed on such remuneration.

''(b) SUCCESSOR EMPLOYER STATUS.—For purposes of sections 3121(a)(1), 3231(e)(2)(C), and 3306(b)(1)—

''(1) a certified professional employer organization entering into a service contract with a customer with respect to a work site employee shall be treated as a successor employer and the customer shall be treated as a predecessor employer during the term of such service contract, and

''(2) a customer whose service contract with a certified professional employer organization is terminated with respect to a work site employee shall be treated as a successor employer and the certified professional employer organization shall be treated as a predecessor employer.

''(c) LIABILITY OF CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATION.—Solely for purposes of its liability for the taxes, and other obligations, imposed by this subtitle—

''(1) a certified professional employer organization shall be treated as the employer of any individual (other than a work site employee or a person described in subsection (f)) who is performing services covered by a

contract meeting the requirements of section 7705(e)(2), but only with respect to remuneration remitted by such organization to such individual, and

''(2) exclusions, definitions, and other rules which are based on the type of employer and which would (but for paragraph (1)) apply shall apply with respect to such taxes imposed on such remuneration.

''(d) TREATMENT OF CREDITS.—

''(1) IN GENERAL.—For purposes of any credit specified in paragraph (2)—

''(A) such credit with respect to a work site employee performing services for the customer applies to the customer, not the certified professional employer organization,

''(B) the customer, and not the certified professional employer organization, shall take into account wages and employment taxes—

''(i) paid by the certified professional employer organization with respect to the work site employee, and

''(ii) for which the certified professional employer organization receives payment from the customer, and

''(C) the certified professional employer organization shall furnish the customer with any information necessary for the customer to claim such credit.

''(2) CREDITS SPECIFIED.—A credit is specified in this paragraph if such credit is allowed under—

''(A) section 41 (credit for increasing research activity),

''(B) section 45A (Indian employment credit),

''(C) section 45B (credit for portion of employer social security taxes paid with respect to employee cash tips),

''(D) section 45C (clinical testing expenses for certain drugs for rare diseases or conditions),

''(E) section 51 (work opportunity credit),

''(F) section 51A (temporary incentives for employing long-term family assistance recipients),

''(G) section 1396 (empowerment zone employment credit),

''(H) 1400(d) (DC Zone employment credit),

''(I) Section 1400H (renewal community employment credit), and

''(J) any other section as provided by the Secretary.

''(e) SPECIAL RULE FOR RELATED PARTY.—This section shall not apply in the case of a customer which bears a relationship to a certified professional employer organization described in section 267(b) or 707(b). For purposes of the preceding sentence, such sections shall be applied by substituting '10 percent' for '50 percent'.

''(f) SPECIAL RULE FOR CERTAIN INDIVIDUALS.—For purposes of the taxes imposed under this subtitle, an individual with net earnings from self-employment derived from the customer's trade or business is not a work site employee with respect to remuneration paid by a certified professional employer organization.

''(g) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.''.

(b) CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATION DEFINED.—Chapter 79 (relating to definitions) is amended by adding at the end the following new section:

''SEC. 7705. CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS DEFINED.

''(a) IN GENERAL.—For purposes of this title, the term 'certified professional employer organization' means a person who has been certified by the Secretary for purposes of section 3511 as meeting the requirements of subsection (b).

''(b) GENERAL REQUIREMENTS.—A person meets the requirements of this subsection if such person—

''(1) demonstrates that such person (and any owner, officer, and such other persons as may be specified in regulations) meets such requirements as the Secretary shall establish with respect to tax status, background, experience, business location, and annual financial audits,

''(2) computes its taxable income using an accrual method of accounting unless the Secretary approves another method,

''(3) agrees that it will satisfy the bond and independent financial review requirements of subsection (c) on an ongoing basis,

''(4) agrees that it will satisfy such reporting obligations as may be imposed by the Secretary,

''(5) agrees to verify on such periodic basis as the Secretary may prescribe that it continues to meet the requirements of this subsection, and

''(6) agrees to notify the Secretary in writing within such time as the Secretary may prescribe of any change that materially affects whether it continues to meet the requirements of this subsection.

''(c) BOND AND INDEPENDENT FINANCIAL REVIEW REQUIREMENTS.—

''(1) IN GENERAL.—An organization meets the requirements of this paragraph if such organization—

''(A) meets the bond requirements of paragraph (2), and

''(B) meets the independent financial review requirements of paragraph (3).

''(2) BOND.—

''(A) IN GENERAL.—A certified professional employer organization meets the requirements of this paragraph if the organization has posted a bond for the payment of taxes under subtitle C (in a form acceptable to the Secretary) in an amount at least equal to the amount specified in subparagraph (B).

''(B) AMOUNT OF BOND.—For the period April 1 of any calendar year through March 31 of the following calendar year, the amount of the bond required is equal to the greater of—

''(i) 5 percent of the organization's liability under section 3511 for taxes imposed by subtitle C during the preceding calendar year (but not to exceed $1,000,000), or

''(ii) $50,000.

''(3) INDEPENDENT FINANCIAL REVIEW REQUIREMENTS.—A certified professional employer organization meets the requirements of this paragraph if such organization—

''(A) has, as of the most recent review date, caused to be prepared and provided to the Secretary (in such manner as the Secretary may prescribe) an opinion of an independent certified public accountant that the certified professional employer organization's financial statements are presented fairly in accordance with generally accepted accounting principles, and

''(B) provides, not later than the last day of the second month beginning after the end of each calendar quarter, to the Secretary from an independent certified public accountant an assertion regarding Federal employment tax payments and an examination level attestation on such assertion.

Such assertion shall state that the organization has withheld and made deposits of all taxes imposed by chapters 21, 22, and 24 of the Internal Revenue Code in accordance with regulations imposed by the Secretary for such calendar quarter and such examination level attestation shall state that such assertion is fairly stated, in all material respects.

''(4) CONTROLLED GROUP RULES.—For purposes of the requirements of paragraphs (2) and (3), all professional employer organizations that are members of a controlled group within the meaning of sections 414(b) and (c) shall be treated as a single organization.

''(5) FAILURE TO FILE ASSERTION AND ATTESTATION.—If the certified professional employer organization fails to file the assertion and attestation required by paragraph (3) with respect to any calendar quarter, then the requirements of paragraph (3) with respect to such failure shall be treated as not satisfied for the period beginning on the due date for such attestation.

''(6) REVIEW DATE.—For purposes of paragraph (3)(A), the review date shall be 6 months after the completion of the organization's fiscal year.

''(d) SUSPENSION AND REVOCATION AUTHORITY.—The Secretary may suspend or revoke a certification of any person under subsection (b) for purposes of section 3511 if the Secretary determines that such person is not satisfying the representations or requirements of subsections (b) or (c), or fails to satisfy applicable accounting, reporting, payment, or deposit requirements.

''(e) WORK SITE EMPLOYEE.—For purposes of this title—

''(1) IN GENERAL.—The term 'work site employee' means, with respect to a certified professional employer organization, an individual who—

''(A) performs services for a customer pursuant to a contract which is between such customer and the certified professional employer organization and which meets the requirements of paragraph (2), and

''(B) performs services at a work site meeting the requirements of paragraph (3).

''(2) SERVICE CONTRACT REQUIREMENTS.—A contract meets the requirements of this paragraph with respect to an individual performing services for a customer if such contract is in writing and provides that the certified professional employer organization shall—

''(A) assume responsibility for payment of wages to such individual, without regard to the receipt or adequacy of payment from the customer for such services,

''(B) assume responsibility for reporting, withholding, and paying any applicable taxes under subtitle C, with respect to such individual's wages, without regard to the receipt or adequacy of payment from the customer for such services,

''(C) assume responsibility for any employee benefits which the service contract may require the organization to provide, without regard to the receipt or adequacy of payment from the customer for such services,

''(D) assume responsibility for hiring, firing, and recruiting workers in addition to the customer's responsibility for hiring, firing and recruiting workers,

''(E) maintain employee records relating to such individual, and

''(F) agree to be treated as a certified professional employer organization for purposes of section 3511 with respect to such individual.

''(3) WORK SITE COVERAGE REQUIREMENT.—The requirements of this paragraph are met with respect to an individual if at least 85 percent of the individuals performing services for the customer at the work site where such individual performs services are subject to 1 or more contracts with the certified professional employer organization which meet the requirements of paragraph (2) (but not taking into account those individuals who are excluded employees within the meaning of section 414(q)(5)).

''(f) DETERMINATION OF EMPLOYMENT STATUS.—Except to the extent necessary for purposes of section 3511, nothing in this section shall be construed to affect the determination of who is an employee or employer for purposes of this title.

''(g) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.''.

(c) CONFORMING AMENDMENTS.—

(1) Section 3302 is amended by adding at the end the following new subsection:

''(h) TREATMENT OF CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.—If a certified professional employer organization (as defined in section 7705), or a customer of such organization, makes a contribution to the State's unemployment fund with respect to a work site employee, such organization shall be eligible for the credits available under this section with respect to such contribution.''.

(2) Section 3303(a) is amended—

(A) by striking the period at the end of paragraph (3) and inserting ''; and'' and by inserting after paragraph (3) the following new paragraph:

''(4) if the taxpayer is a certified professional employer organization (as defined in section 7705) that is treated as the employer under section 3511, such certified professional employer organization is permitted to collect and remit, in accordance with paragraphs (1), (2), and (3), contributions during the taxable year to the State unemployment fund with respect to a work site employee.'', and

(B) in the last sentence—

(i) by striking ''paragraphs (1), (2), and (3)'' and inserting ''paragraphs (1), (2), (3), and (4)'', and

(ii) by striking ''paragraph (1), (2), or (3)'' and inserting ''paragraph (1), (2), (3), or (4)''.

(3) Section 6053(c) (relating to reporting of tips) is amended by adding at the end the following new paragraph:

''(8) CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.—For purposes of any report required by this subsection, in the case of a certified professional employer organization that is treated under section 3511 as the employer of a work site employee, the customer with respect to whom a work site employee performs services shall be the employer for purposes of reporting under this section and the certified professional employer organization shall furnish to the customer any information necessary to complete such reporting no later than such time as the Secretary shall prescribe.''.

(d) CLERICAL AMENDMENTS.—

(1) The table of sections for chapter 25 is amended by adding at the end the following new item:

''Sec. 3511. Certified professional employer organizations''.

(2) The table of sections for chapter 79 is amended by inserting after the item relating to section 7704 the following new item:

''Sec. 7705. Certified professional employer organizations defined''.

(e) REPORTING REQUIREMENTS AND OBLIGATIONS.—The Secretary of the Treasury shall develop such reporting and recordkeeping rules, regulations, and procedures as the Secretary determines necessary or appropriate to ensure compliance with the amendments made by this section with respect to entities applying for certification as certified professional employer organizations or entities that have been so certified. Such rules shall be designed in a manner which streamlines, to the extent possible, the application of requirements of such amendments, the exchange of information between a certified professional employer organization and its customers, and the reporting and recordkeeping obligations of the certified professional employer organization.

(f) USER FEES.—Subsection (b) of section 7528 (relating to Internal Revenue Service user fees) is amended by adding at the end the following new paragraph:

''(4) CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.—The fee charged under the program in connection with the certification by the Secretary of a professional employer organization under section 7705 shall not exceed $500.''.

(g) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply with respect to wages for services performed on or after January 1 of the first calendar year beginning more than 12 months after the date of the enactment of this Act.

(2) CERTIFICATION PROGRAM.—The Secretary of the Treasury shall establish the certification program described in section 7705(b) of the Internal Revenue Code of 1986, as added by subsection (b), not later than 6 months before the effective date determined under paragraph (1).

(h) NO INFERENCE.—Nothing contained in this section or the amendments made by this section shall be construed to create any inference with respect to the determination of who is an employee or employer—

(1) for Federal tax purposes (other than the purposes set forth in the amendments made by this section), or

(2) for purposes of any other provision of law.

SEC. 516. ACCELERATED DEPRECIATION FOR INVESTMENT IN HIGH OUT-MIGRATION COUNTIES.

(a) IN GENERAL.—Section 168 (relating to accelerated cost recovery system) is amended by adding at the end the following new subsection:

''(m) RURAL INVESTMENT PROPERTY.—

''(1) IN GENERAL.—For purposes of subsection (a), the applicable recovery period for qualified rural investment property shall be determined in accordance with the table contained in paragraph (2) in lieu of the table contained in subsection (c).

''(2) APPLICABLE RECOVERY PERIOD FOR RURAL INVESTMENT PROPERTY.—For purposes of paragraph (1)—

" "In the case of:	The applicable recovery period is:
3-year property	2 years
5-year property	3 years
7-year property	4 years
10-year property	6 years
15-year property	9 years
20-year property	12 years
Nonresidential real property	22 years.

''(3) QUALIFIED RURAL INVESTMENT PROPERTY DEFINED.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'qualified rural investment property' means property which is property described in the table in paragraph (2) and which is—

''(i) used by the taxpayer predominantly in the active conduct of a trade or business within a high out-migration county,

''(ii) not used or located outside such county on a regular basis,

''(iii) not acquired (directly or indirectly) by the taxpayer from a person who is related to the taxpayer (within the meaning of section 465(b)(3)(C)), and

''(iv) not property (or any portion thereof) placed in service for purposes of operating any racetrack or other facility used for gambling.

''(B) HIGH OUT-MIGRATION COUNTY.—The term 'high out-migration county' means any county which—

''(i) is outside a metropolitan statistical area (defined as such by the Office of Management and Budget), and

''(ii) during the 5-year periods 1990 through 1994 and 1995 through 1999 had a net population loss.

''(4) TERMINATION.—This subsection shall not apply to property placed in service after March 31, 2008.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to property placed in service after the date of the enactment of this Act, the original use of which begins with the taxpayer after such date.

Subpart B—Subchapter S Provisions

SEC. 521. CAPITAL GAIN OF S CORPORATION NOT TREATED AS PASSIVE INVESTMENT INCOME.

(a) IN GENERAL.—Section 1362(d)(3) is amended by striking subparagraphs (B), (C), (D), (E), and (F) and inserting the following new subparagraph:

''(B) PASSIVE INVESTMENT INCOME DEFINED.—

''(i) IN GENERAL.—Except as otherwise provided in this subparagraph, the term 'passive investment income' means gross receipts derived from royalties, rents, dividends, interest, and annuities.

''(ii) EXCEPTION FOR INTEREST ON NOTES FROM SALES OF INVENTORY.—The term 'passive investment income' shall not include interest on any obligation acquired in the ordinary course of the corporation's trade or business from its sale of property described in section 1221(a)(1).

''(iii) TREATMENT OF CERTAIN LENDING OR FINANCE COMPANIES.—If the S corporation meets the requirements of section 542(c)(6) for the taxable year, the term 'passive investment income' shall not include gross receipts for the taxable year which are derived directly from the active and regular conduct of a lending or finance business (as defined in section 542(d)(1)).

''(iv) TREATMENT OF CERTAIN DIVIDENDS.—If an S corporation holds stock in a C corporation meeting the requirements of section 1504(a)(2), the term 'passive investment income' shall not include dividends from such C corporation to the extent such dividends are attributable to the earnings and profits of such C corporation derived from the active conduct of a trade or business.

''(v) EXCEPTION FOR BANKS, ETC.—In the case of a bank (as defined in section 581) or a depository institution holding company (as defined in section 3(w)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1813(w)(1)), the term 'passive investment income' shall not include—

''(I) interest income earned by such bank or company, or

''(II) dividends on assets required to be held by such bank or company, including stock in the Federal Reserve Bank, the Federal Home Loan Bank, or the Federal Agricultural Mortgage Bank or participation certificates issued by a Federal Intermediate Credit Bank.''.

(b) CONFORMING AMENDMENT.—Clause (i) of section 1042(c)(4)(A) is amended by striking ''section 1362(d)(3)(C)'' and inserting ''section 1362(d)(3)(B)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 522. TREATMENT OF BANK DIRECTOR SHARES.

(a) IN GENERAL.—Section 1361 (defining S corporation) is amended by adding at the end the following new subsection:

''(f) RESTRICTED BANK DIRECTOR STOCK.—

''(1) IN GENERAL.—Restricted bank director stock shall not be taken into account as outstanding stock of the S corporation in applying this subchapter (other than section 1368(f)).

''(2) RESTRICTED BANK DIRECTOR STOCK.—For purposes of this subsection, the term 'restricted bank director stock' means stock in a bank (as defined in section 581) or a depository institution holding company (as defined in section 3(w)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1813(w)(1)), if such stock—

''(A) is required to be held by an individual under applicable Federal or State law in order to permit such individual to serve as a director, and

''(B) is subject to an agreement with such bank or company (or a corporation which controls (within the meaning of section 368(c)) such bank or company) pursuant to which the holder is required to sell back such stock (at the same price as the individual acquired such stock) upon ceasing to hold the office of director.

''(3) CROSS REFERENCE.—

''For treatment of certain distributions with respect to restricted bank director stock, see section 1368(f)''.

(b) DISTRIBUTIONS.—Section 1368 (relating to distributions) is amended by adding at the end the following new subsection:

''(f) RESTRICTED BANK DIRECTOR STOCK.—If a director receives a distribution (not in part or full payment in exchange for stock) from an S corporation with respect to any restricted bank director stock (as defined in section 1361(f)), the amount of such distribution—

''(1) shall be includible in gross income of the director, and

''(2) shall be deductible by the corporation for the taxable year of such corporation in which or with which ends the taxable year in which such amount in included in the gross income of the director.''.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years beginning after December 31, 2006.

(2) SPECIAL RULE FOR TREATMENT AS SECOND CLASS OF STOCK.—In the case of any taxable year beginning after December 31, 1996, restricted bank director stock (as defined in section 1361(f) of the Internal Revenue Code of 1986, as added by this section) shall not be taken into account in determining whether an S corporation has more than 1 class of stock.

SEC. 523. SPECIAL RULE FOR BANK REQUIRED TO CHANGE FROM THE RESERVE METHOD OF ACCOUNTING ON BECOMING S CORPORATION.

(a) IN GENERAL.—Section 1361, as amended by this Act, is amended by adding at the end the following new subsection:

''(g) SPECIAL RULE FOR BANK REQUIRED TO CHANGE FROM THE RESERVE METHOD OF ACCOUNTING ON BECOMING S CORPORATION.—In the case of a bank which changes from the reserve method of accounting for bad debts described in section 585 or 593 for its first taxable year for which an election under section 1362(a) is in effect, the bank may elect to take into account any adjustments under section 481 by reason of such change for the taxable year immediately preceding such first taxable year.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2006.

SEC. 524. TREATMENT OF THE SALE OF INTEREST IN A QUALIFIED SUBCHAPTER S SUBSIDIARY.

(a) IN GENERAL.—Subparagraph (C) of section 1361(b)(3) (relating to treatment of terminations of qualified subchapter S subsidiary status) is amended—

(1) by striking ''For purposes of this title,'' and inserting the following:

''(i) IN GENERAL.—For purposes of this title,'', and

(2) by inserting at the end the following new clause:

''(ii) TERMINATION BY REASON OF SALE OF STOCK.—If the failure to meet the requirements of subparagraph (B) is by reason of the sale of stock of a corporation which is a qualified subchapter S subsidiary, the sale of such stock shall be treated as if—

''(I) the sale were a sale of an undivided interest in the assets of such corporation (based on the percentage of the corporation's stock sold), and

''(II) the sale were followed by an acquisition by such corporation of all of its assets (and the assumption by such corporation of all of its liabilities) in a transaction to which section 351 applies.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2006 .

SEC. 525. ELIMINATION OF ALL EARNINGS AND PROFITS ATTRIBUTABLE TO PRE-1983 YEARS FOR CERTAIN CORPORATIONS.

In the case of a corporation which is—

(1) described in section 1311(a)(1) of the Small Business Job Protection Act of 1996, and

(2) not described in section 1311(a)(2) of such Act,

the amount of such corporation's accumulated earnings and profits (for the first taxable year beginning after the date of the enactment of this Act) shall be reduced by an amount equal to the portion (if any) of such accumulated earnings and profits which were accumulated in any taxable year beginning before January 1, 1983, for which such corporation was an electing small business corporation under subchapter S of the Internal Revenue Code of 1986.

SEC. 526. EXPANSION OF QUALIFYING BENEFICIARIES OF AN ELECTING SMALL BUSINESS TRUST.

(a) NO LOOK THROUGH FOR ELIGIBILITY PURPOSES.—Clause (v) of section 1361(c)(2)(B) is amended by adding at the end the following new sentence: ''This clause shall not apply for purposes of subsection (b)(1)(C).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

SEC. 527. DEDUCTIBILITY OF INTEREST EXPENSE ON INDEBTEDNESS INCURRED BY AN ELECTING SMALL BUSINESS TRUST TO ACQUIRE S CORPORATION STOCK.

(a) IN GENERAL.—Subparagraph (C) of section 641(c)(2) (relating to modifications) is amended by inserting after clause (iii) the following new clause:

''(iv) Any interest expense paid or accrued on indebtedness incurred to acquire stock in an S corporation.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2006.

PART II—REVENUE PROVISIONS

SEC. 531. MODIFICATION OF EFFECTIVE DATE OF LEASING PROVISIONS OF THE AMERICAN JOBS CREATION ACT OF 2004.

(a) LEASES TO FOREIGN ENTITIES.—Section 849(b) of the American Jobs Creation Act of 2004 is amended by adding at the end the following new paragraph:

''(5) LEASES TO FOREIGN ENTITIES.—In the case of tax-exempt use property leased to a tax-exempt entity which is a foreign person or entity, the amendments made by this part shall apply to taxable years beginning after December 31, 2006, with respect to leases entered into on or before March 12, 2004.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in the enactment of the American Jobs Creation Act of 2004.

SEC. 532. APPLICATION OF RULES TREATING INVERTED CORPORATIONS AS DOMESTIC CORPORATIONS TO CERTAIN TRANSACTIONS OCCURRING AFTER MARCH 20, 2002.

(a) IN GENERAL.—Section 7874(b) (relating to inverted corporations treated as domestic corporations) is amended to read as follows:

''(b) INVERTED CORPORATIONS TREATED AS DOMESTIC CORPORATIONS.—

''(1) IN GENERAL.—Notwithstanding section 7701(a)(4), a foreign corporation shall be treated for purposes of this title as a domestic corporation if such corporation would be a surrogate foreign corporation if subsection (a)(2) were applied by substituting '80 percent' for '60 percent'.

''(2) SPECIAL RULE FOR CERTAIN TRANSACTIONS OCCURRING AFTER MARCH 20, 2002.—

''(A) IN GENERAL.—If—

''(i) paragraph (1) does not apply to a foreign corporation, but

''(ii) paragraph (1) would apply to such corporation if, in addition to the substitution under paragraph (1), subsection (a)(2) were applied by substituting 'March 20, 2002' for 'March 4, 2003' each place it appears,

then paragraph (1) shall apply to such corporation but only with respect to taxable years of such corporation beginning after December 31, 2006.

''(B) SPECIAL RULES.—Subject to such rules as the Secretary may prescribe, in the case of a corporation to which paragraph (1) applies by reason of this paragraph—

''(i) the corporation shall be treated, as of the close of its last taxable year beginning before January 1, 2007, as having transferred all of its assets, liabilities, and earnings and profits to a domestic corporation in a transaction with respect to which no tax is imposed under this title,

''(ii) the bases of the assets transferred in the transaction to the domestic corporation shall be the same as the bases of the assets in the hands of the foreign corporation, subject to any adjustments under this title for built-in losses,

''(iii) the basis of the stock of any shareholder in the domestic corporation shall be the same as the basis of the stock of the shareholder in the foreign corporation for which it is treated as exchanged, and

''(iv) the transfer of any earnings and profits by reason of clause (i) shall be disregarded in determining any deemed dividend or foreign tax creditable to the domestic corporation with respect to such transfer.

''(C) REGULATIONS.—The Secretary may prescribe such regulations as may be necessary or appropriate to carry out this paragraph, including regulations to prevent the avoidance of the purposes of this paragraph.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2006.

SEC. 533. DENIAL 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:

''(h) 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. 534. 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—

''(A) the violation of any law, or

''(B) an investigation or inquiry into the potential violation of any law which is initiated by such government or entity.

''(2) EXCEPTION FOR AMOUNTS CONSTITUTING RESTITUTION OR PAID TO COME INTO COMPLIANCE WITH LAW.—Paragraph (1) shall not apply to any amount which—

''(A) the taxpayer establishes—

''(i) constitutes restitution (or 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, or

''(ii) is paid to come into compliance with any law which was violated or involved in the investigation or inquiry, and

''(B) is identified as an amount described in clause (i) or (ii) of subparagraph (A), as the case may be, in the court order or settlement agreement, except that the requirement of this subparagraph shall not apply in the case of any settlement agreement which requires the taxpayer to pay or incur an amount not greater than $1,000,000.

A taxpayer shall not meet the requirements of subparagraph (A) solely by reason an identification under subparagraph (B). 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 unless such amount is paid or incurred for a cost or fee regularly charged for any routine audit or other customary review performed by the government or entity.

''(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) REPORTING OF DEDUCTIBLE AMOUNTS.—

(1) IN GENERAL.—Subpart B of part III of subchapter A of chapter 61 is amended by inserting after section 6050V the following new section:

''SEC. 6050W. INFORMATION WITH RESPECT TO CERTAIN FINES, PENALTIES, AND OTHER AMOUNTS.

''(a) REQUIREMENT OF REPORTING.—

''(1) IN GENERAL.—The appropriate official of any government or entity which is described in section 162(f)(4) which is involved in a suit or agreement described in paragraph (2) shall make a return in such form as determined by the Secretary setting forth—

''(A) the amount required to be paid as a result of the suit or agreement to which paragraph (1) of section 162(f) applies,

''(B) any amount required to be paid as a result of the suit or agreement which constitutes restitution or remediation of property, and

''(C) any amount required to be paid as a result of the suit or agreement for the purpose of coming into compliance with any law which was violated or involved in the investigation or inquiry.

''(2) SUIT OR AGREEMENT DESCRIBED.—

''(A) IN GENERAL.—A suit or agreement is described in this paragraph if—

''(i) it is—

''(I) a suit with respect to a violation of any law over which the government or entity has authority and with respect to which there has been a court order, or

''(II) an agreement which is entered into with respect to a violation of any law over which the government or entity has authority, or with respect to an investigation or inquiry by the government or entity into the potential violation of any law over which such government or entity has authority, and

''(ii) the aggregate amount involved in all court orders and agreements with respect to the violation, investigation, or inquiry is $600 or more.

''(B) ADJUSTMENT OF REPORTING THRESHOLD.—The Secretary may adjust the $600 amount in subparagraph (A)(ii) as necessary in order to ensure the efficient administration of the internal revenue laws.

''(3) TIME OF FILING.—The return required under this subsection shall be filed not later than—

''(A) 30 days after the date on which a court order is issued with respect to the suit or the date the agreement is entered into, as the case may be, or

''(B) the date specified by the Secretary.

''(b) STATEMENTS TO BE FURNISHED TO INDIVIDUALS INVOLVED IN THE SETTLEMENT.—Every person required to make a return under subsection (a) shall furnish to each person who is a party to the suit or agreement a written statement showing—

''(1) the name of the government or entity, and

''(2) the information supplied to the Secretary under subsection (a)(1).

The written statement required under the preceding sentence shall be furnished to the person at the same time the government or entity provides the Secretary with the information required under subsection (a).

''(c) APPROPRIATE OFFICIAL DEFINED.—For purposes of this section, the term 'appropriate official' means the officer or employee having control of the suit, investigation, or inquiry or the person appropriately designated for purposes of this section.''.

(2) CONFORMING AMENDMENT.—The table of sections for subpart B of part III of subchapter A of chapter 61 is amended by inserting after the item relating to section 6050V the following new item:

''Sec. 6050W. Information with respect to certain fines, penalties, and other amounts''.

(c) EFFECTIVE DATE.—The amendments 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 amendments 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. 535. REVISION OF TAX RULES ON EXPATRIATION OF INDIVIDUALS.

(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 2007, 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 2006' 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) TREATMENT OF GIFTS AND INHERITANCES.—

''(A) 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.

''(B) DETERMINATION OF BASIS.—Notwithstanding sections 1015 or 1022, the basis of any property described in subparagraph (A) in the hands of the donee or the person acquiring such property from the decedent shall be equal to the fair market value of the property at the time of the gift, bequest, devise, or inheritance.

''(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.

''(3) DEFINITIONS.—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.''.

(c) DEFINITION OF TERMINATION OF UNITED STATES CITIZENSHIP.—Section 7701(a) is amended by adding at the end the following new paragraph:

''(50) 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) is inadmissible.''.

(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 this subsection.''.

(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.''.

(4) Section 6039G(a) is amended by inserting ''or 877A'' after ''section 877(b)''.

(5) The second sentence of section 6039G(d) is amended by inserting ''or who relinquishes United States citizenship (within the meaning of section 877A(e)(3))'' after ''section 877(a))''.

(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. 536. LIMITATION ON ANNUAL AMOUNTS WHICH MAY BE DEFERRED UNDER NONQUALIFIED DEFERRED COMPENSATION ARRANGEMENTS.

(a) IN GENERAL.—Section 409A(a) of the Internal Revenue Code of 1986 (relating to inclusion of gross income under nonqualified deferred compensation plans) is amended—

(1) by striking ''and (4)'' in subclause (I) of paragraph (1)(A)(i) and inserting ''(4), and (5)'', and

(2) by adding at the end the following new paragraph:

''(5) ANNUAL LIMITATION ON AGGREGATE DEFERRED AMOUNTS.—

''(A) LIMITATION.—The requirements of this paragraph are met if the plan provides that the aggregate amount of compensation which is deferred for any taxable year with respect to a participant under the plan may not exceed the applicable dollar amount for the taxable year.

''(B) INCLUSION OF FUTURE EARNINGS.—If an amount is includible under paragraph (1) in the gross income of a participant for any taxable year by reason of any failure to meet the requirements of this paragraph, any income (whether actual or notional) for any subsequent taxable year shall be included in gross income under paragraph (1)(A) in such subsequent taxable year to the extent such income—

''(i) is attributable to compensation (or income attributable to such compensation) required to be included in gross income by reason of such failure (including by reason of this subparagraph), and

''(ii) is not subject to a substantial risk of forfeiture and has not been previously included in gross income.

''(C) AGGREGATION RULE.—For purposes of this paragraph, all nonqualified deferred compensation plans maintained by all employers treated as a single employer under subsection (d)(6) shall be treated as 1 plan.

''(D) APPLICABLE DOLLAR AMOUNT.—For purposes of this paragraph—

''(i) IN GENERAL.—The term 'applicable dollar amount' means, with respect to any participant, the lesser of—

''(I) the average annual compensation which was payable during the base period to the participant by the employer maintaining the nonqualified deferred compensation plan (or any predecessor of the employer) and which was includible in the participant's gross income for taxable years in the base period, or

''(II) $1,000,000.

''(ii) BASE PERIOD.—

''(I) IN GENERAL.—The term 'base period' means, with respect to any computation year, the 5-taxable year period ending with the taxable year preceding the computation year.

''(II) ELECTIONS MADE BEFORE COMPUTATION YEAR.—If, before the beginning of the computation year, an election described in paragraph (4)(B) is made by the participant to have compensation for services performed in the computation year deferred under a nonqualified deferred compensation plan, the base period shall be the 5-taxable year period ending with the taxable year preceding the taxable year in which the election is made.

''(III) COMPUTATION YEAR.—For purposes of this clause, the term 'computation year' means any taxable year of the participant for which the limitation under subparagraph (A) is being determined.

''(IV) SPECIAL RULE FOR EMPLOYEES OF LESS THAN 5 YEARS.—If a participant did not perform services for the employer maintaining the nonqualified deferred compensation plan (or any predecessor of the employer) during the entire 5-taxable year period referred to in subparagraph (A) or (B), only the portion of such period during which the participant performed such services shall be taken into account.''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years beginning after December 31, 2006, except that—

(A) the amendments shall only apply to amounts deferred after December 31, 2006 (and to earnings on such amounts), and

(B) taxable years beginning on or before December 31, 2006, shall be taken into account in determining the average annual compensation of a participant during any base period for purposes of section 409A(a)(5)(D) of the Internal Revenue Code of 1986 (as added by such amendments).

(2) GUIDANCE RELATING TO CERTAIN EXISTING ARRANGEMENTS.—Not later than 60 days after the date of the enactment of this Act, the

Secretary of the Treasury shall issue guidance providing a limited period during which a nonqualified deferred compensation plan adopted before December 31, 2006, may, without violating the requirements of section 409A(a) of such Code, be amended—

(A) to provide that a participant may, no later than December 31, 2007, cancel or modify an outstanding deferral election with regard to all or a portion of amounts deferred after December 31, 2006, to the extent necessary for the plan to meet the requirements of section 409A(a)(5) of such Code (as added by the amendments made by this section), but only if amounts subject to the cancellation or modification are, to the extent not previously included in gross income, includible in income of the participant when no longer subject to substantial risk of forfeiture, and

(B) to conform to the requirements of section 409A(a)(5) of such Code (as added by the amendments made by this section) with regard to amounts deferred after December 31, 2006.

SEC. 537. MODIFICATION OF CRIMINAL PENALTIES FOR WILLFUL FAILURES INVOLVING TAX PAYMENTS AND FILING REQUIREMENTS.

(a) INCREASE IN PENALTY FOR ATTEMPT TO EVADE OR DEFEAT TAX.—Section 7201 (relating to attempt to evade or defeat tax) is amended—

(1) by striking ''$100,000'' and inserting ''$500,000'',

(2) by striking ''$500,000'' and inserting ''$1,000,000'', and

(3) by striking ''5 years'' and inserting ''10 years''.

(b) MODIFICATION OF PENALTIES FOR WILLFUL FAILURE TO FILE RETURN, SUPPLY INFORMATION, OR PAY TAX.—

(1) IN GENERAL.—Section 7203 (relating to willful failure to file return, supply information, or pay tax) 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) '$250,000 ($500,000' for '$50,000 ($100,000', and

''(C) '5 years' for '1 year'.

''(2) FAILURE DESCRIBED.—A failure described in this paragraph is—

''(A) a failure to make a return described in subsection (a) for any 3 taxable years occurring during any period of 5 consecutive taxable years if the aggregate tax liability for such period is not less than $50,000, or

''(B) a failure to make a return if the tax liability giving rise to the requirement to make such return is attributable to an activity which is a felony under any State or Federal law.''.

(2) PENALTY MAY BE APPLIED IN ADDITION TO OTHER PENALTIES.—Section 7204 (relating to fraudulent statement or failure to make statement to employees) is amended by striking ''the penalty provided in section 6674'' and inserting ''the penalties provided in sections 6674 and 7203(b)''.

(c) FRAUD AND FALSE STATEMENTS.—Section 7206 (relating to fraud and false statements) is amended—

(1) by striking ''$100,000'' and inserting ''$500,000'',

(2) by striking ''$500,000'' and inserting ''$1,000,000'', and

(3) by striking ''3 years'' and inserting ''5 years''.

(d) INCREASE IN MONETARY LIMITATION FOR UNDERPAYMENT OR OVERPAYMENT OF TAX DUE TO FRAUD.—Section 7206 (relating to fraud and false statements), as amended by subsection (a)(3), 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.''.

(e) 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. 538. 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 neither signed a closing agreement pursuant to the Voluntary Offshore Compliance Initiative established by the Department of the Treasury under Revenue Procedure 2003–11 nor 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 type of 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) APPLICABLE PENALTY.—For purposes of this section, the term ''applicable penalty'' means any penalty, addition to tax, or fine imposed under chapter 68 of the Internal Revenue Code of 1986.

(c) 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. 539. 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. 540. 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 1 or more contingent payments,

any regulations which require original issue discount to be determined by reference to the comparable yield of a fixed-rate debt instrument shall be applied as if the regulations require that such comparable yield be determined by reference to a 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. 541. EXTENSION OF IRS USER FEES.

Subsection (c) of section 7528 (relating to Internal Revenue Service user fees) is amended by striking ''September 30, 2014'' and inserting ''September 30, 2016''.

SEC. 542. MODIFICATION OF COLLECTION DUE PROCESS PROCEDURES FOR EMPLOYMENT TAX LIABILITIES.

(a) IN GENERAL.—Section 6330(f) (relating to jeopardy and State refund collection) is amended—

(1) by striking ''; or'' at the end of paragraph (1) and inserting a comma,

(2) by adding ''or'' at the end of paragraph (2), and

(3) by inserting after paragraph (2) the following new paragraph:

''(3) the Secretary has served a levy in connection with the collection of taxes under chapter 21, 22, 23, or 24,''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to levies issued on or after the date that is 120 days after the date of the enactment of this Act.

SEC. 543. MODIFICATIONS TO WHISTLEBLOWER REFORMS.

(a) MODIFICATION OF TAX THRESHOLD FOR AWARDS.—Subparagraph (B) of section 7623(b)(5), as added by the Tax Relief and Health Care Act of 2006, is amended by striking ''$2,000,000'' and inserting ''$20,000''.

(b) WHISTLEBLOWER OFFICE.—

(1) IN GENERAL.—Section 7623 is amended by adding at the end the following new subsections:

''(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). 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) REPORTS.—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.''.

(2) CONFORMING AMENDMENT.—Section 406 of division A of the Tax Relief and Health Care Act of 2006 is amended by striking subsections (b) and (c).

(3) REPORT ON IMPLEMENTATION.—Not later than 6 months after the date of the enactment of this Act, the Secretary of the Treasury shall submit to Congress a report on the establishment and operation of the Whistleblower Office under section 7623(c) of the Internal Revenue Code of 1986.

(c) PUBLICITY OF AWARD APPEALS.—Paragraph (4) of section 7623(b), as added by the Tax Relief and Health Care Act of 2006, is amended to read as follows:

''(4) APPEAL OF AWARD DETERMINATION.—

''(A) IN GENERAL.—Any determination regarding an award under paragraph (1), (2), or (3) may, within 30 days of such determination, be appealed to the Tax Court (and the Tax Court shall have jurisdiction with respect to such matter).

''(B) PUBLICITY OF APPEALS.—Notwithstanding sections 7458 and 7461, the Tax Court may, in order to preserve the anonymity, privacy, or confidentiality of any person under this subsection, provide by rules adopted under section 7453 that portions of filings, hearings, testimony, evidence, and reports in connection with proceedings under this subsection may be closed to the public or to inspection by the public.''.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to information provided on or after the date of the enactment of this Act.

(2) PUBLICITY OF AWARD APPEALS.—The amendment made by subsection (c) shall take effect as if included in the amendments made by section 406 of the Tax Relief and Health Care Act of 2006.

SEC. 544. MODIFICATIONS OF DEFINITION OF EMPLOYEES COVERED BY DENIAL OF DEDUCTION FOR EXCESSIVE EMPLOYEE REMUNERATION.

(a) IN GENERAL.—Paragraph (3) of section 162(m) is amended to read as follows:

''(3) COVERED EMPLOYEE.—For purposes of this subsection, the term 'covered employee' means, with respect to any taxpayer for any taxable year, an individual who—

''(A) was the chief executive officer of the taxpayer, or an individual acting in such a capacity, at any time during the taxable year,

''(B) is 1 of the 4 highest compensated officers of the taxpayer for the taxable year (other than the individual described in subparagraph (A)), or

''(C) was a covered employee of the taxpayer (or any predecessor) for any preceding taxable year beginning after December 31, 2006.

''In the case of an individual who was a covered employee for any taxable year beginning after December 31, 2006, the term 'covered employee' shall include a beneficiary of such employee with respect to any remuneration for services performed by such employee as a covered employee (whether or not such services are performed during the taxable year in which the remuneration is paid).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2006.

SEC. 545. INCREASE IN AGE OF MINOR CHILDREN WHOSE UNEARNED INCOME IS TAXED AS IF PARENT'S INCOME.

(a) IN GENERAL.—Subparagraph (A) of section 1(g)(2) (relating to child to whom subsection applies) is amended to read as follows:

''(A) such child—

''(i) has not attained age 18 before the close of the taxable year, or

''(ii)(I) has attained age 18 before the close of the taxable year and meets the age requirements of section 152(c)(3) (determined without regard to subparagraph (B) thereof), and

''(II) whose earned income (as defined in section 911(d)(2)) for such taxable year does not exceed one-half of the amount of the individual's support (within the meaning of section 152(c)(1)(D) after the application of section 152(f)(5)) for such taxable year,''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 546. INCREASE IN INFORMATION RETURN PENALTIES.

(a) FAILURE TO FILE CORRECT INFORMATION RETURNS.—

(1) IN GENERAL.—Section 6721(a)(1) is amended—

(A) by striking ''$50'' and inserting ''$250'', and

(B) by striking ''$250,000'' and inserting ''$3,000,000''.

(2) REDUCTION WHERE CORRECTION IN SPECIFIED PERIOD.—

(A) CORRECTION WITHIN 30 DAYS.—Section 6721(b)(1) is amended—

(i) by striking ''$15'' and inserting ''$50'',

(ii) by striking ''$50'' and inserting ''$250'', and

(iii) by striking ''$75,000'' and inserting ''$500,000''.

(B) FAILURES CORRECTED ON OR BEFORE AUGUST 1.—Section 6721(b)(2) is amended—

(i) by striking ''$30'' and inserting ''$100'',

(ii) by striking ''$50'' and inserting ''$250'', and

(iii) by striking ''$150,000'' and inserting ''$1,500,000''.

(3) LOWER LIMITATION FOR PERSONS WITH GROSS RECEIPTS OF NOT MORE THAN $5,000,000.—Section 6721(d)(1) is amended—

(A) in subparagraph (A)—

(i) by striking ''$100,000'' and inserting ''$1,000,000'', and

(ii) by striking ''$250,000'' and inserting ''$3,000,000'',

(B) in subparagraph (B)—

(i) by striking ''$25,000'' and inserting ''$175,000'', and

(ii) by striking ''$75,000'' and inserting ''$500,000'', and

(C) in subparagraph (C)—

(i) by striking ''$50,000'' and inserting ''$500,000'', and

(ii) by striking ''$150,000'' and inserting ''$1,500,000''.

(4) PENALTY IN CASE OF INTENTIONAL DISREGARD.—Section 6721(e) is amended—

(A) by striking ''$100'' in paragraph (2) and inserting ''$500'',

(B) by striking ''$250,000'' in paragraph (3)(A) and inserting ''$3,000,000''.

(b) FAILURE TO FURNISH CORRECT PAYEE STATEMENTS.—

(1) IN GENERAL.—Section 6722(a) is amended—

(A) by striking ''$50'' and inserting ''$250'', and

(B) by striking ''$100,000'' and inserting ''$1,000,000''.

(2) PENALTY IN CASE OF INTENTIONAL DISREGARD.—Section 6722(c) is amended—

(A) by striking ''$100'' in paragraph (1) and inserting ''$500'', and

(B) by striking ''$100,000'' in paragraph (2)(A) and inserting ''$1,000,000''.

(c) FAILURE TO COMPLY WITH OTHER INFORMATION REPORTING REQUIREMENTS.—Section 6723 is amended—

(1) by striking ''$50'' and inserting ''$250'', and

(2) by striking ''$100,000'' and inserting ''$1,000,000''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to information returns required to be filed on or after January 1, 2008.

SEC. 547. E-FILING REQUIREMENT FOR CERTAIN LARGE ORGANIZATIONS.

(a) IN GENERAL.—The first sentence of section 6011(e)(2) is amended to read as follows: ''In prescribing regulations under paragraph (1), the Secretary shall take into account (among other relevant factors) the ability of the taxpayer to comply at reasonable cost with the requirements of such regulations.''.

(b) CONFORMING AMENDMENT.—Section 6724 is amended by striking subsection (c).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending on or after December 31, 2008.

SEC. 548. EXPANSION OF IRS ACCESS TO INFORMATION IN NATIONAL DIRECTORY OF NEW HIRES FOR TAX ADMINISTRATION PURPOSES.

(a) IN GENERAL.—Paragraph (3) of section 453(j) of the Social Security Act (42 U.S.C. 653(j)) is amended to read as follows:

''(3) ADMINISTRATION OF FEDERAL TAX LAWS.—The Secretary of the Treasury shall have access to the information in the National Directory of New Hires for purposes of administering the Internal Revenue Code of 1986.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

SEC. 549. DISCLOSURE OF PRISONER RETURN INFORMATION TO FEDERAL BUREAU OF PRISONS.

(a) DISCLOSURE.—

(1) IN GENERAL.—Subsection (l) of section 6103 (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 OF RETURN INFORMATION OF PRISONERS TO FEDERAL BUREAU OF PRISONS.—

''(A) IN GENERAL.—Under such procedures as the Secretary may prescribe, the Secretary may disclose return information with respect to persons incarcerated in Federal prisons whom the Secretary believes filed or facilitated the filing of false or fraudulent returns to the head of the Federal Bureau of Prisons if the Secretary determines that such disclosure is necessary to permit effective tax administration.

''(B) DISCLOSURE BY AGENCY TO EMPLOYEES.—The head of the Federal Bureau of Prisons may redisclose information received under subparagraph (A)—

''(i) only to those officers and employees of the Bureau who are personally and directly engaged in taking administrative actions to address violations of administrative rules and regulations of the prison facility, and

''(ii) solely for the purposes described in subparagraph (C).

''(C) RESTRICTION ON USE OF DISCLOSED INFORMATION.—Return information disclosed under this paragraph may be used only for the purposes of—

''(i) preventing the filing of false or fraudulent returns; and

''(ii) taking administrative actions against individuals who have filed or attempted to file false or fraudulent returns.''.

(2) PROCEDURES AND RECORD KEEPING RELATED TO DISCLOSURE.—Subsection (p)(4) of section 6103 is amended—

(A) by striking ''(14), or (17)'' in the matter before subparagraph (A) and inserting ''(14), (17), or (21)'', and

(B) by striking ''(9), or (16)'' in subparagraph (F)(i) and inserting ''(9), (16), or (21)''.

(3) EVALUATION BY TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION.—Paragraph (3) of section 7803(d) 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) not later than 3 years after the date of the enactment of section 6103(l)(21), submit a written report to Congress on the implementation of such section.''.

(b) ANNUAL REPORTS.—

(1) IN GENERAL.—The Secretary of the Treasury shall submit to Congress and make publicly available an annual report on the filing of false and fraudulent returns by individuals incarcerated in Federal and State prisons.

(2) CONTENTS OF REPORT.—The report submitted under paragraph (1) shall contain statistics on the number of false or fraudulent returns associated with each Federal and State prison and such other information that the Secretary determines is appropriate.

(3) EXCHANGE OF INFORMATION.—For the purpose of gathering information necessary for the reports required under paragraph (1), the Secretary of the Treasury shall enter into agreements with the head of the Federal Bureau of Prisons and the heads of State agencies charged with responsibility for administration of State prisons under which the head of the Bureau or Agency provides to the Secretary not less frequently than annually the names and other identifying information of prisoners incarcerated at each facility administered by the Bureau or Agency.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to disclosures on or after January 1, 2008.

SEC. 550. UNDERSTATEMENT OF TAXPAYER LIABILITY BY RETURN PREPARERS.

(a) APPLICATION OF RETURN PREPARER PENALTIES TO ALL TAX RETURNS.—

(1) DEFINITION OF TAX RETURN PREPARER.—Paragraph (36) of section 7701(a) (relating to income tax preparer) is amended—

(A) by striking ''income'' each place it appears in the heading and the text, and

(B) in subparagraph (A), by striking ''subtitle A'' each place it appears and inserting ''this title''.

(2) CONFORMING AMENDMENTS.—

(A)(i) Section 6060 is amended by striking ''**INCOME TAX RETURN PREPARERS**'' in the heading and inserting ''**TAX RETURN PREPARERS**''.

(ii) Section 6060(a) is amended—

(I) by striking ''an income tax return preparer'' each place it appears and inserting ''a tax return preparer'',

(II) by striking ''each income tax return preparer'' and inserting ''each tax return preparer'', and

(III) by striking ''another income tax return preparer'' and inserting ''another tax return preparer''.

(iii) The item relating to section 6060 in the table of sections for subpart F of part III of subchapter A of chapter 61 is amended by striking ''income tax return preparers'' and inserting ''tax return preparers''.

(iv) Subpart F of part III of subchapter A of chapter 61 is amended by striking ''**INCOME TAX RETURN PREPARERS**'' in the heading and inserting ''**TAX RETURN PREPARERS**''.

(v) The item relating to subpart F in the table of subparts for part III of subchapter A of chapter 61 is amended by striking ''income tax return preparers'' and inserting ''tax return preparers''.

(B) Section 6103(k)(5) is amended—

(i) by striking ''income tax return preparer'' each place it appears and inserting ''tax return preparer'', and

(ii) by striking ''income tax return preparers'' each place it appears and inserting ''tax return preparers''.

(C)(i) Section 6107 is amended—

(I) by striking ''**INCOME TAX RETRUN PREPARER**'' in the heading and inserting ''**TAX RETRUN PREPARER**'',

(II) by striking ''an income tax return preparer'' each place it appears in subsections (a) and (b) and inserting ''a tax return preparer'',

(III) by striking ''INCOME TAX RETURN PREPARER'' in the heading for subsection (b) and inserting ''TAX RETURN PREPARER'', and

(IV) in subsection (c), by striking ''income tax return preparers'' and inserting ''tax return preparers''.

(ii) The item relating to section 6107 in the table of sections for subchapter B of chapter 61 is amended by striking ''Income tax return preparer'' and inserting ''Tax return preparer''.

(D) Section 6109(a)(4) is amended—

(i) by striking ''an income tax return preparer'' and inserting ''a tax return preparer'', and

(ii) by striking ''INCOME RETURN PREPARER'' in the heading and inserting ''TAX RETURN PREPARER''.

(E) Section 6503(k)(4) is amended by striking ''Income tax return preparers'' and inserting ''Tax return preparers''.

(F)(i) Section 6694 is amended—

(I) by striking ''**INCOME TAX RETRUN PREPARER**'' in the heading and inserting ''**TAX RETRUN PREPARER**'',

(II) by striking ''an income tax return preparer'' each place it appears and inserting ''a tax return preparer'',

(III) in subsection (c)(2), by striking ''the income tax return preparer'' and inserting ''the tax return preparer'',

(IV) in subsection (e), by striking ''subtitle A'' and inserting ''this title'', and

(V) in subsection (f), by striking ''income tax return preparer'' and inserting ''tax return preparer''.

(ii) The item relating to section 6694 in the table of sections for part I of subchapter B of chapter 68 is amended by striking ''income tax return preparer'' and inserting ''tax return preparer''.

(G)(i) Section 6695 is amended—

(I) by striking ''**INCOME**'' in the heading, and

(II) by striking ''an income tax return preparer'' each place it appears and inserting ''a tax return preparer''.

(ii) Section 6695(f) is amended—

(I) by striking ''subtitle A'' and inserting ''this title'', and

(II) by striking ''the income tax return preparer'' and inserting ''the tax return preparer''.

(iii) The item relating to section 6695 in the table of sections for part I of subchapter B of chapter 68 is amended by striking ''income''.

(H) Section 6696(e) is amended by striking ''subtitle A'' each place it appears and inserting ''this title''.

(I)(i) Section 7407 is amended—

(I) by striking ''**INCOME TAX RETRUN PREPARERS**'' in the heading and inserting ''**TAX RETRUN PREPARERS**'',

(II) by striking ''an income tax return preparer'' each place it appears and inserting ''a tax return preparer'',

(III) by striking ''income tax preparer'' both places it appears in subsection (a) and inserting ''tax return preparer'', and

(IV) by striking ''income tax return'' in subsection (a) and inserting ''tax return''.

(ii) The item relating to section 7407 in the table of sections for subchapter A of chapter 76 is amended by striking ''income tax return preparers'' and inserting ''tax return preparers''.

(J)(i) Section 7427 is amended—

(I) by striking ''**INCOME TAX RETRUN PREPARERS**'' in the heading and inserting ''**TAX RETRUN PREPARERS**'', and

(II) by striking ''an income tax return preparer'' and inserting ''a tax return preparer''.

(ii) The item relating to section 7427 in the table of sections for subchapter B of chapter 76 is amended to read as follows:

''Sec. 7427. Tax return preparers.''.

(b) MODIFICATION OF PENALTY FOR UNDERSTATEMENT OF TAXPAYER'S LIABILITY BY TAX RETURN PREPARER.—Subsections (a) and (b) of section 6694 are amended to read as follows:

''(a) UNDERSTATEMENT DUE TO UNREASONABLE POSITIONS.—

''(1) IN GENERAL.—Any tax return preparer who prepares any return or claim for refund with respect to which any part of an understatement of liability is due to a position described in paragraph (2) shall pay a penalty with respect to each such return or claim in an amount equal to the greater of—

''(A) $1,000, or

''(B) 50 percent of the income derived (or to be derived) by the tax return preparer with respect to the return or claim.

''(2) UNREASONABLE POSITION.—A position is described in this paragraph if—

''(A) the tax return preparer knew (or reasonably should have known) of the position,

''(B) there was not a reasonable belief that the position would more likely than not be sustained on its merits, and

''(C)(i) the position was not disclosed as provided in section 6662(d)(2)(B)(ii), or

''(ii) there was no reasonable basis for the position.

''(3) REASONABLE CAUSE EXCEPTION.—No penalty shall be imposed under this subsection if it is shown that there is reasonable cause for the understatement and the tax return preparer acted in good faith.

''(b) UNDERSTATEMENT DUE TO WILLFUL OR RECKLESS CONDUCT.—

''(1) IN GENERAL.—Any tax return preparer who prepares any return or claim for refund with respect to which any part of an understatement of liability is due to a conduct described in paragraph (2) shall pay a penalty with respect to each such return or claim in an amount equal to the greater of—

''(A) $5,000, or

''(B) 50 percent of the income derived (or to be derived) by the tax return preparer with respect to the return or claim.

''(2) WILLFUL OR RECKLESS CONDUCT.—Conduct described in this paragraph is conduct by the tax return preparer which is—

''(A) a willful attempt in any manner to understate the liability for tax on the return or claim, or

''(B) a reckless or intentional disregard of rules or regulations.

''(3) REDUCTION IN PENALTY.—The amount of any penalty payable by any person by reason of this subsection for any return or claim for refund shall be reduced by the amount of the penalty paid by such person by reason of subsection (a).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to returns prepared after the date of the enactment of this Act.

SEC. 551. PENALTY FOR FILING ERRONEOUS REFUND CLAIMS.

(a) IN GENERAL.—Part I of subchapter B of chapter 68 (relating to assessable penalties) is amended by inserting after section 6675 the following new section:

''SEC. 6676. ERRONEOUS CLAIM FOR REFUND OR CREDIT.

''(a) CIVIL PENALTY.—If a claim for refund or credit with respect to income tax (other than a claim for a refund or credit relating to the earned income credit under section 32) is made for an excessive amount, unless it is shown that the claim for such excessive amount has a reasonable basis, the person making such claim shall be liable for a penalty in an amount equal to 20 percent of the excessive amount.

''(b) EXCESSIVE AMOUNT.—For purposes of this section, the term 'excessive amount' means in the case of any person the amount by which the amount of the claim for refund or credit for any taxable year exceeds the amount of such claim allowable under this title for such taxable year.

''(c) COORDINATION WITH OTHER PENALTIES.—This section shall not apply to any portion of the excessive amount of a claim for refund or credit on which a penalty is imposed under part II of subchapter A of chapter 68.''.

(b) CONFORMING AMENDMENT.—The table of sections for part I of subchapter B of chapter 68 is amended by inserting after the item relating to section 6675 the following new item:

''Sec. 6676. Erroneous claim for refund or credit.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to any claim—

(1) filed or submitted after the date of the enactment of this Act, or

(2) filed or submitted prior to such date but not withdrawn before the date which is 30 days after such date of enactment.

SEC. 552. SUSPENSION OF CERTAIN PENALTIES AND INTEREST.

(a) IN GENERAL.—Paragraphs (1)(A) and (3)(A) of section 6404(g) are each amended by striking ''18-month period'' and inserting ''36-month period''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to notices provided by the Secretary of the Treasury, or his delegate after the date which is 6 months after the date of the enactment of this Act.

(2) EXCEPTION FOR CERTAIN TAXPAYERS.—The amendments made by this section shall not apply to any taxpayer with respect to whom a suspension of any interest, penalty, addition to tax, or other amount is in effect on the date which is 6 months after the date of the enactment of this Act.

SEC. 553. ADDITIONAL REASONS FOR SECRETARY TO TERMINATE 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 new subparagraphs:

''(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 paragraph (4) of section 6159(b) 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. 554. 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, with his reasons therefor'' 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, with the reasons therefor''.

(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. 555. AUTHORIZATION FOR FINANCIAL MANAGEMENT SERVICE RETENTION OF TRANSACTION FEES FROM LEVIED AMOUNTS.

(a) IN GENERAL.—Subsection (h) of section 6331 (relating to continuing levy on certain payments) is amended by adding at the end the following new paragraph:

''(4) IMPOSITION OF FINANCIAL MANAGEMENT SERVICES TRANSACTION FEES.—If the Secretary approves a levy under this subsection, the Secretary may impose on the taxpayer a transaction fee sufficient to cover the full cost of implementing the levy under this subsection. Such fee—

''(A) shall be treated as an expense under section 6341,

''(B) may be collected through a levy under this subsection, and

''(C) shall be in addition to the amount of tax liability with respect to which such levy was approved.''.

(b) RETENTION OF FEES BY FINANCIAL MANAGEMENT SERVICE.—The Financial Management Service may retain the amount of any transaction fee imposed under section 6331(h)(4) of the Internal Revenue Code of 1986. Any amount retained by the Financial Management Service under that section shall be deposited into the account of the Department of the Treasury under section 3711(g)(7) of title 31, United States Code.

(c) EFFECTIVE DATE.—The amendment made by this section shall apply to amounts levied after the date of the enactment of this Act.

SEC. 556. AUTHORITY FOR UNDERCOVER OPERATIONS.

Paragraph (6) of section 7608(c) (relating to application of section) is amended by striking ''2007'' both places it appears and inserting ''2008''.

SEC. 557. INCREASE IN PENALTY EXCISE TAXES ON THE POLITICAL AND EXCESS LOBBYING ACTIVITIES OF SECTION 501(c)(3) ORGANIZATIONS.

(a) TAXES ON DISQUALIFYING LOBBYING EXPENDITURES OF CERTAIN ORGANIZATIONS.—

(1) IN GENERAL.—Section 4912(a) (relating to tax on organization) is amended by striking ''5 percent'' and inserting ''10 percent''.

(2) TAX ON MANAGEMENT.—Section 4912(b) is amended by striking ''5 percent'' and inserting ''10 percent''.

(b) TAXES ON POLITICAL EXPENDITURES OF SECTION 501(c)(3) ORGANIZATIONS.—

(1) IN GENERAL.—Section 4955(a) (relating to initial taxes) is amended—

(A) in paragraph (1), by striking ''10 percent'' and inserting ''20 percent'', and

(B) in paragraph (2), by striking ''2½ percent'' and inserting ''5 percent''.

(2) INCREASED LIMITATION FOR MANAGERS.—Section 4955(c)(2) is amended—

(A) by striking ''$5,000'' and inserting ''$10,000'', and

(B) by striking ''$10,000'' and inserting ''$20,000''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 558. INCREASED PENALTY FOR FAILURE TO FILE FOR EXEMPT ORGANIZATIONS.

(a) IN GENERAL.—Subparagraph (A) of section 6652(c)(1) (relating to annual returns under section 6033(a)(1) or 6012(a)(6)) is amended by adding at the end the following new sentence: ''In the case of an organization having gross receipts exceeding $25,000,000 for any year, with respect to the return so required, the first sentence of this subparagraph shall be applied by substituting '$250' for '$20' and, in lieu of applying the second sentence of this subparagraph, the maximum penalty under this subparagraph shall not exceed $125,000.''.

(b) CONFORMING AMENDMENT.—The third sentence of section 6652(c)(1)(A) is amended by inserting ''but not exceeding $25,000,000'' after ''$1,000,000''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to returns required to be filed on or after January 1, 2008.

SEC. 559. PENALTIES FOR FAILURE TO FILE CERTAIN RETURNS ELECTRONICALLY.

(a) IN GENERAL.—Part I of subchapter A of chapter 68 (relating to additions to the tax, additional amounts, and assessable penalties) is amended by inserting after section 6652 the following new section:

''SEC. 6652A. FAILURE TO FILE CERTAIN RETURNS ELECTRONICALLY.

''(a) IN GENERAL.—If a person fails to file a return described in section 6651 or 6652(c)(1) in electronic form as required under section 6011(e)—

''(1) such failure shall be treated as a failure to file such return (even if filed in a form other than electronic form), and

''(2) the penalty imposed under section 6651 or 6652(c), whichever is appropriate, shall be equal to the greater of—

''(A) the amount of the penalty under such section, determined without regard to this section, or

''(B) the amount determined under subsection (b).

''(b) AMOUNT OF PENALTY.—

''(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), the penalty determined under this subsection is equal to $40 for each day during which a failure described under subsection (a) continues. The maximum penalty under this paragraph on failures with respect to any 1 return shall not exceed the lesser of $20,000 or 10 percent of the gross receipts of the taxpayer for the year.

''(2) INCREASED PENALTIES FOR TAXPAYERS WITH GROSS RECEIPTS BETWEEN $1,000,000 AND $100,000,000.—

''(A) TAXPAYERS WITH GROSS RECEIPTS BETWEEN $1,000,000 AND $25,000,000.—In the case of a taxpayer having gross receipts exceeding $1,000,000 but not exceeding $25,000,000 for any year—

''(i) the first sentence of paragraph (1) shall be applied by substituting '$200' for '$40', and

''(ii) in lieu of applying the second sentence of paragraph (1), the maximum penalty under paragraph (1) shall not exceed $100,000.

''(B) TAXPAYERS WITH GROSS RECEIPTS OVER $25,000,000.—Except as provided in paragraph (3), in the case of a taxpayer having gross receipts exceeding $25,000,000 for any year—

''(i) the first sentence of paragraph (1) shall be applied by substituting '$500' for '$40', and

''(ii) in lieu of applying the second sentence of paragraph (1), the maximum penalty under paragraph (1) shall not exceed $250,000.

''(3) INCREASED PENALTIES FOR CERTAIN TAXPAYERS WITH GROSS RECEIPTS EXCEEDING $100,000,000.—In the case of a return described in section 6651—

''(A) TAXPAYERS WITH GROSS RECEIPTS BETWEEN $100,000,000 AND $250,000,000.—In the case of a taxpayer having gross receipts exceeding $100,000,000 but not exceeding $250,000,000 for any year—

''(i) the amount of the penalty determined under this subsection shall equal the sum of—

''(I) $50,000, plus

''(II) $1,000 for each day during which such failure continues (twice such amount for each day such failure continues after the first such 60 days), and

''(ii) the maximum amount under clause (i)(II) on failures with respect to any 1 return shall not exceed $200,000.

''(B) TAXPAYERS WITH GROSS RECEIPTS OVER $250,000,000.—In the case of a taxpayer having gross receipts exceeding $250,000,000 for any year—

''(i) the amount of the penalty determined under this subsection shall equal the sum of—

''(I) $250,000, plus

''(II) $2,500 for each day during which such failure continues (twice such amount for each day such failure continues after the first such 60 days), and

''(ii) the maximum amount under clause (i)(II) on failures with respect to any 1 return shall not exceed $250,000.

''(C) EXCEPTION FOR CERTAIN RETURNS.—Subparagraphs (A) and (B) shall not apply to any return of tax imposed under section 511.''.

(b) CLERICAL AMENDMENT.—The table of sections for part I of subchapter A of chapter 68 is amended by inserting after the item relating to section 6652 the following new item:

''Sec. 6652A. Failure to file certain returns electronically.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to returns required to be filed on or after January 1, 2008.

PART III—GENERAL PROVISIONS

SEC. 561. ENHANCED COMPLIANCE ASSISTANCE FOR SMALL BUSINESSES.

(a) IN GENERAL.—Section 212 of the Small Business Regulatory Enforcement Fairness Act of 1996 (5 U.S.C. 601 note) is amended by striking subsection (a) and inserting the following:

''(a) COMPLIANCE GUIDE.—

''(1) IN GENERAL.—For each rule or group of related rules for which an agency is required to prepare a final regulatory flexibility analysis under section 605(b) of title 5, United States Code, the agency shall publish 1 or more guides to assist small entities in complying with the rule and shall entitle such publications 'small entity compliance guides'.

''(2) PUBLICATION OF GUIDES.—The publication of each guide under this subsection shall include—

''(A) the posting of the guide in an easily identified location on the website of the agency; and

''(B) distribution of the guide to known industry contacts, such as small entities, associations, or industry leaders affected by the rule.

''(3) PUBLICATION DATE.—An agency shall publish each guide (including the posting and distribution of the guide as described under paragraph (2))—

''(A) on the same date as the date of publication of the final rule (or as soon as possible after that date); and

''(B) not later than the date on which the requirements of that rule become effective.

''(4) COMPLIANCE ACTIONS.—

''(A) IN GENERAL.—Each guide shall explain the actions a small entity is required to take to comply with a rule.

''(B) EXPLANATION.—The explanation under subparagraph (A)—

''(i) shall include a description of actions needed to meet the requirements of a rule, to enable a small entity to know when such requirements are met; and

''(ii) if determined appropriate by the agency, may include a description of possible procedures, such as conducting tests, that may assist a small entity in meeting such requirements, except that, compliance with any procedures described pursuant to this section does not establish compliance with the rule, or establish a presumption or inference of such compliance.

''(C) PROCEDURES.—Procedures described under subparagraph (B)(ii)—

''(i) shall be suggestions to assist small entities; and

''(ii) shall not be additional requirements, or diminish requirements, relating to the rule.

''(5) AGENCY PREPARATION OF GUIDES.—The agency shall, in its sole discretion, taking into account the subject matter of the rule and the language of relevant statutes, ensure that the guide is written using sufficiently plain language likely to be understood by affected small entities. Agencies may prepare separate guides covering groups or classes of similarly affected small entities and may cooperate with associations of small entities to develop and distribute such guides. An agency may prepare guides and apply this section with respect to a rule or a group of related rules.

''(6) REPORTING.—Not later than 1 year after the date of enactment of the Fair Minimum Wage Act of 2007, and annually thereafter, the head of each agency shall submit a report to the Committee on Small Business and Entrepreneurship of the Senate, the Committee on Small Business of the House of Representatives, and any other committee of relevant jurisdiction describing the status of the agency's compliance with paragraphs (1) through (5).''.

(b) TECHNICAL AND CONFORMING AMENDMENT.—Section 211(3) of the Small Business Regulatory Enforcement Fairness Act of 1996 (5 U.S.C. 601 note) is amended by inserting ''and entitled'' after ''designated''.

SEC. 562. SMALL BUSINESS CHILD CARE GRANT PROGRAM.

(a) ESTABLISHMENT.—The Secretary of Health and Human Services (referred to in this section as the ''Secretary'') shall establish a program to award grants to States, on a competitive basis, to assist States in providing funds to encourage the establishment and operation of employer-operated child care programs.

(b) APPLICATION.—To be eligible to receive a grant under this section, a State shall prepare and submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary may require, including an assurance that the funds required under subsection (e) will be provided.

(c) AMOUNT AND PERIOD OF GRANT.—The Secretary shall determine the amount of a grant to a State under this section based on the population of the State as compared to the population of all States receiving grants under this section. The Secretary shall make the grant for a period of 3 years.

(d) USE OF FUNDS.—

(1) IN GENERAL.—A State shall use amounts provided under a grant awarded under this section to provide assistance to small businesses (or consortia formed in accordance with paragraph (3)) located in the State to enable the small businesses (or consortia) to establish and operate child care programs. Such assistance may include—

(A) technical assistance in the establishment of a child care program;

(B) assistance for the startup costs related to a child care program;

(C) assistance for the training of child care providers;

(D) scholarships for low-income wage earners;

(E) the provision of services to care for sick children or to provide care to school-aged children;

(F) the entering into of contracts with local resource and referral organizations or local health departments;

(G) assistance for care for children with disabilities;

(H) payment of expenses for renovation or operation of a child care facility; or

(I) assistance for any other activity determined appropriate by the State.

(2) APPLICATION.—In order for a small business or consortium to be eligible to receive assistance from a State under this section, the small business involved shall prepare and submit to the State an application at such time, in such manner, and containing such information as the State may require.

(3) PREFERENCE.—

(A) IN GENERAL.—In providing assistance under this section, a State shall give priority to an applicant that desires to form a consortium to provide child care in a geographic area within the State where such care is not generally available or accessible.

(B) CONSORTIUM.—For purposes of subparagraph (A), a consortium shall be made up of 2 or more entities that shall include small businesses and that may include large businesses, nonprofit agencies or organizations, local governments, or other appropriate entities.

(4) LIMITATIONS.—With respect to grant funds received under this section, a State may not provide in excess of $500,000 in assistance from such funds to any single applicant.

(e) MATCHING REQUIREMENT.—To be eligible to receive a grant under this section, a State shall provide assurances to the Secretary that, with respect to the costs to be incurred by a covered entity receiving assistance in carrying out activities under this section, the covered entity will make available (directly or through donations from public or private entities) non-Federal contributions to such costs in an amount equal to—

(1) for the first fiscal year in which the covered entity receives such assistance, not less than 50 percent of such costs ($1 for each $1 of assistance provided to the covered entity under the grant);

(2) for the second fiscal year in which the covered entity receives such assistance, not less than 66⅔ percent of such costs ($2 for each $1 of assistance provided to the covered entity under the grant); and

(3) for the third fiscal year in which the covered entity receives such assistance, not less than 75 percent of such costs ($3 for each $1 of assistance provided to the covered entity under the grant).

(f) REQUIREMENTS OF PROVIDERS.—To be eligible to receive assistance under a grant awarded under this section, a child care provider—

(1) who receives assistance from a State shall comply with all applicable State and local licensing and regulatory requirements and all applicable health and safety standards in effect in the State; and

(2) who receives assistance from an Indian tribe or tribal organization shall comply with all applicable regulatory standards.

(g) STATE-LEVEL ACTIVITIES.—A State may not retain more than 3 percent of the amount described in subsection (c) for State administration and other State-level activities.

(h) ADMINISTRATION.—

(1) STATE RESPONSIBILITY.—A State shall have responsibility for administering a grant awarded for the State under this section and for monitoring covered entities that receive assistance under such grant.

(2) AUDITS.—A State shall require each covered entity receiving assistance under the grant awarded under this section to conduct an annual audit with respect to the activities of the covered entity. Such audits shall be submitted to the State.

(3) MISUSE OF FUNDS.—

(A) REPAYMENT.—If the State determines, through an audit or otherwise, that a covered entity receiving assistance under a grant awarded under this section has misused the assistance, the State shall notify the Secretary of the misuse. The Secretary, upon such a notification, may seek from such a covered entity the repayment of an amount equal to the amount of any such misused assistance plus interest.

(B) APPEALS PROCESS.—The Secretary shall by regulation provide for an appeals process with respect to repayments under this paragraph.

(i) REPORTING REQUIREMENTS.—

(1) 2-YEAR STUDY.—

(A) IN GENERAL.—Not later than 2 years after the date on which the Secretary first awards grants under this section, the Secretary shall conduct a study to determine—

(i) the capacity of covered entities to meet the child care needs of communities within States;

(ii) the kinds of consortia that are being formed with respect to child care at the local level to carry out programs funded under this section; and

(iii) who is using the programs funded under this section and the income levels of such individuals.

(B) REPORT.—Not later than 28 months after the date on which the Secretary first awards grants under this section, the Secretary shall prepare and submit to the appropriate committees of Congress a report on the results of the study conducted in accordance with subparagraph (A).

(2) 4-YEAR STUDY.—

(A) IN GENERAL.—Not later than 4 years after the date on which the Secretary first awards grants under this section, the Secretary shall conduct a study to determine the number of child care facilities that are funded through covered entities that received assistance through a grant awarded under this section and that remain in operation, and the extent to which such facilities are meeting the child care needs of the individuals served by such facilities.

(B) REPORT.—Not later than 52 months after the date on which the Secretary first awards grants under this section, the Secretary shall prepare and submit to the appropriate committees of Congress a report on the results of the study conducted in accordance with subparagraph (A).

(j) DEFINITIONS.—In this section:

(1) COVERED ENTITY.—The term ''covered entity'' means a small business or a consortium formed in accordance with subsection (d)(3).

(2) INDIAN COMMUNITY.—The term ''Indian community'' means a community served by an Indian tribe or tribal organization.

(3) INDIAN TRIBE; TRIBAL ORGANIZATION.—The terms ''Indian tribe'' and ''tribal organization'' have the meanings given the terms in section 658P of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858n).

(4) SMALL BUSINESS.—The term ''small business'' means an employer who employed an average of at least 2 but not more than 50 employees on the business days during the preceding calendar year.

(5) STATE.—The term ''State'' has the meaning given the term in section 658P of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858n).

(k) APPLICATION TO INDIAN TRIBES AND TRIBAL ORGANIZATIONS.—In this section:

(1) IN GENERAL.—Except as provided in subsection (f)(1), and in paragraphs (2) and (3), the term ''State'' includes an Indian tribe or tribal organization.

(2) GEOGRAPHIC REFERENCES.—The term ''State'' includes an Indian community in subsections (c) (the second and third place the term appears), (d)(1) (the second place the term appears), (d)(3)(A) (the second place the term appears), and (i)(1)(A)(i).

(3) STATE-LEVEL ACTIVITIES.—The term ''State-level activities'' includes activities at the tribal level.

(l) AUTHORIZATION OF APPROPRIATIONS.—

(1) IN GENERAL.—There is authorized to be appropriated to carry out this section, $50,000,000 for the period of fiscal years 2008 through 2012.

(2) STUDIES AND ADMINISTRATION.—With respect to the total amount appropriated for such period in accordance with this subsection, not more than $2,500,000 of that amount may be used for expenditures related to conducting studies required under, and the administration of, this section.

(m) TERMINATION OF PROGRAM.—The program established under subsection (a) shall terminate on September 30, 2012.

SEC. 563. STUDY OF UNIVERSAL USE OF ADVANCE PAYMENT OF EARNED INCOME CREDIT.

Not later than 180 days after the date of the enactment of this Act, the Secretary of the Treasury shall report to Congress on a study of the benefits, costs, risks, and barriers to workers and to businesses (with a special emphasis on small businesses) if the advance earned income tax credit program (under section 3507 of the Internal Revenue Code of 1986) included all recipients of the earned income tax credit (under section 32 of such Code) and what steps would be necessary to implement such inclusion.

SEC. 564. SENSE OF THE SENATE CONCERNING PERSONAL SAVINGS.

(a) FINDINGS.—The Senate finds that—

(1) the personal saving rate in the United States is at its lowest point since the Great Depression, with the rate having fallen into negative territory;

(2) the United States ranks at the bottom of the Group of Twenty (G–20) nations in terms of net national saving rate;

(3) approximately half of all the working people of the United States work for an employer that does not offer any kind of retirement plan;

(4) existing savings policies enacted by Congress provide limited incentives to save for low- and moderate-income families; and

(5) the Social Security program was enacted to serve as the safest component of a retirement system that also includes employer-sponsored retirement plans and personal savings.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that—

(1) Congress should enact policies that promote savings vehicles for retirement that are simple, easily accessible and provide adequate financial security for all the people of the United States;

(2) it is important to begin retirement saving as early as possible to take full advantage of the power of compound interest; and

(3) regularly contributing money to a financially-sound investment account is one important method for helping to achieve one's retirement goals.

SEC. 565. RENEWAL GRANTS FOR WOMEN'S BUSINESS CENTERS.

(a) IN GENERAL.—Section 29 of the Small Business Act (15 U.S.C. 656) is amended by adding at the end the following:

''(m) CONTINUED FUNDING FOR CENTERS.—

''(1) IN GENERAL.—A nonprofit organization described in paragraph (2) shall be eligible to receive, subject to paragraph (3), a 3-year grant under this subsection.

''(2) APPLICABILITY.—A nonprofit organization described in this paragraph is a nonprofit organization that has received funding under subsection (b) or (l).

''(3) APPLICATION AND APPROVAL CRITERIA.—

''(A) CRITERIA.—Subject to subparagraph (B), the Administrator shall develop and publish criteria for the consideration and approval of applications by nonprofit organizations under this subsection.

''(B) CONTENTS.—Except as otherwise provided in this subsection, the conditions for participation in the grant program under this subsection shall be the same as the conditions for participation in the program under subsection (l), as in effect on the date of enactment of this Act.

''(C) NOTIFICATION.—Not later than 60 days after the date of the deadline to submit applications for each fiscal year, the Administrator shall approve or deny any application under this subsection and notify the applicant for each such application.

''(4) AWARD OF GRANTS.—

''(A) IN GENERAL.—Subject to the availability of appropriations, the Administrator shall make a grant for the Federal share of the cost of activities described in the application to each applicant approved under this subsection.

''(B) AMOUNT.—A grant under this subsection shall be for not more than $150,000, for each year of that grant.

''(C) FEDERAL SHARE.—The Federal share under this subsection shall be not more than 50 percent.

''(D) PRIORITY.—In allocating funds made available for grants under this section, the Administrator shall give applications under this subsection or subsection (l) priority over first-time applications under subsection (b).

''(5) RENEWAL.—

''(A) IN GENERAL.—The Administrator may renew a grant under this subsection for additional 3-year periods, if the nonprofit organization submits an application for such renewal at such time, in such manner, and accompanied by such information as the Administrator may establish.

''(B) UNLIMITED RENEWALS.—There shall be no limitation on the number of times a grant may be renewed under subparagraph (A).

''(n) PRIVACY REQUIREMENTS.—

''(1) IN GENERAL.—A women's business center may not disclose the name, address, or telephone number of any individual or small business concern receiving assistance under this section without the consent of such individual or small business concern, unless—

''(A) the Administrator is ordered to make such a disclosure by a court in any civil or criminal enforcement action initiated by a Federal or State agency; or

''(B) the Administrator considers such a disclosure to be necessary for the purpose of conducting a financial audit of a women's business center, but a disclosure under this subparagraph shall be limited to the information necessary for such audit.

''(2) ADMINISTRATION USE OF INFORMATION.—This subsection shall not—

''(A) restrict Administration access to program activity data; or

''(B) prevent the Administration from using client information (other than the information described in subparagraph (A)) to conduct client surveys.

''(3) REGULATIONS.—The Administrator shall issue regulations to establish standards for requiring disclosures during a financial audit under paragraph (1)(B).''.

(b) REPEAL.—Section 29(l) of the Small Business Act (15 U.S.C. 656(l)) is repealed effective October 1 of the first full fiscal year after the date of enactment of this Act.

(c) TRANSITIONAL RULE.—Notwithstanding any other provision of law, a grant or cooperative agreement that was awarded under subsection (l) of section 29 of the Small Business Act (15 U.S.C. 656), on or before the day before the date described in subsection (b) of this section, shall remain in full force and effect under the terms, and for the duration, of such grant or agreement.

SEC. 566. REPORTS ON ACQUISITIONS OF ARTICLES, MATERIALS, AND SUPPLIES MANUFACTURED OUTSIDE THE UNITED STATES.

Section 2 of the Buy American Act (41 U.S.C. 10a) is amended—

(1) by striking ''Notwithstanding'' and inserting the following:

''(a) IN GENERAL.—Notwithstanding''; and

(2) by adding at the end the following:

''(b) REPORTS.—

''(1) IN GENERAL.—Not later than 180 days after the end of each of fiscal years 2007 through 2011, the head of each Federal agency shall submit to the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Oversight and Government Reform of the House of Representatives a report on the amount of the acquisitions made by the agency in that fiscal year of articles, materials, or supplies purchased from entities that manufacture the articles, materials, or supplies outside of the United States.

''(2) CONTENTS OF REPORT.—The report required by paragraph (1) shall separately include, for the fiscal year covered by such report—

''(A) the dollar value of any articles, materials, or supplies that were manufactured outside the United States;

''(B) an itemized list of all waivers granted with respect to such articles, materials, or supplies under this Act, and a citation to the treaty, international agreement, or other law under which each waiver was granted;

''(C) if any articles, materials, or supplies were acquired from entities that manufacture articles, materials, or supplies outside the United States, the specific exception under this section that was used to purchase such articles, materials, or supplies; and

''(D) a summary of—

''(i) the total procurement funds expended on articles, materials, and supplies manufactured inside the United States; and

''(ii) the total procurement funds expended on articles, materials, and supplies manufactured outside the United States.

''(3) PUBLIC AVAILABILITY.—The head of each Federal agency submitting a report under paragraph (1) shall make the report publicly available to the maximum extent practicable.

''(4) EXCEPTION FOR INTELLIGENCE COMMUNITY.—This subsection shall not apply to acquisitions made by an agency, or component thereof, that is an element of the intelligence community as specified in, or designated under, section 3(4) of the National Security Act of 1947 (50 U.S.C. 401a(4)).''.

SEC. 567. SENSE OF THE SENATE REGARDING REPEAL OF 1993 INCOME TAX INCREASE ON SOCIAL SECURITY BENEFITS.

It is the sense of the Senate that Congress should repeal the 1993 tax increase on Social Security benefits and eliminate wasteful spending, such as spending on unnecessary tax loopholes, in order to fully offset the cost of such repeal and avoid forcing taxpayers to pay substantially more interest to foreign creditors.

SEC. 568. SENSE OF THE SENATE REGARDING PERMANENT TAX INCENTIVES TO MAKE EDUCATION MORE AFFORDABLE AND MORE ACCESSIBLE FOR AMERICAN FAMILIES.

It is the sense of the Senate that Congress should make permanent the tax incentives to make education more affordable and more accessible for American families and eliminate wasteful spending, such as spending on unnecessary tax loopholes, in order to fully offset the cost of such incentives and avoid forcing taxpayers to pay substantially more interest to foreign creditors.

SEC. 569. RESPONSIBLE GOVERNMENT CONTRACTOR REQUIREMENTS.

Section 274A(e) of the Immigration and Nationality Act (8 U.S.C. 1324a(e)) is amended by adding at the end the following new paragraph:

''(10) PROHIBITION ON AWARD OF GOVERNMENT CONTRACTS, GRANTS, AND AGREEMENTS.—

''(A) EMPLOYERS WITH NO CONTRACTS, GRANTS, OR AGREEMENTS.—

''(i) IN GENERAL.—Subject to clause (iii) and subparagraph (C), if an employer who does not hold a Federal contract, grant, or cooperative agreement is determined to have violated this section, the employer shall be debarred from the receipt of a Federal contract, grant, or cooperative agreement for a period of 7 years.

''(ii) PLACEMENT ON EXCLUDED LIST.—The Secretary of Homeland Security or the Attorney General shall advise the Administrator of General Services of the debarment of an employer under clause (i) and the Administrator of General Services shall list the employer on the List of Parties Excluded from Federal Procurement and Nonprocurement Programs for a period of 7 years.

''(iii) WAIVER.—

''(I) AUTHORITY.—The Administrator of General Services, in consultation with the Secretary of Homeland Security and the Attorney General, may waive operation of clause (i) or may limit the duration or scope of a debarment under clause (i) if such waiver or limitation is necessary to national defense or in the interest of national security.

''(II) NOTIFICATION TO CONGRESS.—If the Administrator grants a waiver or limitation described in subclause (I), the Administrator shall submit to each member of the Committee on the Judiciary of the Senate and of the Committee on the Judiciary of the House of Representatives immediate notice of such waiver or limitation.

''(III) PROHIBITION ON JUDICIAL REVIEW.—The decision of whether to debar or take alternative action under this clause shall not be judicially reviewed.

''(B) EMPLOYERS WITH CONTRACTS, GRANTS, OR AGREEMENTS.—

''(i) IN GENERAL.—Subject to clause (iii) and subclause (C), an employer who holds a Federal contract, grant, or cooperative agreement and is determined to have violated this section shall be debarred from the receipt of new Federal contracts, grants, or cooperative agreements for a period of 10 years.

''(ii) NOTICE TO AGENCIES.—Prior to debarring the employer under clause (i), the Secretary of Homeland Security, in cooperation with the Administrator of General Services, shall advise any agency or department holding a contract, grant, or cooperative agreement with the employer of the Government's intention to debar the employer from the receipt of new Federal contracts, grants, or cooperative agreements for a period of 10 years.

''(iii) WAIVER.—

''(I) AUTHORITY.—After consideration of the views of any agency or department that holds a contract, grant, or cooperative agreement with the employer, the Administrator of General Services, in consultation with the Secretary of Homeland Security and the Attorney General, may waive operation of clause (i) or may limit the duration or scope of the debarment under clause (i) if such waiver or limitation is necessary to the national defense or in the interest of national security.

''(II) NOTIFICATION TO CONGRESS.—If the Administrator grants a waiver or limitation described in subclause (I), the Administrator shall submit to each member of the Committee on the Judiciary of the Senate and of the Committee on the Judiciary of the House of Representatives immediate notice of such waiver or limitation.

''(III) PROHIBITION ON JUDICIAL REVIEW.—The decision of whether to debar or take alternate action under this clause shall not be judicially reviewed.

''(C) EXEMPTION FROM PENALTY FOR EMPLOYERS PARTICIPATING IN THE BASIC PILOT PROGRAM.—In the case of imposition on an employer of a debarment from the receipt of a Federal contract, grant, or cooperative agreement under subparagraph (A) or (B), that penalty shall be waived if the employer establishes that the employer was voluntarily participating in the basic pilot program under section 403(a) of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (8 U.S.C. 1324a note) at the time of the violations of this section that resulted in the debarment.''.

SEC. 570. DISABILITY PREFERENCE PROGRAM FOR TAX COLLECTION CONTRACTS.

(a) IN GENERAL.—Section 6306 (relating to qualified tax collection contracts) is amended—

(1) by striking ''Nothing'' in subsection (a) and inserting ''Except as provided in subsection (c), nothing'',

(2) by redesignating subsections (c), (d), (e), and (f) as subsections (d), (e), (f), and (g), respectively, and

(3) by inserting after subsection (b) the following new subsection:

''(c) DISABILITY PREFERENCE PROGRAM FOR TAX COLLECTION CONTRACTS.—

''(1) IN GENERAL.—The Secretary shall provide a qualifying disability preference to any program under which any qualified tax collection contract is awarded on or after the effective date of this subsection and shall ensure compliance with the requirements of paragraph (3).

''(2) QUALIFYING DISABILITY PREFERENCE.—

''(A) IN GENERAL.—For purposes of this subsection, the term 'qualifying disability preference' means a preference pursuant to which at least 10 percent (in both number and aggregate dollar amount) of the accounts covered by qualified tax collection contracts are awarded to persons satisfying the following criteria:

''(i) Such person employs within the United States at least 50 severely disabled individuals.

''(ii) Such person shall agree as an enforceable condition of its bid for a qualified tax collection contract that within 90 days after the date such contract is awarded, not less than 35 percent of the employees of such person employed in connection with providing services under such contract shall—

''(I) be hired after the date such contract is awarded, and

''(II) be severely disabled individuals.

''(B) DETERMINATION OF SATISFACTION OF CRITERIA.—Within 60 days after the end of the period specified in subparagraph (A)(ii), the Secretary shall determine whether such person has met the 35 percent requirement specified in such subparagraph, and if such requirement has not been met, shall terminate the contract for nonperformance. For purposes of determining whether such 35 percent requirement has been satisfied, severely disabled individuals providing services under such contract shall not include any severely disabled individuals who were counted toward satisfaction of the 50-employee requirement specified in subparagraph (A)(i), unless such person replaced such individuals by hiring additional severely disabled individuals who do not perform services under such contract.

''(3) PROGRAM-WIDE EMPLOYMENT OF SEVERELY DISABLED INDIVIDUALS.—Not less than 15 percent of all individuals hired by all persons to whom tax collection contracts are issued by the Secretary under this section, to perform work under such tax collection contracts, shall qualify as severely disabled individuals.

''(4) SEVERELY DISABLED INDIVIDUAL.—For purposes of this subsection, the term 'severely disabled individual' means any one of the following:

''(A) Any veteran of the United States Armed Forces with—

''(i) a disability determined by the Secretary of Veterans Affairs to be service-connected, or

''(ii) a disability deemed by statute to be service-connected.

''(B) Any individual who is a disabled beneficiary (as defined in section 1148(k)(2) of the Social Security Act (42 U.S.C. 1320b–19(k)(2)) or who would be considered to be such a disabled beneficiary but for having income or assets in excess of the income or asset eligibility limits established under title II or XVI of the Social Security Act, respectively.''.

(b) REPORT BY GOVERNMENT ACCOUNTABILITY OFFICE.—

(1) IN GENERAL.—The Comptroller General of the United States shall conduct a study of the effectiveness and efficiency of the use of private contractors for Internal Revenue Service debt collection. The study required by this paragraph shall be completed in time to be taken into account by Congress before any new contracting is carried out under section 6306 of the Internal Revenue Code of 1986 in years following 2008.

(2) STUDY OF COMPARABLE EFFORTS.—As part of the study required under paragraph (1), the Comptroller General shall—

(A) make every effort to determine the relative effectiveness and efficiency of debt collection contracting by Federal staff compared to private contractors, using a cost calculation for both Federal staff and private contractors which includes all benefits and overhead costs,

(B) compare the cost effectiveness of the contracting approach of the Department of the Treasury to that of the Department of Education's Office of Student Financial Assistance, and

(C) survey State tax debt collection experiences for lessons that may be applicable to the Internal Revenue Service collection efforts.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to any tax collection contract awarded on or after the date of the enactment of this Act.

SA 781. Mrs. LINCOLN (for herself, Mr. SMITH, and Ms. CANTWELL) submitted an amendment intended to be proposed by her to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the end of title V, add the following:

SEC. _____. DEDUCTION FOR QUALIFIED TIMBER GAIN.

(a) IN GENERAL.—Part I of subchapter P of chapter 1 is amended by adding at the end the following new section:

''SEC. 1203. DEDUCTION FOR QUALIFIED TIMBER GAIN.

''(a) IN GENERAL.—In the case of a taxpayer which elects the application of this section for a taxable year, there shall be allowed a deduction against gross income equal to 60 percent of the lesser of—

''(1) the taxpayer's qualified timber gain for such year, or

''(2) the taxpayer's net capital gain for such year.

''(b) QUALIFIED TIMBER GAIN.—For purposes of this section, the term 'qualified timber gain' means, with respect to any taxpayer for any taxable year, the excess (if any) of—

''(1) the sum of the taxpayer's gains described in subsections (a) and (b) of section 631 for such year, over

''(2) the sum of the taxpayer's losses described in such subsections for such year.

''(c) SPECIAL RULES FOR PASS-THRU ENTITIES.—In the case of any qualified timber gain of a pass-thru entity (as defined in section 1(h)(10)), the election under this section shall be made separately by each taxpayer subject to tax on such gain.''.

(b) COORDINATION WITH MAXIMUM CAPITAL GAINS RATES.—

(1) TAXPAYERS OTHER THAN CORPORATIONS.—Paragraph (2) of section 1(h) is amended to read as follows:

''(2) REDUCTION OF NET CAPITAL GAIN.—For purposes of this subsection, the net capital gain for any taxable year shall be reduced (but not below zero) by the sum of—

''(A) the amount which the taxpayer takes into account as investment income under section 163(d)(4)(B)(iii), and

''(B) the lesser of—

''(i) the amount described in paragraph (1) of section 1203(a), or

''(ii) the amount described in paragraph (2) of such section.''.

(2) CORPORATIONS.—Section 1201 is amended by redesignating subsection (b) as subsection (c) and inserting after subsection (a) the following new subsection:

''(b) QUALIFIED TIMBER GAIN NOT TAKEN INTO ACCOUNT.—For purposes of this section, in the case of a corporation with respect to which an election is in effect under section 1203, the net capital gain for any taxable year shall be reduced (but not below zero) by the corporation's qualified timber gain (as defined in section 1203(b)).''.

(c) DEDUCTION ALLOWED WHETHER OR NOT INDIVIDUAL ITEMIZES OTHER DEDUCTIONS.—Subsection (a) of section 62 is amended by inserting before the last sentence the following new paragraph:

''(21) QUALIFIED TIMBER GAINS.—The deduction allowed by section 1203.''.

(d) DEDUCTION ALLOWED IN COMPUTING ADJUSTED CURRENT EARNINGS.—Subparagraph (C) of section 56(g)(4) is amended by adding at the end the following new clause:

''(vii) DEDUCTION FOR QUALIFIED TIMBER GAIN.—Clause (i) shall not apply to any deduction allowed under section 1203.''.

(e) DEDUCTION ALLOWED IN COMPUTING TAXABLE INCOME OF ELECTING SMALL BUSINESS TRUSTS.—Subparagraph (C) of section 641(c)(2) is amended by inserting after clause (iii) the following new clause:

''(iv) The deduction allowed under section 1203.''.

(f) CONFORMING AMENDMENTS.—

(1) Subparagraph (B) of section 172(d)(2) is amended to read as follows:

''(B) the exclusion under section 1202 and the deduction under section 1203 shall not be allowed.''.

(2) Paragraph (4) of section 642(c) is amended by striking the first sentence and inserting the following: ''To the extent that the amount otherwise allowable as a deduction under this subsection consists of gain described in section 1202(a) or qualified timber gain (as defined in section 1203(b)), proper adjustment shall be made for any exclusion allowable to the estate or trust under section 1202 and for any deduction allowable to the estate or trust under section 1203.''

(3) Paragraph (3) of section 643(a) is amended by striking the last sentence and inserting the following: ''The exclusion under section 1202 and the deduction under section 1203 shall not be taken into account.''

(4) Subparagraph (C) of section 643(a)(6) is amended to read as follows:

''(C) Paragraph (3) shall not apply to a foreign trust. In the case of such a trust—

''(i) there shall be included gains from the sale or exchange of capital assets, reduced by losses from such sales or exchanges to the extent such losses do not exceed gains from such sales or exchanges, and

''(ii) the deduction under section 1203 shall not be taken into account.''.

(5) Paragraph (4) of section 691(c) is amended by inserting ''1203,'' after ''1202,''.

(6) Paragraph (2) of section 871(a) is amended by inserting ''and 1203'' after ''section 1202''.

(7) The table of sections for part I of subchapter P of chapter 1 is amended by adding at the end the following new item:

''Sec. 1203. Deduction for qualified timber gain.''.

(g) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years ending after the date of the enactment of this Act and before January 1, 2009.

(2) TAXABLE YEARS WHICH INCLUDE DATE OF ENACTMENT.—In the case of any taxable year which includes the date of the enactment of this Act, for purposes of the Internal Revenue Code of 1986, the taxpayer's qualified timber gain shall not exceed the excess that would be described in section 1203(b) of such Code, as added by this section, if only dispositions of timber after such date were taken into account.

SA 782. Mrs. LINCOLN submitted an amendment intended to be proposed by her to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the end of title V, add the following:

SEC. _____. SPECIAL PERIOD OF LIMITATION WHEN UNIFORMED SERVICES RETIRED PAY IS REDUCED AS A RESULT OF AWARD OF DISABILITY COMPENSATION.

(a) IN GENERAL.—Subsection (d) of section 6511 (relating to special rules applicable to income taxes) is amended by adding at the end the following new paragraph:

''(8) SPECIAL RULES WHEN UNIFORMED SERVICES RETIRED PAY IS REDUCED AS A RESULT OF AWARD OF DISABILITY COMPENSATION.—

''(A) PERIOD OF LIMITATION ON FILING CLAIM.—If the claim for credit or refund relates to an overpayment of tax imposed by subtitle A on account of—

''(i) the reduction of uniformed services retired pay computed under section 1406 or 1407 of title 10, United States Code, or

''(ii) the waiver of such pay under section 5305 of title 38 of such Code,

as a result of an award of compensation under title 38 of such Code pursuant to a determination by the Secretary of Veterans Affairs, the 3-year period of limitation prescribed in subsection (a) shall be extended, for purposes of permitting a credit or refund based upon the amount of such reduction or waiver, until the end of the 1-year period beginning on the date of such determination.

''(B) LIMITATION TO 5 TAXABLE YEARS.—Subparagraph (A) shall not apply with respect to any taxable year which began more than 5 years before the date of such determination.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to claims for credit or refund filed after the date of the enactment of this Act.

(c) TRANSITION RULES.—In the case of a determination described in paragraph (8) of section 6511(d) of the Internal Revenue Code of 1986 (as added by this section) which is made by the Secretary of Veterans Affairs after December 31, 2000, and before the date of the enactment of this Act, such paragraph—

(1) shall not apply with respect to any taxable year which began before January 1, 2001, and

(2) shall be applied by substituting ''the date of the enactment of this paragraph'' for ''the date of such determination'' in subparagraph (A) thereof.

(d) PENALTY FOR FILING ERRONEOUS REFUND CLAIMS.—

(1) IN GENERAL.—Part I of subchapter B of chapter 68 (relating to assessable penalties) is amended by inserting after section 6675 the following new section:

''SEC. 6676. ERRONEOUS CLAIM FOR REFUND OR CREDIT.

''(a) CIVIL PENALTY.—If a claim for refund or credit with respect to income tax (other than a claim for a refund or credit relating to the earned income credit under section 32) is made for an excessive amount, unless it is shown that the claim for such excessive amount has a reasonable basis, the person making such claim shall be liable for a penalty in an amount equal to 20 percent of the excessive amount.

''(b) EXCESSIVE AMOUNT.—For purposes of this section, the term 'excessive amount' means in the case of any person the amount by which the amount of the claim for refund or credit for any taxable year exceeds the amount of such claim allowable under this title for such taxable year.

''(c) COORDINATION WITH OTHER PENALTIES.—This section shall not apply to any portion of the excessive amount of a claim for refund or credit on which a penalty is imposed under part II of subchapter A of chapter 68.''.

(2) CONFORMING AMENDMENT.—The table of sections for part I of subchapter B of chapter 68 is amended by inserting after the item relating to section 6675 the following new item:

''Sec. 6676. Erroneous claim for refund or credit.''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to any return filed on or after January 1, 2008.

SA 783. Mr. DORGAN submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

On Page 62, line 18, insert the following before the period:

Provided further, That the Secretary of the Army, acting through the Chief of Engineers, is provided an additional $3,000,000 under this heading to rehabilitate the flood damage project for Marmarth, North Dakota, to Federal levee standards: *Provided further*, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress).

SA 784. Mr. DURBIN (for himself, Mr. BIDEN, Mr. MENENDEZ, Mr. LEVIN, and Mr. CARDIN) submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 44, beginning on line 16, strike ''$323,000,000'' and all that follows through ''$128,000,000'' on line 17 and insert the following: ''$373,000,000, to remain available until September 30, 2008, of which up to $178,000,000''.

SA 785. Mr. DURBIN (for himself, Mrs. BOXER, and Mr. BROWN) submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

Beginning on page 37, line 25, strike ''$161,000,000'' and all that follows through page 38, line 7, and insert the following: ''$211,000,000, to remain available until September 30, 2008: *Provided*, That notwithstanding any other provision of law, funds made available under the heading 'Millennium Challenge Corporation' and 'Global HIV/AIDS Initiative' in prior Acts making appropriations for foreign operations, export financing and related programs may be made available to combat the avian influenza, subject to the regular notification procedures of the Committees on Appropriations: *Provided further*, That of the funds appropriated under this heading, $50,000,000 shall be made available to combat the spread of multidrug resistant tuberculosis (MDR–TB) and extremely or extensively drug resistant tuberculosis (XDR–TB) in sub-Saharan Africa.''.

SA 786. Mr. BINGAMAN (for himself and Mrs. HUTCHISON) submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 14, line 21, strike beginning with ''to'' through ''Asia:'' on line 24 and insert '', to remain available until expended of which $20,000,000 shall be for the National Guard Counterdrug Support Program to be allocated to States based on the most immediate drug threats: *Provided*, That the remainder of these funds may be used only for such activities related to Afghanistan and Central Asia:''.

SA 787. Mr. LEVIN (for himself, Ms. STABENOW, and Mr. DURBIN) submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ___. EMERALD ASH BORER.

The Secretary shall use $15,000,000 of funds of the Commodity Credit Corporation to carry out activities for the eradication of the emerald ash borer in the States of Michigan, Ohio, Indiana, Illinois and Maryland.

SA 788. Mr. GREGG submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 11, strike line 1 and all that follows through page 155, line 15, and insert the following:

OTHER PROCUREMENT, ARMY

For an additional amount for ''Other Procurement, Army'', $12,588,272,000, to remain available until September 30, 2009.

AIRCRAFT PROCUREMENT, NAVY

For an additional amount for ''Aircraft Procurement, Navy'', $963,903,000, to remain available until September 30, 2009.

WEAPONS PROCUREMENT, NAVY

For an additional amount for ''Weapons Procurement, Navy'', $163,813,000, to remain available until September 30, 2009.

PROCUREMENT OF AMMUNITION, NAVY AND MARINE CORPS

For an additional amount for ''Procurement of Ammunition, Navy and Marine Corps'', $159,833,000, to remain available until September 30, 2009.

OTHER PROCUREMENT, NAVY

For an additional amount for ''Other Procurement, Navy'', $722,506,000, to remain available until September 30, 2009.

PROCUREMENT, MARINE CORPS

For an additional amount for ''Procurement, Marine Corps'', $3,896,389,000, to remain available until September 30, 2009.

AIRCRAFT PROCUREMENT, AIR FORCE

For an additional amount for ''Aircraft Procurement, Air Force'', $1,431,756,000, to remain available until September 30, 2009.

MISSILE PROCUREMENT, AIR FORCE

For an additional amount for ''Missile Procurement, Air Force'', $78,900,000, to remain available until September 30, 2009.

PROCUREMENT OF AMMUNITION, AIR FORCE

For an additional amount for ''Procurement of Ammunition, Air Force'', $6,000,000, to remain available until September 30, 2009.

OTHER PROCUREMENT, AIR FORCE

For an additional amount for ''Other Procurement, Air Force'', $1,972,131,000, to remain available until September 30, 2009.

PROCUREMENT, DEFENSE-WIDE

For an additional amount for ''Procurement, Defense-Wide'', $903,092,000, to remain available until September 30, 2009.

NATIONAL GUARD AND RESERVE EQUIPMENT

For an additional amount for ''National Guard and Reserve Equipment'', $1,000,000,000, to remain available until September 30, 2009.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, ARMY

For an additional amount for ''Research, Development, Test and Evaluation, Army'', $125,576,000, to remain available until September 30, 2008.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, NAVY

For an additional amount for ''Research, Development, Test and Evaluation, Navy'', $308,212,000, to remain available until September 30, 2008.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, AIR FORCE

For an additional amount for ''Research, Development, Test and Evaluation, Air Force'', $233,869,000, to remain available until September 30, 2008.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, DEFENSE-WIDE

For an additional amount for ''Research, Development, Test and Evaluation, Defense-Wide'', $522,804,000, to remain available until September 30, 2008.

REVOLVING AND MANAGEMENT FUNDS

NATIONAL DEFENSE SEALIFT FUND

For an additional amount for ''National Defense Sealift Fund'', $5,000,000.

DEFENSE WORKING CAPITAL FUNDS

For an additional amount for ''Defense Working Capital Funds'', $1,315,526,000.

OTHER DEPARTMENT OF DEFENSE PROGRAMS

DEFENSE HEALTH PROGRAM

For an additional amount for ''Defense Health Program'', $2,466,847,000; of which $2,277,147,000 shall be for operation and maintenance; of which $118,000,000, to remain available for obligation until September 30, 2009, shall be for Procurement; and of which $71,700,000, to remain available for obligation until September 30, 2008, shall be for Research, development, test and evaluation.

DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES, DEFENSE

(INCLUDING TRANSFER OF FUNDS)

For an additional amount for ''Drug Interdiction and Counter-Drug Activities, Defense'', $254,665,000, to remain available until expended: *Provided*, That these funds may be used only for such activities related to Afghanistan and Central Asia: *Provided further*, That the Secretary of Defense may transfer such funds only to appropriations for military personnel; operation and maintenance; procurement; and research, development, test and evaluation: *Provided further*, That the funds transferred shall be merged with and be available for the same purposes and for the same time period as the appropriation to which transferred: *Provided further*, That the transfer authority provided in this paragraph is in addition to any other transfer authority available to the Department of Defense: *Provided further*, That upon a determination that all or part of the funds transferred from this appropriation are not necessary for the purposes provided herein, such amounts may be transferred back to this appropriation.

RELATED AGENCY

INTELLIGENCE COMMUNITY MANAGEMENT ACCOUNT

For an additional amount for ''Intelligence Community Management Account'', $71,726,000.

GENERAL PROVISIONS—THIS CHAPTER

SEC. 1301. Appropriations provided in this chapter are available for obligation until September 30, 2007, unless otherwise provided in this chapter.

(TRANSFER OF FUNDS)

SEC. 1302. Upon his determination that such action is necessary in the national interest, the Secretary of Defense may transfer between appropriations up to $3,500,000,000 of the funds made available to the Department of Defense in this title: *Provided*, That the Secretary shall notify the Congress promptly of each transfer made pursuant to the authority in this section: *Provided further*, That the authority provided in this section is in addition to any other transfer authority available to the Department of Defense and is subject to the same terms and conditions as the authority provided in section 8005 of the Department of Defense Appropriations Act, 2007 (Public Law 109–289; 120 Stat. 1257), except for the fourth proviso: *Provided further*, That funds previously transferred to the ''Joint Improvised Explosive Device Defeat Fund'' and the ''Iraq Security Forces Fund'' under the authority of section 8005 of Public Law 109–289 and transferred back to their source appropriations accounts shall not be taken into account for purposes of the limitation on the amount of funds that may be transferred under section 8005.

SEC. 1303. Funds appropriated in this chapter, or made available by the transfer of funds in or pursuant to this chapter, for intelligence activities are deemed to be specifically authorized by the Congress for purposes of section 504(a)(1) of the National Security Act of 1947 (50 U.S.C. 414(a)(1)).

SEC. 1304. None of the funds provided in this chapter may be used to finance programs or activities denied by Congress in fiscal years 2006 or 2007 appropriations to the Department of Defense or to initiate a procurement or research, development, test and evaluation new start program without prior written notification to the congressional defense committees.

SEC. 1305. During fiscal year 2007, the Secretary of Defense may transfer not to exceed $6,300,000 of the amounts in or credited to the Defense Cooperation Account, pursuant to 10 U.S.C. 2608, to such appropriations or funds of the Department of Defense as he shall determine for use consistent with the purposes for which such funds were contributed and accepted: *Provided*, That such amounts shall be available for the same time period as the appropriation to which transferred: *Provided further*, That the Secretary shall report to the Congress all transfers made pursuant to this authority.

SEC. 1306. (a) AUTHORITY TO PROVIDE SUPPORT.—Of the amount appropriated by this title under the heading, ''Drug Interdiction and Counter-Drug Activities, Defense'', not to exceed $60,000,000 may be used for support for counter-drug activities of the Governments of Afghanistan, Kazakhstan, and Pakistan: *Provided*, That such support shall be in addition to support provided for the counter-drug activities of such Governments under any other provision of the law.

(b) TYPES OF SUPPORT.—

(1) Except as specified in subsection (b)(2) of this section, the support that may be provided under the authority in this section shall be limited to the types of support specified in section 1033(c)(1) of the National Defense Authorization Act for Fiscal Year 1998 (Public Law 105–85, as amended by Public Laws 106–398, 108–136, and 109–364) and conditions on the provision of support as contained in section 1033 shall apply for fiscal year 2007.

(2) The Secretary of Defense may transfer vehicles, aircraft, and detection, interception, monitoring and testing equipment to said Governments for counter-drug activities.

SEC. 1307. (a) From funds made available for operations and maintenance in this title to the Department of Defense, not to exceed $456,400,000 may be used, notwithstanding any other provision of law, to fund the Commander's Emergency Response Program, for the purpose of enabling military commanders in Iraq and Afghanistan to respond to urgent humanitarian relief and reconstruction requirements within their areas of responsibility by carrying out programs that will immediately assist the Iraqi and Afghan people.

(b) QUARTERLY REPORTS.—Not later than 15 days after the end of each fiscal year quarter, the Secretary of Defense shall submit to the congressional defense committees a report regarding the source of funds and the allocation and use of funds during that quarter that were made available pursuant to the authority provided in this section or under any other provision of law for the purposes of the programs under subsection (a).

SEC. 1308. During fiscal year 2007, supervision and administration costs associated with projects carried out with funds appropriated to ''Afghanistan Security Forces Fund'' or ''Iraq Security Forces Fund'' in this chapter may be obligated at the time a construction contract is awarded: *Provided*,

That for the purpose of this section, supervision and administration costs include all in-house Government costs.

SEC. 1309. Section 1005(c)(2) of the National Defense Authorization Act, Fiscal Year 2007 (Public Law 109–364) is amended by striking ''$310,277,000'' and inserting ''$376,446,000''.

SEC. 1310. None of the funds appropriated or otherwise made available by this or any other Act shall be obligated or expended by the United States Government for a purpose as follows:

(1) To establish any military installation or base for the purpose of providing for the permanent stationing of United States Armed Forces in Iraq.

(2) To exercise United States control over any oil resource of Iraq.

SEC. 1311. None of the funds made available in this Act may be used in contravention of the following laws enacted or regulations promulgated to implement the United Nations Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (done at New York on December 10, 1984):

(1) Section 2340A of title 18, United States Code;

(2) Section 2242 of the Foreign Affairs Reform and Restructuring Act of 1998 (division G of Public Law 105–277; 112 Stat. 2681–822; 8 U.S.C. 1231 note) and regulations prescribed thereto, including regulations under part 208 of title 8, Code of Federal Regulations, and part 95 of title 22, Code of Federal Regulations; and

(3) Sections 1002 and 1003 of the Department of Defense, Emergency Supplemental Appropriations to Address Hurricanes in the Gulf of Mexico, and Pandemic Influenza Act, 2006 (Public Law 109–148).

SEC. 1312. Section 9007 of Public Law 109–289 is amended by striking ''20'' and inserting ''287''.

SEC. 1313. INSPECTION OF MILITARY MEDICAL TREATMENT FACILITIES, MILITARY QUARTERS HOUSING MEDICAL HOLD PERSONNEL, AND MILITARY QUARTERS HOUSING MEDICAL HOLDOVER PERSONNEL.L (a) PERIODIC INSPECTION REQUIRED.—

(1) IN GENERAL.—Not later than 180 days after the date of the enactment of this Act, and annually thereafter, the Secretary of Defense shall inspect each facility of the Department of Defense as follows:

(A) Each military medical treatment facility.

(B) Each military quarters housing medical hold personnel.

(C) Each military quarters housing medical holdover personnel.

(2) PURPOSE.—The purpose of an inspection under this subsection is to ensure that the facility or quarters concerned meets acceptable standards for the maintenance and operation of medical facilities, quarters housing medical hold personnel, or quarters housing medical holdover personnel, as applicable.

(b) ACCEPTABLE STANDARDS.—For purposes of this section, acceptable standards for the operation and maintenance of military medical treatment facilities, military quarters housing medical hold personnel, or military quarters housing medical holdover personnel are each of the following:

(1) Generally accepted standards for the accreditation of non-military medical facilities, or for facilities used to quarter individuals with medical conditions that may require medical supervision, as applicable, in the United States.

(2) Standards under the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.).

(c) ADDITIONAL INSPECTIONS ON IDENTIFIED DEFICIENCIES.—

(1) IN GENERAL.—In the event a deficiency is identified pursuant to subsection (a) at a facility or quarters described in paragraph (1) of that subsection—

(A) the commander of such facility or quarters, as applicable, shall submit to the Secretary a detailed plan to correct the deficiency; and

(B) the Secretary shall reinspect such facility or quarters, as applicable, not less often than once every 180 days until the deficiency is corrected.

(2) CONSTRUCTION WITH OTHER INSPECTIONS.—An inspection of a facility or quarters under this subsection is in addition to any inspection of such facility or quarters under subsection (a).

(d) REPORTS ON INSPECTIONS.—A complete copy of the report on each inspection conducted under subsections (a) and (c) shall be submitted in unclassified form to the applicable military medical command and to the congressional defense committees.

(e) REPORT ON STANDARDS.—In the event no standards for the maintenance and operation of military medical treatment facilities, military quarters housing medical hold personnel, or military quarters housing medical holdover personnel exist as of the date of the enactment of this Act, or such standards as do exist do not meet acceptable standards for the maintenance and operation of such facilities or quarters, as the case may be, the Secretary shall, not later than 30 days after that date, submit to Congress a report setting forth the plan of the Secretary to ensure—

(1) the adoption by the Department of standards for the maintenance and operation of military medical facilities, military quarters housing medical hold personnel, or military quarters housing medical holdover personnel, as applicable, that meet—

(A) acceptable standards for the maintenance and operation of such facilities or quarters, as the case may be; and

(B) standards under the Americans with Disabilities Act of 1990; and

(2) the comprehensive implementation of the standards adopted under paragraph (1) at the earliest date practicable.

SEC. 1314. From funds made available for the ''Iraq Security Forces Fund'' for fiscal year 2007, up to $155,500,000 may be used, notwithstanding any other provision of law, to provide assistance, with the concurrence of the Secretary of State, to the Government of Iraq to support the disarmament, demobilization, and reintegration of militias and illegal armed groups.

SEC. 1315. REVISION OF UNITED STATES POLICY ON IRAQ. (a) FINDINGS.—Congress makes the following findings:

(1) Congress and the American people will continue to support and protect the members of the United States Armed Forces who are serving or have served bravely and honorably in Iraq.

(2) The circumstances referred to in the Authorization for Use of Military Force Against Iraq Resolution of 2002 (Public Law 107–243) have changed substantially.

(3) United States troops should not be policing a civil war, and the current conflict in Iraq requires principally a political solution.

(4) United States policy on Iraq must change to emphasize the need for a political solution by Iraqi leaders in order to maximize the chances of success and to more effectively fight the war on terror.

(b) PROMPT COMMENCEMENT OF PHASED REDEPLOYMENT OF UNITED STATES FORCES FROM IRAQ.—

(1) TRANSITION OF MISSION.—The President shall promptly transition the mission of United States forces in Iraq to the limited purposes set forth in paragraph (2).

(2) COMMENCEMENT OF PHASED REDEPLOYMENT FROM IRAQ.—The President shall commence the phased redeployment of United States forces from Iraq not later than 120 days after the date of the enactment of this Act, with the goal of redeploying, by March 31, 2008, all United States combat forces from Iraq except for a limited number that are essential for the following purposes:

(A) Protecting United States and coalition personnel and infrastructure.

(B) Training and equipping Iraqi forces.

(C) Conducting targeted counter-terrorism operations.

(3) COMPREHENSIVE STRATEGY.—Paragraph (2) shall be implemented as part of a comprehensive diplomatic, political, and economic strategy that includes sustained engagement with Iraq's neighbors and the international community for the purpose of working collectively to bring stability to Iraq.

(4) REPORTS REQUIRED.—Not later than 60 days after the date of the enactment of this Act, and every 90 days thereafter, the President shall submit to Congress a report on the progress made in transitioning the mission of the United States forces in Iraq and implementing the phased redeployment of United States forces from Iraq as required under this subsection, as well as a classified campaign plan for Iraq, including strategic and operational benchmarks and projected redeployment dates of United States forces from Iraq.

(c) BENCHMARKS FOR THE GOVERNMENT OF IRAQ.—

(1) SENSE OF CONGRESS.—It is the sense of Congress that—

(A) achieving success in Iraq is dependent on the Government of Iraq meeting specific benchmarks, as reflected in previous commitments made by the Government of Iraq, including—

(i) deploying trained and ready Iraqi security forces in Baghdad;

(ii) strengthening the authority of Iraqi commanders to make tactical and operational decisions without political intervention;

(iii) disarming militias and ensuring that Iraqi security forces are accountable only to the central government and loyal to the constitution of Iraq;

(iv) enacting and implementing legislation to ensure that the energy resources of Iraq benefit all Iraqi citizens in an equitable manner;

(v) enacting and implementing legislation that equitably reforms the de-Ba'athification process in Iraq;

(vi) ensuring a fair process for amending the constitution of Iraq so as to protect minority rights; and

(vii) enacting and implementing rules to equitably protect the rights of minority political parties in the Iraqi Parliament; and

(B) each benchmark set forth in subparagraph (A) should be completed expeditiously and pursuant to a schedule established by the Government of Iraq.

(2) REPORT.—Not later than 30 days after the date of the enactment of this Act, and every 60 days thereafter, the Commander, Multi-National Forces-Iraq shall submit to Congress a report describing and assessing in detail the current progress being made by the Government of Iraq in meeting the benchmarks set forth in paragraph (1)(A).

CHAPTER 4

DEPARTMENT OF ENERGY

ATOMIC ENERGY DEFENSE ACTIVITIES

NATIONAL NUCLEAR SECURITY ADMINISTRATION

DEFENSE NUCLEAR NONPROLIFERATION

For an additional amount for ''Defense Nuclear Nonproliferation'', $63,000,000.

CHAPTER 5

DEPARTMENT OF HOMELAND SECURITY

UNITED STATES CUSTOMS AND BORDER PROTECTION

SALARIES AND EXPENSES

For an additional amount for ''Salaries and Expenses'', $140,000,000, to remain available until September 30, 2008.

AIR AND MARINE INTERDICTION, OPERATIONS, MAINTENANCE, AND PROCUREMENT

For an additional amount for ''Air and Marine Interdiction, Operations, Maintenance, and Procurement'', for air and marine operations on the Northern Border and the Great Lakes, including the final Northern Border air wing, $75,000,000, to remain available until September 30, 2008.

IMMIGRATION AND CUSTOMS ENFORCEMENT

SALARIES AND EXPENSES

For an additional amount for ''Salaries and Expenses'', $20,000,000, to remain available until September 30, 2008.

TRANSPORTATION SECURITY ADMINISTRATION

AVIATION SECURITY

For an additional amount for ''Aviation Security'', $660,000,000; of which $600,000,000 shall be for procurement and installation of checked baggage explosives detection systems, to remain available until expended; and $60,000,000 shall be for air cargo security, to remain available until September 30, 2008.

FEDERAL AIR MARSHALS

For an additional amount for ''Federal Air Marshals'', $15,000,000, to remain available until September 30, 2008.

PREPAREDNESS

MANAGEMENT AND ADMINISTRATION

For an additional amount for ''Office of the Chief Medical Officer'' for nuclear preparedness and other activities, $18,000,000, to remain available until September 30, 2008.

INFRASTRUCTURE PROTECTION AND INFORMATION SECURITY

For an additional amount for ''Infrastructure Protection and Information Security'' for chemical site security activities, $18,000,000, to remain available until September 30, 2008.

FEDERAL EMERGENCY MANAGEMENT AGENCY

ADMINISTRATIVE AND REGIONAL OPERATIONS

For an additional amount for ''Administrative and Regional Operations'' for necessary expenses related to title V of the Homeland Security Act of 2002 (6 U.S.C. 101 et seq. (as amended by section 611 of the Post-Katrina Emergency Management Reform Act of 2006 (6 U.S.C. 701 note; Public Law 109–295))), $20,000,000, to remain available until September 30, 2008: *Provided,* That none of the funds available under this heading may be obligated until the Committees on Appropriations of the Senate and the House of Representatives receive and approve a plan for expenditure.

STATE AND LOCAL PROGRAMS

For an additional amount for ''State and Local Programs'', $850,000,000; of which $190,000,000 shall be for port security pursuant to section 70107(l) of title 46 United States Code; $625,000,000 shall be for intercity rail passenger transportation, freight rail, and transit security grants; and $35,000,000 shall be for regional grants and technical assistance to high risk urban areas for catastrophic event planning and preparedness: *Provided,* That none of the funds made available under this heading may be obligated for such regional grants and technical assistance until the Committees on Appropriations of the Senate and the House of Representatives receive and approve a plan for expenditure: *Provided further,* That funds for such regional grants and technical assistance shall remain available until September 30, 2008.

EMERGENCY MANAGEMENT PERFORMANCE GRANTS

For an additional amount for ''Emergency Management Performance Grants'' for necessary expenses related to the Nationwide Plan Review, $100,000,000.

UNITED STATES CITIZENSHIP AND IMMIGRATION SERVICES

For an additional amount for expenses of ''United States Citizenship and Immigration Services'' to address backlogs of security checks associated with pending applications and petitions, $30,000,000, to remain available until September 30, 2008: *Provided,* That none of the funds made available under this heading shall be available for obligation until the Secretary of Homeland Security, in consultation with the United States Attorney General, submits to the Committees on Appropriations of the Senate and the House of Representatives a plan to eliminate the backlog of security checks that establishes information sharing protocols to ensure United States Citizenship and Immigration Services has the information it needs to carry out its mission.

SCIENCE AND TECHNOLOGY

RESEARCH, DEVELOPMENT, ACQUISITION, AND OPERATIONS

For an additional amount for ''Research, Development, Acquisition, and Operations'' for air cargo research, $15,000,000, to remain available until expended.

DOMESTIC NUCLEAR DETECTION OFFICE

RESEARCH, DEVELOPMENT, AND OPERATIONS

For an additional amount for ''Research, Development, and Operations'' for non-container, rail, aviation and intermodal radiation detection activities, $39,000,000, to remain available until expended.

GENERAL PROVISIONS—THIS CHAPTER

SEC. 1501. None of the funds provided in this Act, or Public Law 109–295, shall be available to carry out section 872 of Public Law 107–296.

SEC. 1502. Section 550 of the Department of Homeland Security Appropriations Act, 2007 (6 U.S.C. 121 note) is amended by adding at the end the following:

''(h) This section shall not preclude or deny any right of any State or political subdivision thereof to adopt or enforce any regulation, requirement, or standard of performance with respect to chemical facility security that is more stringent than a regulation, requirement, or standard of performance issued under this section, or otherwise impair any right or jurisdiction of any State with respect to chemical facilities within that State, unless there is an actual conflict between this section and the law of that State.''.

CHAPTER 6

MILITARY CONSTRUCTION

MILITARY CONSTRUCTION, ARMY

For an additional amount for ''Military Construction, Army'', $1,261,390,000, to remain available until September 30, 2008: *Provided,* That such funds may be obligated and expended to carry out planning and design and military construction projects not otherwise authorized by law: *Provided further,* That of the funds provided under this heading, $280,300,000 shall not be obligated or expended until the Secretary of Defense certifies that none of the funds are to be used for the purpose of providing facilities for the permanent basing of U.S. military personnel in Iraq.

MILITARY CONSTRUCTION, NAVY AND MARINE CORPS

For an additional amount for ''Military Construction, Navy and Marine Corps'', $347,890,000, to remain available until September 30, 2008: *Provided,* That such funds may be obligated and expended to carry out planning and design and military construction projects not otherwise authorized by law.

MILITARY CONSTRUCTION, AIR FORCE

For an additional amount for ''Military Construction, Air Force'', $34,700,000, to remain available until September 30, 2008: *Provided,* That such funds may be obligated and expended to carry out planning and design and military construction projects not otherwise authorized by law.

CHAPTER 7

DEPARTMENT OF STATE AND RELATED AGENCY

DEPARTMENT OF STATE

ADMINISTRATION OF FOREIGN AFFAIRS

DIPLOMATIC AND CONSULAR PROGRAMS

For an additional amount for ''Diplomatic and Consular Programs'', $815,796,000, to remain available until September 30, 2008, of which $70,000,000 for World Wide Security Upgrades is available until expended: *Provided,* That of the funds appropriated under this heading, not more than $20,000,000 shall be made available for public diplomacy programs: *Provided further,* That prior to the obligation of funds pursuant to the previous proviso, the Secretary of State shall submit a report to the Committees on Appropriations describing a comprehensive public diplomacy strategy, with goals and expected results, for fiscal years 2007 and 2008: *Provided further,* That within 15 days of enactment of this Act, the Office of Management and Budget shall apportion $15,000,000 from amounts appropriated or otherwise made available by chapter 8 of title II of division B of Public Law 109–148 under the heading ''Emergencies in the Diplomatic and Consular Service'' for emergency evacuations: *Provided further,* That of the amount made available under this heading for Iraq, not to exceed $20,000,000 may be transferred to, and merged with, funds in the ''Emergencies in the Diplomatic and Consular Service'' appropriations account, to be available only for emergency evacuations and terrorism rewards.

OFFICE OF INSPECTOR GENERAL

For an additional amount for ''Office of Inspector General'', $36,500,000, to remain available until December 31, 2008: *Provided,* That of the funds appropriated under this heading, not less than $1,500,000 shall be made available for activities related to oversight of assistance furnished for Iraq and Afghanistan with funds appropriated in this Act and in prior appropriations Acts: *Provided further,* That $35,000,000 of these funds shall be transferred to the Special Inspector General for Iraq Reconstruction for reconstruction oversight.

EDUCATIONAL AND CULTURAL EXCHANGE PROGRAMS

For an additional amount for ''Educational and Cultural Exchange Programs'', $25,000,000, to remain available until expended.

INTERNATIONAL ORGANIZATIONS

CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS

For an additional amount for ''Contributions to International Organizations'', $59,000,000, to remain available until September 30, 2008.

CONTRIBUTIONS FOR INTERNATIONAL PEACEKEEPING ACTIVITIES

For an additional amount for ''Contributions for International Peacekeeping Activities'', $200,000,000, to remain available until September 30, 2008.

RELATED AGENCY

BROADCASTING BOARD OF GOVERNORS

INTERNATIONAL BROADCASTING OPERATIONS

For an additional amount for ''International Broadcasting Operations'' for activities related to broadcasting to the Middle East, $10,000,000, to remain available until September 30, 2008.

FOREIGN OPERATIONS

BILATERAL ECONOMIC ASSISTANCE

FUNDS APPROPRIATED TO THE PRESIDENT

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

CHILD SURVIVAL AND HEALTH PROGRAMS FUND

For an additional amount for ''Child Survival and Health Programs Fund'', $161,000,000, to remain available until September 30, 2008: *Provided,* That notwithstanding any other provision of law, funds made available under the heading ''Millennium Challenge Corporation'' and ''Global HIV/AIDS Initiative'' in prior Acts making appropriations for foreign operations, export financing and related programs may be made available to combat the avian influenza, subject to the regular notification procedures of the Committees on Appropriations.

INTERNATIONAL DISASTER AND FAMINE ASSISTANCE

For an additional amount for ''International Disaster and Famine Assistance'', $187,000,000, to remain available until expended: *Provided,* That of the funds appropriated under this heading, not less than $65,000,000 shall be made available for assistance for internally displaced persons in Iraq, not less than $18,000,000 shall be made available for emergency shelter, fuel and other assistance for internally displaced persons in Afghanistan, not less than $10,000,000 shall be made available for assistance for northern Uganda, not less than $10,000,000 shall be made available for assistance for eastern Democratic Republic of the Congo, and not less than $10,000,000 shall be made available for assistance for Chad.

OPERATING EXPENSES OF THE UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

For an additional amount for ''Operating Expenses of the United States Agency for International Development'', $5,700,000, to remain available until September 30, 2008.

OPERATING EXPENSES OF THE UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT OFFICE OF INSPECTOR GENERAL

For an additional amount for ''Operating Expenses of the United States Agency for International Development Office of Inspector General'', $4,000,000, to remain available until September 30, 2008: *Provided,* That of the funds appropriated under this heading, not less than $3,000,000 shall be made available for activities related to oversight of assistance furnished for Iraq with funds appropriated in this Act and in prior appropriations Acts, and not less than $1,000,000 shall be made available for activities related to oversight of assistance furnished for Afghanistan with funds appropriated in this Act and in prior appropriations Acts.

OTHER BILATERAL ECONOMIC ASSISTANCE

ECONOMIC SUPPORT FUND

For an additional amount for ''Economic Support Fund'', $2,602,200,000, to remain available until September 30, 2008: *Provided,* That of the funds appropriated under this heading that are available for assistance for Iraq, not less than $100,000,000 shall be made available to the United States Agency for International Development for continued support for its Community Action Program in Iraq, of which not less than $5,000,000 shall be made available for the fund established by section 2108 of Public Law 109–13: *Provided further,* That of the funds appropriated under this heading that are available for assistance for Afghanistan, not less than $10,000,000 shall be made available to the United States Agency for International Development for continued support for its Afghan Civilian Assistance Program: *Provided further,* That of the funds appropriated under this heading, not less than $6,000,000 shall be made available for assistance for elections, reintegration of ex-combatants, and other assistance to support the peace process in Nepal: *Provided further,* That of the funds appropriated under this heading, not less than $3,200,000 shall be made available, notwithstanding any other provision of law, for assistance for Vietnam for environmental remediation of dioxin storage sites and to support health programs in communities near those sites: *Provided further,* That funds made available pursuant to the previous proviso should be matched, to the maximum extent possible, with contributions from other governments, multilateral organizations, and private sources: *Provided further,* That of the funds made available under this heading, not less than $6,000,000 shall be made available for typhoon reconstruction assistance for the Philippines: *Provided further,* That of the funds made available under this heading, not less than $110,000,000 shall be made available for assistance for Pakistan, of which not less than $5,000,000 shall be made available for political party development and election monitoring activities: *Provided further,* That of the funds appropriated under this heading, not less than $2,000,000 shall be made available to support the peace process in northern Uganda: *Provided further,* That of the funds made available under the heading ''Economic Support Fund'' in Public Law 109–234 for Iraq to promote democracy, rule of law and reconciliation, $2,000,000 should be made available for the United States Institute of Peace for programs and activities in Afghanistan to remain available until September 30, 2008.

DEPARTMENT OF STATE

ASSISTANCE FOR EASTERN EUROPE AND THE BALTIC STATES

For an additional amount for ''Assistance for Eastern Europe and the Baltic States'', $214,000,000, to remain available until September 30, 2008, for assistance for Kosovo.

DEMOCRACY FUND

For an additional amount for ''Democracy Fund'', $465,000,000, to remain available until September 30, 2008: *Provided,* That of the funds appropriated under this heading, not less than $385,000,000 shall be made available for the Human Rights and Democracy Fund of the Bureau of Democracy, Human Rights and Labor, Department of State, for democracy, human rights, and rule of law programs in Iraq: *Provided further,* That prior to the initial obligation of funds made available under this heading for Iraq for the Political Participation Fund or the National Institutions Fund, the Secretary of State shall submit a report to the Committees on Appropriations describing a comprehensive, long-term strategy, with goals and expected results, for strengthening and advancing democracy in Iraq: *Provided further,* That of the funds appropriated under this heading, not less than $5,000,000 shall be made available for media and reconciliation programs in Somalia.

INTERNATIONAL NARCOTICS CONTROL AND LAW ENFORCEMENT

(INCLUDING RESCISSION OF FUNDS)

For an additional amount for ''International Narcotics Control and Law Enforcement'', $210,000,000, to remain available until September 30, 2008.

Of the amounts made available for procurement of a maritime patrol aircraft for the Colombian Navy under this heading in Public Law 109–234, $13,000,000 are rescinded.

MIGRATION AND REFUGEE ASSISTANCE

For an additional amount for ''Migration and Refugee Assistance'', $143,000,000, to remain available until September 30, 2008: *Provided,* That of the funds appropriated under this heading, not less than $65,000,000 shall be made available for assistance for Iraqi refugees including not less than $5,000,000 to rescue Iraqi scholars, and not less than $18,000,000 shall be made available for assistance for Afghan refugees.

UNITED STATES EMERGENCY REFUGEE AND MIGRATION ASSISTANCE FUND

For an additional amount for ''United States Emergency Refugee and Migration Assistance Fund'', $55,000,000, to remain available until expended.

NONPROLIFERATION, ANTI-TERRORISM, DEMINING AND RELATED PROGRAMS

For an additional amount for ''Nonproliferation, Anti-Terrorism, Demining and Related Programs'', $27,500,000, to remain available until September 30, 2008.

DEPARTMENT OF THE TREASURY

INTERNATIONAL AFFAIRS TECHNICAL ASSISTANCE PROGRAM

For an additional amount for ''International Affairs Technical Assistance'', $2,750,000, to remain available until September 30, 2008.

MILITARY ASSISTANCE

FUNDS APPROPRIATED TO THE PRESIDENT

FOREIGN MILITARY FINANCING PROGRAM

For an additional amount for ''Foreign Military Financing Program'', $220,000,000, to remain available until September 30, 2008, for assistance for Lebanon.

PEACEKEEPING OPERATIONS

(INCLUDING TRANSFER OF FUNDS)

For an additional amount for ''Peacekeeping Operations'', $323,000,000, to remain available until September 30, 2008, of which up to $128,000,000 may be transferred, subject to the regular notification procedures of the Committees on Appropriations, to ''Contributions to International Peacekeeping Activities'', to be made available, notwithstanding any other provision of law, for assessed costs of United Nations Peacekeeping Missions: *Provided,* That of the funds appropriated under this heading, not less than $45,000,000 shall be made available, notwithstanding section 660 of the Foreign Assistance Act of 1961, for assistance for Liberia for security sector reform.

GENERAL PROVISIONS—THIS CHAPTER

AUTHORIZATION OF FUNDS

SEC. 1701. Funds appropriated by this title may be obligated and expended notwithstanding section 10 of Public Law 91–672 (22 U.S.C. 2412), section 15 of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2680), section 313 of the Foreign Relations Authorization Act, Fiscal Years 1994 and 1995 (22 U.S.C. 6212), and section 504(a)(1) of the National Security Act of 1947 (50 U.S.C. 414(a)(1)).

EXTENSION OF AVAILABILITY OF FUNDS

SEC. 1702. Section 1302(a) of Public Law 109–234 is amended by striking ''one additional year'' and inserting in lieu thereof ''two additional years''.

EXTENSION OF OVERSIGHT AUTHORITY

SEC. 1703. Section 3001(o)(1)(B) of the Emergency Supplemental Appropriations Act for

Defense and for the Reconstruction of Iraq and Afghanistan, 2004 (Public Law 108–106; 117 Stat. 1238; 5 U.S.C. App., note to section 8G of Public Law 95–452), as amended by section 1054(b) of the John Warner National Defense Authorization Act for Fiscal Year 2007 (Public Law 109–364; 120 Stat. 2397) and section 2 of the Iraq Reconstruction Accountability Act of 2006 (Public Law 109–440), is amended by inserting ''or fiscal year 2007'' after ''fiscal year 2006''.

DEBT RESTRUCTURING

SEC. 1704. Amounts appropriated for fiscal year 2007 for ''Bilateral Economic Assistance—Department of the Treasury—Debt Restructuring'' may be used to assist Liberia in retiring its debt arrearages to the International Monetary Fund, the International Bank for Reconstruction and Development, and the African Development Bank.

JORDAN

(INCLUDING TRANSFER OF FUNDS)

SEC. 1705. Of the funds appropriated by this Act for assistance for Iraq under the heading ''Economic Support Fund'' that are available to support Provincial Reconstruction Team activities, up to $100,000,000 may be transferred to, and merged with, funds appropriated by this Act under the headings ''Foreign Military Financing Program'' and ''Nonproliferation, Anti-terrorism, Demining and Related Programs'' for assistance for Jordan: *Provided*, That funds transferred pursuant to this section shall be subject to the regular notification procedures of the Committees on Appropriations.

LEBANON

SEC. 1706. Prior to the initial obligation of funds made available in this Act for assistance for Lebanon under the headings ''Foreign Military Financing Program'' and ''Nonproliferation, Anti-terrorism, Demining and Related Programs'', the Secretary of State shall certify to the Committees on Appropriations that all practicable efforts have been made to ensure that such assistance is not provided to or through any individual, or private or government entity, that advocates, plans, sponsors, engages in, or has engaged in, terrorist activity: *Provided*, That this section shall be effective notwithstanding section 534(a) of Public Law 109–102, which is made applicable to funds appropriated for fiscal year 2007 by the Continuing Appropriations Resolution, 2007, as amended.

HUMAN RIGHTS AND DEMOCRACY FUND

SEC. 1707. The Assistant Secretary of State for Democracy, Human Rights and Labor shall be responsible for all policy, funding, and programming decisions regarding funds made available under this Act and prior Acts making appropriations for foreign operations, export financing and related programs for the Human Rights and Democracy Fund of the Bureau of Democracy, Human Rights and Labor.

INSPECTOR GENERAL OVERSIGHT OF IRAQ AND AFGHANISTAN

SEC. 1708. (a) IN GENERAL.—Subject to paragraph (2), the Inspector General of the Department of State and the Broadcasting Board of Governors (referred to in this section as the ''Inspector General'') may use personal services contracts to engage citizens of the United States to facilitate and support the Office of the Inspector General's oversight of programs and operations related to Iraq and Afghanistan. Individuals engaged by contract to perform such services shall not, by virtue of such contract, be considered to be employees of the United States Government for purposes of any law administered by the Office of Personnel Management. The Secretary of State may determine the applicability to such individuals of any law administered by the Secretary concerning the performance of such services by such individuals.

(b) CONDITIONS.—The authority under paragraph (1) is subject to the following conditions:

(1) The Inspector General determines that existing personnel resources are insufficient.

(2) The contract length for a personal services contractor, including options, may not exceed 1 year, unless the Inspector General makes a finding that exceptional circumstances justify an extension of up to 2 additional years.

(3) Not more than 20 individuals may be employed at any time as personal services contractors under the program.

(c) TERMINATION OF AUTHORITY.—The authority to award personal services contracts under this section shall terminate on December 31, 2008. A contract entered into prior to the termination date under this paragraph may remain in effect until not later than December 31, 2009.

(d) OTHER AUTHORITIES NOT AFFECTED.—The authority under this section is in addition to any other authority of the Inspector General to hire personal services contractors.

FUNDING TABLES

SEC. 1709. (a) Funds provided in this Act for the following accounts shall be made available for programs and countries in the amounts contained in the respective tables included in the report accompanying this Act:

''Diplomatic and Consular Programs''.

''Educational and Cultural Exchange Programs''.

''International Disaster and Famine Assistance''.

''Economic Support Fund''.

''Assistance for Eastern Europe and Baltic States''.

''Democracy Fund''.

''Migration and Refugee Assistance''.

''Nonproliferation, Anti-Terrorism, Demining and Related Programs''.

''Peacekeeping Operations''.

(b) Any proposed increases or decreases to the amounts contained in the tables in the accompanying report shall be subject to the regular notification procedures of the Committees on Appropriations and section 634A of the Foreign Assistance Act of 1961.

BENCHMARKS FOR CERTAIN RECONSTRUCTION ASSISTANCE FOR IRAQ

SEC. 1710. (a) BENCHMARKS.—Notwithstanding any other provision of law, fifty percent of the funds appropriated by this Act for assistance for Iraq under the headings ''Economic Support Fund'' and ''International Narcotics and Law Enforcement'' shall be withheld from obligation until the President certifies to the Committees on Appropriations and Foreign Relations of the Senate and the Committees on Appropriations and Foreign Affairs of the House of Representatives that the Government of Iraq has—

(1) enacted a broadly accepted hydro-carbon law that equitably shares oil revenues among all Iraqis;

(2) adopted legislation necessary for the conduct of provincial and local elections, taken steps to implement such legislation, and set a schedule to conduct provincial and local elections;

(3) reformed current laws governing the de-Baathification process to allow for more equitable treatment of individuals affected by such laws;

(4) amended the Constitution of Iraq consistent with the principles contained in Article 137 of such constitution; and

(5) allocated and begun expenditure of $10,000,000,000 in Iraqi revenues for reconstruction projects, including delivery of essential services, on an equitable basis.

(b) EXEMPTIONS.—The requirement to withhold funds from obligation pursuant to subsection (a) shall not apply with respect to funds made available under the heading ''Economic Support Fund'' that are administered by the United States Agency for International Development for continued support for the Community Action Program, assistance for civilian victims of the military operations, and the Community Stabilization Program in Iraq, or for programs and activities to promote democracy, governance, human rights, and rule of law.

(c) REPORT.—At the time the President certifies to the Committees on Appropriations and Foreign Relations of the Senate and the Committees on Appropriations and Foreign Affairs of the House of Representatives that the Government of Iraq has met the benchmarks described in subsection (a), the President shall submit to such Committees a report that contains a detailed description of the specific actions that the Government of Iraq has taken to meet each of the benchmarks referenced in the certification.

RELIEF FOR IRAQI, HMONG AND OTHER REFUGEES WHO DO NOT POSE A THREAT TO THE UNITED STATES

SEC. 1711. (a) AMENDMENT TO AUTHORITY TO DETERMINE THE BAR TO ADMISSION INAPPLICABLE.—Section 212(d)(3)(B)(i) of the Immigration and Nationality Act (8 U.S.C. 1182(d)(3)(B)(i)) is amended to read as follows: ''The Secretary of State, after consultation with the Attorney General and the Secretary of Homeland Security, or the Secretary of Homeland Security, after consultation with the Secretary of State and the Attorney General, may determine in such Secretary's sole unreviewable discretion that subsection (a)(3)(B) shall not apply with respect to an alien within the scope of that subsection, or that subsection (a)(3)(B)(vi)(III) shall not apply to a group. Such a determination shall neither prejudice the ability of the United States Government to commence criminal or civil proceedings involving a beneficiary of such a determination or any other person, nor create any substantive or procedural right or benefit for a beneficiary of such a determination or any other person. Notwithstanding any other provision of law (statutory or non-statutory), including but not limited to section 2241 of title 28, or any other habeas corpus provision, and sections 1361 and 1651 of such title, no court shall have jurisdiction to review such a determination or revocation except in a proceeding for review of a final order of removal pursuant to section 242 and only to the extent provided in section 242(a)(2)(D). The Secretary of State may not exercise the discretion provided in this clause with respect to an alien at any time during which the alien is the subject of pending removal proceedings under section 1229a of title 8.''.

(b) AUTOMATIC RELIEF FOR THE HMONG AND OTHER GROUPS THAT DO NOT POSE A THREAT TO THE UNITED STATES.—Section 212(a)(3)(B) of the Immigration and Nationality Act (8 U.S.C. 1182(a)(3)(B)) is amended—

(1) in clause (vi) in the matter preceding section (I), by striking ''As'' and inserting ''Except as provided in clause (vii), as''; and

(2) by adding at the end the following new clause:

''(vii) Notwithstanding clause (vi), for purposes of this section the Hmong, the Montagnards, the Karen National Union/Karen Liberation Army (KNU/KNLA), the Chin National Front/Chin National Army (CNF/CNA), the Chin National League for Democracy (CNLD), the Kayan New Land Party (KNLP), the Arakan Liberation Party

(ALP), the Mustangs, the Alzados, and the Karenni National Progressive Party shall not be considered to be a terrorist organization on the basis of any act or event occurring before the date of enactment of this section. Nothing in this subsection may be construed to alter or limit the authority of the Secretary of State and Secretary of Homeland Security to exercise their discretionary authority pursuant to 212(d)(3)(B)(i) (8 U.S.C. 1182(d)(3)(B)(i)).''.

(c) DURESS EXCEPTION.—Section 212(a)(3)(B)(iv)(VI) of the Immigration and Nationality Act (8 U.S.C. 1182(a)(3)(B)(iv)(VI)) is amended by adding ''other than an act carried out under duress'' after ''act'' and before ''that the actor knows''.

(d) TECHNICAL CORRECTION.—Section 212(a)(3)(B)(ii) of the Immigration and Nationality Act (8 U.S.C. 1182(a)(3)(B)(ii)) is amended by striking ''Subclause (VII)'' and inserting ''Subclause (IX)''.

(e) REGULATIONS.—Section 212(d)(3)(B) of the Immigration and Nationality Act (8 U.S.C. 1182(d)(3)(B)) is amended by adding the following subsection:

''(iii) Not later than 180 days after the date of enactment of this Act, the Secretary of the Department of Homeland Security and Secretary of State shall each publish in the Federal Register regulations establishing the process by which the eligibility of a refugee, asylum seeker, or individual seeking to adjust his immigration status is considered eligible for any of the exceptions authorized by clause (i), including a timeline for issuing a determination.''.

(f) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of enactment of this section, and these amendments and sections 212(a)(3)(B) and 212(d)(3)(B) of the Immigration and Nationality Act (8 U.S.C. 1182(a)(3)(B) and 1182(d)(3)(B)), as amended by these sections, shall apply to—

(1) removal proceedings instituted before, on, or after the date of enactment of this section; and

(2) acts and conditions constituting a ground for inadmissibility, excludability, deportation, or removal occurring or existing before, on, or after such date.

SPENDING PLAN AND NOTIFICATION PROCEDURES

SEC. 1712. Not later than 45 days after enactment of this Act the Secretary of State shall submit to the Committees on Appropriations a report detailing planned expenditures for funds appropriated under the headings in this chapter, except for funds appropriated under the headings ''International Disaster and Famine Assistance'', ''Office of the United States Agency for International Development Inspector General'', and ''Office of the Inspector General'': *Provided*, That funds appropriated under the headings in this chapter, except for funds appropriated under the headings named in this section, shall be subject to the regular notification procedures of the Committees on Appropriations.

TITLE II

KATRINA RECOVERY, VETERANS' CARE AND FOR OTHER PURPOSES

CHAPTER 1

GENERAL PROVISION—THIS CHAPTER

EMERGENCY FORESTRY CONSERVATION RESERVE PROGRAM

SEC. 2101. Section 1231(k)(2) of the Food Security Act of 1985 (16 U.S.C. 3831(k)(2)) is amended by striking ''During calendar year 2006, the'' and inserting ''The''.

CHAPTER 2

DEPARTMENT OF JUSTICE

OFFICE OF JUSTICE PROGRAMS

STATE AND LOCAL LAW ENFORCEMENT ASSISTANCE

For an additional amount for ''State and Local Law Enforcement Assistance'', for discretionary grants authorized by subpart 2 of part E, of title I of the Omnibus Crime Control and Safe Streets Act of 1968, notwithstanding the provisions of section 511 of said Act, $170,000,000, to remain available until September 30, 2008: *Provided*, That of the amount made available under this heading, $70,000,000 shall be for local law enforcement initiatives in the gulf coast region related to the aftermath of Hurricanes Katrina and Rita, of which no less than $55,000,000 shall be for the State of Louisiana: *Provided further*, That of the amount made available under this heading, $100,000,000 shall be for reimbursing State and local law enforcement entities for security and related costs, including overtime, associated with the 2008 Presidential Candidate Nominating Conventions, of which $50,000,000 shall be for the city of Denver, Colorado and $50,000,000 shall be for the city of St. Paul, Minnesota: *Provided further*, That the Department of Justice shall report to the Committees on Appropriations of the House and the Senate on a quarterly basis on the expenditure of the funds provided in the previous proviso.

DEPARTMENT OF COMMERCE

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

OPERATIONS, RESEARCH, AND FACILITIES

For an additional amount for ''Operations, Research, and Facilities'', for necessary expenses related to fisheries disasters, $165,900,000, to remain available until September 30, 2008: *Provided*, That of the amount provided under this heading, the National Marine Fisheries Service shall cause $60,400,000 to be distributed among eligible recipients of assistance for the commercial fishery failure designated under section 312(a) of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1861a(a)) and declared by the Secretary of Commerce on August 10, 2006: *Provided further*, That of the amount provided under this heading, $105,500,000 shall be for necessary expenses related to the consequences of Hurricanes Katrina and Rita on shrimp and fishing industries.

PROCUREMENT, ACQUISITION, AND CONSTRUCTION

For an additional amount for ''Procurement, Acquisition and Construction'', for necessary expenses related to disaster response and preparedness of the Gulf of Mexico coast, $6,000,000, to remain available until September 30, 2008.

FISHERIES DISASTER MITIGATION FUND

For an additional amount for a ''Fisheries Disaster Mitigation Fund'', $50,000,000, to remain available until expended for use in mitigating the effects of commercial fisheries failures and fishery resource disasters as determined under the Magnuson Stevens Act (16 U.S.C. 1801 et seq.) or the Interjurisdictional Fisheries Act (16 U.S.C. 4101 et seq.): *Provided*, That the Secretary of Commerce shall obligate funds provided under this heading according to the Magnuson Stevens Conservation Act, as amended, the Interjurisdictional Fisheries Act, as amended, or other Acts as the Secretary determines to be appropriate.

GENERAL PROVISION—THIS CHAPTER

SEC. 2201. Up to $48,000,000 of amounts made available to the National Aeronautics and Space Administration in Public Law 109–148 and Public Law 109–234 for emergency hurricane and other natural disaster-related expenses may be used to reimburse hurricane-related costs incurred by NASA in fiscal year 2005.

CHAPTER 3

DEPARTMENT OF DEFENSE—CIVIL

DEPARTMENT OF THE ARMY

CORPS OF ENGINEERS—CIVIL

CONSTRUCTION

For an additional amount for ''Construction'' for necessary expenses related to the consequences of Hurricane Katrina and other hurricanes of the 2005 season, $150,000,000, to remain available until expended, which may be used to continue construction of projects related to interior drainage for the greater New Orleans metropolitan area.

OPERATION AND MAINTENANCE

For an additional amount for ''Operation and Maintenance'' to dredge navigation channels related to the consequences of Hurricane Katrina and other hurricanes of the 2005 season, $3,000,000, to remain available until expended.

FLOOD CONTROL AND COASTAL EMERGENCIES

For an additional amount for ''Flood Control and Coastal Emergencies'', as authorized by section 5 of the Act of August 18, 1941 (33 U.S.C. 701n), for necessary expenses relating to the consequences of Hurricanes Katrina and Rita and for other purposes, $1,557,700,000, to remain available until expended: *Provided*, That $1,300,000,000 of the amount provided may be used by the Secretary of the Army to carry out projects and measures to provide the level of protection necessary to achieve the certification required for the 100-year level of flood protection in accordance with the national flood insurance program under the base flood elevations in existence at the time of construction of the enhancements for the West Bank and Vicinity and Lake Ponchartrain and Vicinity, Louisiana, projects, as described under the heading ''Flood Control and Coastal Emergencies'', in chapter 3 of Public Law 109–148: *Provided further*, That $150,000,000 of the amount provided may be used to support emergency operations, repairs and other activities in response to flood, drought and earthquake emergencies as authorized by law: *Provided further*, That $107,700,000 of the amount provided may be used to implement the projects for hurricane storm damage reduction, flood damage reduction, and ecosystem restoration within Hancock, Harrison, and Jackson Counties, Mississippi substantially in accordance with the Report of the Chief of Engineers dated December 31, 2006, and entitled ''Mississippi, Coastal Improvements Program Interim Report, Hancock, Harrison, and Jackson Counties, Mississippi'': *Provided further*, That projects authorized for implementation under this Chief's report shall be carried out at full Federal expense, except that the non-Federal interests shall be responsible for providing any lands, easements, rights-of-way, disposal areas, and relocations required for construction of the project and for all costs associated with operation and maintenance of the project: *Provided further*, That any project using funds appropriated under this heading shall be initiated only after non-Federal interests have entered into binding agreements with the Secretary requiring the non-Federal interests to pay 100 percent of the operation, maintenance, repair, replacement, and rehabilitation costs of the project and to hold and save the United States free from damages due to the construction or operation and maintenance of the project, except for damages due to the fault or negligence of the United States or its contractors.

DEPARTMENT OF INTERIOR

BUREAU OF RECLAMATION

WATER AND RELATED RESOURCES

For an additional amount for ''Water and Related Resources'', $18,000,000, to remain available until expended for drought assistance: *Provided*, That drought assistance may be provided under the Reclamation States Drought Emergency Act or other applicable Reclamation authorities to assist drought plagued areas of the West.

GENERAL PROVISIONS—THIS CHAPTER

SEC. 2301. The Secretary is authorized and directed to reimburse local governments for expenses they have incurred in storm-proofing pumping stations, constructing safe houses for operators, and other interim flood control measures in and around the New Orleans metropolitan area, provided the Secretary determines those elements of work and related expenses to be integral to the overall plan to ensure operability of the stations during hurricanes, storms and high water events and the flood control plan for the area.

SEC. 2302. The limitation concerning total project costs in section 902 of the Water Resources Development Act of 1986, as amended (33 U.S.C. 2280), shall not apply during fiscal year 2008 to any water resources project for which funds were made available during fiscal year 2007.

SEC. 2303. (a) The Secretary of the Army is authorized and directed to utilize funds remaining available for obligation from the amounts appropriated in chapter 3 of Public Law 109–234 under the heading ''Flood Control and Coastal Emergencies'' for projects in the greater New Orleans metropolitan area to prosecute these projects in a manner which promotes the goal of continuing work at an optimal pace, while maximizing, to the greatest extent practicable, levels of protection to reduce the risk of storm damage to people and property.

(b) The expenditure of funds as provided in subsection (a) may be made without regard to individual amounts or purposes specified in chapter 3 of Public Law 109–234.

(c) Any reallocation of funds that are necessary to accomplish the goal established in subsection (a) are authorized. Reallocation of funds in excess of $250,000,000 or 50 percent, whichever is less, of the individual amounts specified in chapter 3 of Public Law 109–234 require notifications of the House and Senate Committees on Appropriation.

CHAPTER 4

SMALL BUSINESS ADMINISTRATION

DISASTER LOANS PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

For an additional amount for ''Disaster Loans Program Account'' for administrative expenses to carry out the disaster loan program, $25,069,000, to remain available until expended, which may be transferred to and merged with ''Small Business Administration, Salaries and Expenses''.

GENERAL PROVISIONS—THIS CHAPTER

SEC. 2401. ECONOMIC INJURY DISASTER LOANS. (a) DEFINITIONS.—In this section—

(1) the term ''Administrator'' means the Administrator of the Small Business Administration;

(2) the term ''covered small business concern'' means a small business concern—

(A) that is located in any area in Louisiana or Mississippi for which the President declared a major disaster because of Hurricane Katrina of 2005 or Hurricane Rita of 2005;

(B) that has not more than 50 full-time employees; and

(C) that—

(i)(I) suffered a substantial economic injury as a result of Hurricane Katrina of 2005 or Hurricane Rita of 2005, because of a reduction in travel or tourism to the area described in subparagraph (A); and

(II) demonstrates that, during the 1-year period ending on August 28, 2005, not less than 45 percent of the revenue of that small business concern resulted from tourism or travel related sales; or

(ii)(I) suffered a substantial economic injury as a result of Hurricane Katrina of 2005 or Hurricane Rita of 2005; and

(II) operates in a parish or county for which the population on the date of enactment of this Act, as determined by the Administrator, is not greater than 75 percent of the population of that parish or county before August 28, 2005, based on the most recent United States population estimate available before August 28, 2005;

(3) the term ''major disaster'' has the meaning given that term in section 102 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5122); and

(4) the term ''small business concern'' has the meaning given that term in section 3 of the Small Business Act (15 U.S.C. 632).

(b) APPROPRIATION.—

(1) IN GENERAL.—There are appropriated, out of any money in the Treasury not otherwise appropriated, $25,000,000 to the Administrator, which, except as provided in paragraph (2) or (3), shall be used for loans under section 7(b)(2) of the Small Business Act (15 U.S.C. 636(b)(2)) to covered small business concerns.

(2) ADMINISTRATIVE EXPENSES.—Of the amounts made available under paragraph (1), not more than $8,750,000 may be transferred to and merged with ''Salaries and Expenses'' to carry out the disaster loan program of the Small Business Administration.

(3) OTHER USES OF FUNDS.—The Administrator may use amounts made available under paragraph (1) for other purposes authorized for amounts in the ''Disaster Loans Program Account'' or transfer such amounts to and merge such amounts with ''Salaries and Expenses'', if—

(A) such amounts are—

(i) not obligated on the later of 5 months after the date of enactment of this Act and August 29, 2007; or

(ii) necessary to provide assistance in the event of a major disaster; and

(B) not later than 5 days before any such use or transfer of amounts, the Administrator provides written notification of such use or transfer to the Committee on Appropriations of the Senate and the Committee on Appropriations of the House of Representatives.

SEC. 2402. OTHER PROGRAMS. (a) HUBZONES.—Section 3(p) of the Small Business Act (15 U.S.C. 632(p)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (D), by striking ''or'';

(B) in subparagraph (E), by striking the period at the end and inserting ''; or''; and

(C) by adding at the end the following:

''(F) an area in which the President has declared a major disaster (as that term is defined in section 102 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5122)) as a result of Hurricane Katrina of August 2005 or Hurricane Rita of September 2005, during the time period described in paragraph (8).''; and

(2) by adding at the end the following:

''(8) TIME PERIOD.—The time period for the purposes of paragraph (1)(F)—

''(A) shall be the 2-year period beginning on the later of the date of enactment of this paragraph and August 29, 2007; and

''(B) may, at the discretion of the Administrator, be extended to be the 3-year period beginning on the later of the date of enactment of this paragraph and August 29, 2007.''.

(b) RELIEF FROM TEST PROGRAM.—Section 711(d) of the Small Business Competitive Demonstration Program Act of 1988 (15 U.S.C. 644 note) is amended—

(1) by striking ''The Program'' and inserting the following:

''(1) IN GENERAL.—Except as provided in paragraph (2), the Program''; and

(2) by adding at the end the following:

''(2) EXCEPTION.—

''(A) IN GENERAL.—The Program shall not apply to any contract related to relief or reconstruction from Hurricane Katrina of 2005 or Hurricane Rita of 2005 during the time period described in subparagraph (B).

''(B) TIME PERIOD.—The time period for the purposes of subparagraph (A)—

''(i) shall be the 2-year period beginning on the later of the date of enactment of this paragraph and August 29, 2007; and

''(ii) may, at the discretion of the Administrator, be extended to be the 3-year period beginning on the later of the date of enactment of this paragraph and August 29, 2007.''.

CHAPTER 5

DEPARTMENT OF HOMELAND SECURITY

FEDERAL EMERGENCY MANAGEMENT AGENCY

DISASTER RELIEF

For an additional amount for ''Disaster Relief'' for necessary expenses under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.), $4,310,000,000, to remain available until expended.

GENERAL PROVISIONS—THIS CHAPTER

SEC. 2501. (a) IN GENERAL.—Notwithstanding any other provision of law, including any agreement, the Federal share of assistance, including direct Federal assistance, provided for the States of Louisiana, Mississippi, Alabama, and Texas in connection with Hurricanes Katrina and Rita under sections 403, 406, 407, and 408 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170b, 5172, 5173, and 5174) shall be 100 percent of the eligible costs under such sections.

(b) APPLICABILITY.—

(1) IN GENERAL.—Subject to paragraph (2), the Federal share provided by subsection (a) shall apply to disaster assistance applied for before the date of enactment of this Act.

(2) LIMITATION.—In the case of disaster assistance provided under sections 403, 406, and 407 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, the Federal share provided by subsection (a) shall be limited to assistance provided for projects for which applications have been prepared for the Federal Emergency Management Agency before the date of enactment of this Act.

SEC. 2502. (a) Section 2(a) of the Community Disaster Loan Act of 2005 (Public Law 109–88; 119 Stat. 2061) is amended by striking '': *Provided further*, That notwithstanding section 417(c)(1) of the Stafford Act, such loans may not be canceled''.

(b) Chapter 4 of title II of the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006 (Public Law 109–234; 120 Stat. 471) is amended under the heading ''Disaster Assistance Direct Loan Program Account'' under the heading ''Federal Emergency Management Agency'' under the heading ''Department of Homeland Security'', by striking ''*Provided further*, That notwithstanding section 417(c)(1) of such Act, such loans may not be canceled:''.

SEC. 2503. Section 2401 of the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006 (Public Law 109–234; 120 Stat. 460) is amended by striking ''12 months'' and inserting ''24 months''.

CHAPTER 6

DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT

WILDLAND FIRE MANAGEMENT

(INCLUDING TRANSFER OF FUNDS)

For an additional amount for ''Wildland Fire Management'', $100,000,000, to remain available until expended, for urgent wildland fire suppression activities: *Provided,* That such funds shall only become available if funds previously provided for wildland fire suppression will be exhausted imminently and the Secretary of the Interior notifies the House and Senate Committees on Appropriations in writing of the need for these additional funds: *Provided further,* That such funds are also available for repayment to other appropriations accounts from which funds were transferred for wildfire suppression.

UNITED STATES FISH AND WILDLIFE SERVICE

RESOURCE MANAGEMENT

For an additional amount for ''Resource Management'' for the detection of highly pathogenic avian influenza in wild birds, including the investigation of morbidity and mortality events, targeted surveillance in live wild birds, and targeted surveillance in hunter-taken birds, $7,398,000, to remain available until September 30, 2008.

NATIONAL PARK SERVICE

OPERATION OF THE NATIONAL PARK SYSTEM

For an additional amount for ''Operation of the National Park System'' for the detection of highly pathogenic avian influenza in wild birds, including the investigation of morbidity and mortality events, $525,000, to remain available until September 30, 2008.

HISTORIC PRESERVATION FUND

For an additional amount for the ''Historic Preservation Fund'' for necessary expenses related to the consequences of Hurricane Katrina and other hurricanes of the 2005 season, $15,000,000, to remain available until September 30, 2008: *Provided,* That the funds provided under this heading shall be provided to the State Historic Preservation Officer, after consultation with the National Park Service, for grants for disaster relief in areas of Louisiana impacted by Hurricanes Katrina or Rita: *Provided further,* That grants shall be for the preservation, stabilization, rehabilitation, and repair of historic properties listed in or eligible for the National Register of Historic Places, for planning and technical assistance: *Provided further,* That grants shall only be available for areas that the President determines to be a major disaster under section 102(2) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5122(2)) due to Hurricanes Katrina or Rita: *Provided further,* That individual grants shall not be subject to a non-Federal matching requirement: *Provided further,* That no more than 5 percent of funds provided under this heading for disaster relief grants may be used for administrative expenses.

UNITED STATES GEOLOGICAL SURVEY

SURVEYS, INVESTIGATIONS, AND RESEARCH

For an additional amount for ''Surveys, Investigations, and Research'' for the detection of highly pathogenic avian influenza in wild birds, including the investigation of morbidity and mortality events, targeted surveillance in live wild birds, and targeted surveillance in hunter-taken birds, $5,270,000, to remain available until September 30, 2008.

DEPARTMENT OF AGRICULTURE

FOREST SERVICE

NATIONAL FOREST SYSTEM

For an additional amount for ''National Forest System'' for the implementation of a nationwide initiative to increase protection of national forest lands from foreign drug-trafficking organizations, including funding for additional law enforcement personnel, training, equipment and cooperative agreements, $12,000,000, to remain available until expended.

WILDLAND FIRE MANAGEMENT

(INCLUDING TRANSFER OF FUNDS)

For an additional amount for ''Wildland Fire Management'', $400,000,000, to remain available until expended, for urgent wildland fire suppression activities: *Provided,* That such funds shall only become available if funds provided previously for wildland fire suppression will be exhausted imminently and the Secretary of Agriculture notifies the House and Senate Committees on Appropriations in writing of the need for these additional funds: *Provided further,* That such funds are also available for repayment to other appropriation accounts from which funds were transferred for wildfire suppression.

GENERAL PROVISIONS—THIS CHAPTER

SEC. 2601. (a) For fiscal year 2007, payments shall be made from any revenues, fees, penalties, or miscellaneous receipts described in sections 102(b)(3) and 103(b)(2) of the Secure Rural Schools and Community Self-Determination Act of 2000 (Public Law 106–393; 16 U.S.C. 500 note), not to exceed $100,000,000, and the payments shall be made, to the maximum extent practicable, in the same amounts, for the same purposes, and in the same manner as were made to States and counties in 2006 under that Act.

(b) There is appropriated $425,000,000 to be used to cover any shortfall for payments made under this section.

(c) Titles II and III of Public Law 106–393 are amended, effective September 30, 2006, by striking ''2006'' and ''2007'' each place they appear and inserting ''2007'' and ''2008'', respectively.

SEC. 2602. Disaster relief funds from Public Law 109–234, 120 Stat. 418, 461, (June 30, 2006), chapter 5, ''National Park Service—Historic Preservation Fund,'' for necessary expenses related to the consequences of Hurricane Katrina and other hurricanes of the 2005 season, may be used to reconstruct destroyed properties that at the time of destruction were listed in the National Register of Historic Places and are otherwise qualified to receive these funds: *Provided,* That the State Historic Preservation Officer certifies that, for the community where that destroyed property was located, that the property is iconic to or essential to illustrating that community's historic identity, that no other property in that community with the same associative historic value has survived, and that sufficient historical documentation exists to ensure an accurate reproduction.

CHAPTER 7

DEPARTMENT OF HEALTH AND HUMAN SERVICES

CENTERS FOR DISEASE CONTROL AND PREVENTION

DISEASE CONTROL, RESEARCH AND TRAINING

For an additional amount for ''Department of Health and Human Services, Centers for Disease Control and Prevention, Disease Control, Research and Training'', to carry out section 501 of the Federal Mine Safety and Health Act of 1977 and section 6 of the Mine Improvement and New Emergency Response Act of 2006, $13,000,000 for research to develop mine safety technology, including necessary repairs and improvements to leased laboratories: *Provided,* That progress reports on technology development shall be submitted to the House and Senate Committees on Appropriations and the Committee on Health, Education, Labor and Pensions of the Senate and the Committee on Education and Labor of the House of Representatives on a quarterly basis: *Provided further,* That the amount provided under this heading shall remain available until September 30, 2008.

ADMINISTRATION FOR CHILDREN AND FAMILIES

LOW-INCOME HOME ENERGY ASSISTANCE

For an additional amount for ''Low-Income Home Energy Assistance'' under section 2604(a) through (d) of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8623(a) through (d)), $320,000,000.

For an additional amount for ''Low-Income Home Energy Assistance'' under section 2604(e) of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8623(e)), $320,000,000.

OFFICE OF THE SECRETARY

PUBLIC HEALTH AND SOCIAL SERVICES EMERGENCY FUND

(INCLUDING TRANSFER OF FUNDS)

For an additional amount for ''Public Health and Social Services Emergency Fund'' to prepare for and respond to an influenza pandemic, $820,000,000, to remain available until expended: *Provided,* That this amount shall be for activities including the development and purchase of vaccine, antivirals, necessary medical supplies, diagnostics, and other surveillance tools: *Provided further,* That products purchased with these funds may, at the discretion of the Secretary of Health and Human Services, be deposited in the Strategic National Stockpile: *Provided further,* That notwithstanding section 496(b) of the Public Health Service Act, funds may be used for the construction or renovation of privately owned facilities for the production of pandemic vaccine and other biologicals, where the Secretary finds such a contract necessary to secure sufficient supplies of such vaccines or biologicals: *Provided further,* That funds appropriated herein may be transferred to other appropriation accounts of the Department of Health and Human Services, as determined by the Secretary to be appropriate, to be used for the purposes specified in this sentence.

COVERED COUNTERMEASURE PROCESS FUND

For carrying out section 319F–4 of the Public Health Service Act (42 U.S.C. 247d–6e) to compensate individuals for injuries caused by H5N1 vaccine, in accordance with the declaration regarding avian influenza viruses issued by the Secretary of Health and Human Services on January 26, 2007, pursuant to section 319F–3(b) of such Act (42 U.S.C. 247d–6d(b)), $50,000,000, to remain available until expended.

DEPARTMENT OF EDUCATION

HIGHER EDUCATION

For an additional amount under part B of title VII of the Higher Education Act of 1965 (''HEA'') for institutions of higher education (as defined in section 102 of that Act) that are located in an area in which a major disaster was declared in accordance with section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act related to hurricanes in the Gulf of Mexico in calendar year 2005, $30,000,000: *Provided,* That such funds shall be available to the Secretary of Education only for payments to help defray the expenses (which may include lost revenue, reimbursement for expenses already incurred, and construction) incurred by such institutions of higher education that were forced to close, relocate or significantly curtail their activities as a result of damage directly caused by such hurricanes and for payments to enable such institutions to provide grants to students who attend such institutions for academic years beginning on

or after July 1, 2006: *Provided further*, That such payments shall be made in accordance with criteria established by the Secretary and made publicly available without regard to section 437 of the General Education Provisions Act, section 553 of title 5, United States Code, or part B of title VII of the HEA.

GENERAL PROVISIONS—THIS CHAPTER

SEC. 2701. Section 105(b) of title IV of division B of Public Law 109–148 is amended by adding at the end the following new sentence: ''With respect to the program authorized by section 102 of this Act, the waiver authority in subsection (a) of this section shall be available until the end of fiscal year 2008.''

(INCLUDING RESCISSION)

SEC. 2702. (a) From unexpended balances of the amounts made available in the 2001 Emergency Supplemental Appropriations Act for Recovery from and Response to Terrorist Attacks on the United States (Public Law 107–38) for the Employment Training Administration, Training and Employment Services under the Department of Labor, $3,589,000 are rescinded.

(b) For an additional amount for the Centers for Disease Control and Prevention for carrying out activities under section 5011(b) of the Emergency Supplemental Appropriations Act to Address Hurricanes in the Gulf of Mexico and Pandemic Influenza, 2006 (Public Law 109–148), $3,589,000.

SEC. 2703. Notwithstanding section 2002(c) of the Social Security Act (42 U.S.C. 1397a(c)), funds made available under the heading ''Social Services Block Grant'' in division B of Public Law 109–148 shall be available for expenditure by the States through the end of fiscal year 2008.

SEC. 2704. ELIMINATION OF REMAINDER OF SCHIP FUNDING SHORTFALLS FOR FISCAL YEAR 2007. (a) ELIMINATION OF REMAINDER OF FUNDING SHORTFALLS, TIERED MATCH, AND OTHER LIMITATION ON EXPENDITURES.—Section 2104(h) of the Social Security Act (42 U.S.C. 1397dd(h)), as added by section 201(a) of the National Institutes of Health Reform Act of 2006 (Public Law 109–482), is amended—

(1) in the heading for paragraph (2), by striking ''REMAINDER OF REDUCTION'' and inserting ''PART''; and

(2) by striking paragraph (4) and inserting the following:

''(4) ADDITIONAL AMOUNTS TO ELIMINATE REMAINDER OF FISCAL YEAR 2007 FUNDING SHORTFALLS.—

''(A) IN GENERAL.—The Secretary shall allot to each remaining shortfall State described in subparagraph (B) such amount as the Secretary determines will eliminate the estimated shortfall described in such subparagraph for the State for fiscal year 2007.

''(B) REMAINING SHORTFALL STATE DESCRIBED.—For purposes of subparagraph (A), a remaining shortfall State is a State with a State child health plan approved under this title for which the Secretary estimates, on the basis of the most recent data available to the Secretary as of the date of the enactment of this paragraph, that the projected federal expenditures under such plan for the State for fiscal year 2007 will exceed the sum of—

''(i) the amount of the State's allotments for each of fiscal years 2005 and 2006 that will not be expended by the end of fiscal year 2006;

''(ii) the amount of the State's allotment for fiscal year 2007; and

''(iii) the amounts, if any, that are to be redistributed to the State during fiscal year 2007 in accordance with paragraphs (1) and (2).

''(C) APPROPRIATION; ALLOTMENT AUTHORITY.—For the purpose of providing additional allotments to remaining shortfall States under this paragraph there is appropriated, out of any funds in the Treasury not otherwise appropriated, such sums as are necessary for fiscal year 2007.''.

(b) CONFORMING AMENDMENTS.—Section 2104(h) of such Act (42 U.S.C. 1397dd(h)) (as so added), is amended—

(1) in paragraph (1)(B), by striking ''subject to paragraph (4)(B) and'';

(2) in paragraph (2)(B), by striking ''subject to paragraph (4)(B) and'';

(3) in paragraph (5)(A), by striking ''and (3)'' and inserting ''(3), and (4)''; and

(4) in paragraph (6)—

(A) in the first sentence—

(i) by inserting ''or allotted'' after ''redistributed''; and

(ii) by inserting ''or allotments'' after ''redistributions''; and

(B) by striking ''and (3)'' and inserting ''(3), and (4)''.

(c) GENERAL EFFECTIVE DATE; APPLICABILITY.—Except as otherwise provided, the amendments made by this section take effect on the date of enactment of this Act and apply without fiscal year limitation.

SEC. 2705. Notwithstanding any other provision of law, the Secretary of Health and Human Services shall not, prior to the date that is 2 years after the date of enactment of this Act, take any action to finalize, or otherwise implement provisions—

(1) contained in the proposed rule published on January 18, 2007, on pages 2236 through 2258 of volume 72, Federal Register (relating to parts 433, 447, and 457 of title 42, Code of Federal Regulations) or any other rule that would affect the Medicaid program established under title XIX of the Social Security Act or the State Children's Health Insurance Program established under title XXI of such Act in a similar manner; or

(2) restricting payments for graduate medical education under the Medicaid program.

(b) INCREASE IN BASIC REBATE FOR SINGLE SOURCE DRUGS AND INNOVATOR MULTIPLE SOURCE DRUGS.—Section 1927(c)(1)(B)(i) of the Social Security Act (42 U.S.C. 1396r–8(c)(1)(B)(i)) is amended—

(1) in subclause (IV), by striking ''and'' after the semicolon;

(2) in subclause (V)—

(A) by inserting ''and before April 1, 2007,'' after ''1995,''; and

(B) by striking the period and inserting ''; and''; and

(3) by adding at the end the following:

''(VI) after March 31, 2007, is 20 percent.''.

SEC. 2706. (a) For grant years beginning in 2006–2007, the Secretary of Health and Human Services may waive the requirements of, with respect to Louisiana, Mississippi, Alabama, and Texas and any eligible metropolitan area in Louisiana, Mississippi, Alabama, and Texas, the following sections of the Public Health Service Act:

(1) Section 2612(e)(1) of such Act (42 U.S.C. 300ff–21(b)(1)).

(2) Section 2617(b)(7)(E) of such Act (42 U.S.C. 300ff–27(b)(7)(E)).

(3) Section 2617(d) of such Act (42 U.S.C. 300ff–27(d)), except that such waiver shall apply so that the matching requirement is reduced to $1 for each $4 of Federal funds provided under the grant involved.

(b) If the Secretary of Health and Human Services grants a waiver under subsection (b), the Secretary—

(1) may not prevent Louisiana, Mississippi, Alabama, and Texas or any eligible metropolitan area in Louisiana, Mississippi, Alabama, and Texas from receiving or utilizing, or both, funds granted or distributed, or both, pursuant to title XXVI of the Public Health Service Act (42 U.S.C. 300ff–11 et seq.) because of the failure of Louisiana, Mississippi, Alabama, and Texas or any eligible metropolitan area in Louisiana, Mississippi, Alabama, and Texas to comply with the requirements of the sections listed in paragraphs (1) through (3) of subsection (a);

(2) may not take action due to such noncompliance; and

(3) shall assess, evaluate, and review Louisiana, Mississippi, Alabama, and Texas or any eligible metropolitan area's eligibility for funds under such title XXVI as if Louisiana, Mississippi, Alabama, and Texas or such eligible metropolitan area had fully complied with the requirements of the sections listed in paragraphs (1) through (3) of subsection (a).

(c) For grant years beginning in 2008, Louisiana, Mississippi, Alabama, and Texas and any eligible metropolitan area in Louisiana, Mississippi, Alabama, and Texas shall comply with each of the applicable requirements under title XXVI of the Public Health Service Act (42 U.S.C. 300ff–11 et seq.).

CHAPTER 8

LEGISLATIVE BRANCH

ARCHITECT OF THE CAPITOL

CAPITOL POWER PLANT

For an additional amount for ''Capitol Power Plant'', $25,000,000, for emergency utility tunnel repairs and asbestos abatement, to remain available until September 30, 2011: *Provided*, That the Architect of the Capitol may not obligate any of the funds appropriated under this heading without approval of an obligation plan by the Committees on Appropriations of the Senate and House of Representatives.

GOVERNMENT ACCOUNTABILITY OFFICE

SALARIES AND EXPENSES

For an additional amount for ''Salaries and Expenses'' of the Government Accountability Office, $374,000, to remain available until expended.

CHAPTER 9

DEPARTMENT OF DEFENSE

MILITARY CONSTRUCTION

MILITARY CONSTRUCTION, AIR FORCE RESERVE

(INCLUDING RESCISSION OF FUNDS)

For an additional amount for ''Military Construction, Air Force Reserve'', $3,096,000, to remain available until September 30, 2011: *Provided*, That such funds may be obligated and expended to carry out planning and design and military construction projects not otherwise authorized by law.

Of the funds appropriated for ''Military Construction, Air Force Reserve'' under Public Law 109–114, $3,096,000 are hereby rescinded.

DEPARTMENT OF DEFENSE BASE CLOSURE ACCOUNT, 2005

For deposit into the Department of Defense Base Closure Account 2005, established by section 2906(a)(1) of the Defense Base Closure and Realignment Act of 1990 (10 U.S.C. 2687 note), $3,136,802,000, to remain available until expended.

DEPARTMENT OF VETERANS AFFAIRS

VETERANS HEALTH ADMINISTRATION

MEDICAL SERVICES

For an additional amount for ''Medical Services'', $454,131,000, to remain available until expended, of which $50,000,000 shall be for the establishment of new Level I comprehensive polytrauma centers; $9,440,000 shall be for the establishment of polytrauma residential transitional rehabilitation programs; $20,000,000 shall be for additional transition caseworkers; $30,000,000 shall be for substance abuse treatment programs; $20,000,000 for readjustment counseling; $10,000,000 shall be for blind rehabilitation services; $100,000,000 shall be for enhancements to mental health services; $8,000,000

shall be for polytrauma support clinic teams; $5,356,000 for additional polytrauma points of contacts; and $201,335,000 shall be for treatment of Operation Enduring Freedom and Operation Iraqi Freedom veterans.

MEDICAL ADMINISTRATION

For an additional amount for ''Medical Administration'', $250,000,000, to remain available until expended.

MEDICAL FACILITIES

For an additional amount for ''Medical Facilities'', $595,000,000, to remain available until expended, of which $45,000,000 shall be used for facility and equipment upgrades at the Department of Veterans Affairs polytrauma rehabilitation centers and the polytrauma network sites; and $550,000,000 shall be for non-recurring maintenance as identified in the Department of Veterans Affairs Facility Condition Assessment report: *Provided*, That the amount provided under this heading for non-recurring maintenance shall be allocated in a manner outside of the Veterans Equitable Resource Allocation and specific to the needs and geographic distribution of Operation Enduring Freedom and Operation Iraqi Freedom veterans: *Provided further*, That within 30 days of enactment of this Act the Secretary shall submit to the Committees on Appropriations of both Houses of Congress an expenditure plan for non-recurring maintenance prior to obligation.

MEDICAL AND PROSTHETIC RESEARCH

For an additional amount for ''Medical and Prosthetic Research'', $30,000,000, to remain available until expended, which shall be used for research related to the unique medical needs of returning Operation Enduring Freedom and Operation Iraqi Freedom veterans.

DEPARTMENTAL ADMINISTRATION

GENERAL OPERATING EXPENSES

For an additional amount for ''General Operating Expenses'', $46,000,000, to remain available until expended, for the hiring and training of new pension and compensation claims processing personnel.

INFORMATION TECHNOLOGY SYSTEMS

For an additional amount for ''Information Technology Systems'', $36,100,000, to remain available until expended, of which $20,000,000 shall be for information technology support and improvements for processing of OIF/OEF veterans benefits claims, including making electronic DOD medical records available for claims processing and enabling electronic benefits applications by veterans; $1,000,000 shall be for the digitization of benefits records; and $15,100,000 shall be for electronic data breach and remediation and prevention.

CONSTRUCTION, MINOR PROJECTS

For an additional amount for ''Construction, Minor Projects'', $355,907,000, to remain available until expended, of which $36,000,000 shall be for construction costs associated with the establishment of polytrauma residential transitional rehabilitation programs.

GENERAL PROVISIONS—THIS CHAPTER

SEC. 2901. (a) Notwithstanding any other provision of law, none of the funds in this or any other Act shall be used to downsize staff or to close, realign or phase out essential services at Walter Reed Army Medical Center until equivalent medical facilities at the Walter Reed National Military Medical Center at Naval Medical Center, Bethesda, Maryland, and/or the Fort Belvoir, Virginia, Community Hospital have been constructed and equipped, and until the Secretary of Defense has certified in writing to the Congress that:

(1) the new facilities at Walter Reed National Military Medical Center at Bethesda and/or the Fort Belvoir Community Hospital are complete and fully operational, and

(2) replacement medical facilities at Walter Reed National Military Medical Center at Bethesda have adequate capacity to meet both the existing and projected demand for complex medical care and services, including outpatient and medical hold facilities, for combat veterans and other military personnel.

(b) Not later than 30 days after enactment of this Act, the Secretary of Defense shall provide to the Committees on Appropriations of the Senate and House of Representatives a report and proposed timetable outlining the Department's plan to transition patients, staff and medical services to the new facilities at Bethesda and Fort Belvoir without compromising patient care, staffing requirements or facility maintenance at the Walter Reed Medical Center.

(c) To ensure that the quality of care provided by the Military Health System is not diminished during this transition, the Walter Reed Army Medical Center shall be adequately funded, to include necessary renovation and maintenance of existing facilities, to continue the maximum level of inpatient and outpatient services.

SEC. 2902. Within existing funds appropriated to Departmental Administration, General Operating Expenses for fiscal year 2007, and within 30 days after enactment of this Act, the Department of Veterans Affairs shall contract with the National Academy of Public Administration for the purpose of conducting an independent study and analysis of the organizational structure, management and coordination processes, including Seamless Transition, utilized by the Department of Veterans affairs to:

(1) provide health care to active duty and veterans of Operation Enduring Freedom and Operation Iraqi Freedom; and

(2) provide benefits to veterans of Operation Enduring Freedom and Operation Iraqi Freedom.

SEC. 2903. The Director of the Congressional Budget Office shall, not later than November 15, 2007, submit to the Committees on Appropriations of the House of Representatives and the Senate a report projecting appropriations necessary for the Departments of Defense and Veterans Affairs to continue providing necessary health care to veterans of the conflicts in Iraq and Afghanistan. The projections should span several scenarios for the duration and number of forces deployed in Iraq and Afghanistan, and more generally, for the long-term health care needs of deployed troops engaged in the global war on terrorism over the next ten years.

CHAPTER 10

DEPARTMENT OF TRANSPORTATION

FEDERAL HIGHWAY ADMINISTRATION

FEDERAL-AID HIGHWAYS

EMERGENCY RELIEF PROGRAM

(INCLUDING RESCISSION OF FUNDS)

For an additional amount for the Emergency Relief Program as authorized under section 125 of title 23, United States Code, $388,903,000, to remain available until expended: *Provided*, That of the unobligated balances of funds apportioned to each State under chapter 1 of title 23, United States Code, $388,903,000 are rescinded: *Provided further*, That such rescission shall not apply to the funds distributed in accordance with sections 130(f) and 104(b)(5) of title 23, United States Code; sections 133(d)(1) and 163 of such title, as in effect on the day before the date of enactment of Public Law 109–59; and the first sentence of section 133(d)(3)(A) of such title: *Provided further*, That section 4103 of title III of this Act shall not apply to the first proviso under this paragraph.

FEDERAL TRANSIT ADMINISTRATION

FORMULA GRANTS

For an additional amount to be allocated by the Secretary to recipients of assistance under chapter 53 of title 49, United States Code, directly affected by Hurricanes Katrina and Rita, $75,000,000, for the operating and capital costs of transit services, to remain available until expended: *Provided*, That the Federal share for any project funded from this amount shall be 100 percent.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

OFFICE OF INSPECTOR GENERAL

For an additional amount for the Office of Inspector General, for the necessary costs related to the consequences of Hurricanes Katrina and Rita, $5,000,000, to remain available until expended.

GENERAL PROVISIONS—THIS CHAPTER

SEC. 3001. Notwithstanding part 750 of title 23, Code of Federal Regulations (or a successor regulation), if permitted by State law, a nonconforming sign that is or has been damaged, destroyed, abandoned, or discontinued as a result of a hurricane that is determined to be an act of God (as defined by State law) may be repaired, replaced, or reconstructed if the replacement sign has the same dimensions as the original sign, and said sign is located within a State found within Federal Emergency Management Agency Region IV or VI. The provisions of this section shall cease to be in effect twenty-four months following the date of enactment of this Act.

SEC. 3002. Section 21033 of the Continuing Appropriations Resolution, 2007 (division B of Public Law 109–289, as amended by Public Law 110–5) is amended by adding after the third proviso: '': *Provided further*, That notwithstanding the previous proviso, except for applying the 2007 Annual Adjustment Factor and making any other specified adjustments, public housing agencies that are eligible for assistance under section 901 in Public Law 109–148 (119 Stat. 2781) shall receive funding for calendar year 2007 based on the amount such public housing agencies were eligible to receive in calendar year 2006''.

TITLE III

OTHER MATTERS

CHAPTER 1

DEPARTMENT OF AGRICULTURE

FARM SERVICE AGENCY

SALARIES AND EXPENSES

For an additional amount for ''Salaries and Expenses'' of the Farm Service Agency, $75,000,000, to remain available until expended: *Provided*, That this amount shall only be available for the modernization and repair of the computer systems used by the Farm Service Agency (including) software, hardware, and personnel required for modernization and repair): *Provided further*, That of this amount $27,000,000 shall be made available 60 days after the date on which the Farm Service Agency submits to the Committee on Appropriations of the Senate, the Committee on Appropriations of the House of Representatives, and the Government Accountability Office a spending plan for the funds.

GENERAL PROVISIONS—THIS CHAPTER

(RESCISSION)

SEC. 3101. Of the unobligated balances of funds made available pursuant to section 298(a) of the Trade Act of 1974 (19 U.S.C. 2401G(a)), $75,000,000 are rescinded.

SEC. 3102. (a) Section 1237A(f) of the Food Security Act of 1985 (16 U.S.C. 3837a(f)) is amended in the first sentence by striking ''fair market value of the land less the fair

market value of such land encumbered by the easement'' and inserting ''fair market value of the land as determined in accordance with the method of valuation used by the Secretary as of January 1, 2003''.

(b) Section 1238I(c)(1) of the Food Security Act of 1985 (16 U.S.C. 3838i(c)(1)) is amended by inserting at the end the following:

''(C) VALUATION.—The Secretary shall determine fair market value under this paragraph in accordance with the method of valuation used by the Secretary as of January 1, 2003.''.

SEC. 3103. Subsection (b)(1) of section 313A of the Rural Electrification Act shall not apply in the case of a cooperative lender that has previously received a guarantee under section 313A and such additional guarantees shall not exceed the amount provided for in Public Law 110–5.

CHAPTER 2

GENERAL PROVISIONS—THIS CHAPTER

SEC. 3201. Section 20314 of the Continuing Appropriations Resolution, 2007 (division B of Public Law 109–289, as amended by Public Law 110–5) is amended by striking ''Resources.'' and inserting in lieu thereof: ''Resources: *Provided*, That $22,762,000 of the amount provided be for geothermal research and development activities.''.

SEC. 3202. Hereafter, federal employees at the National Energy Technology Laboratory shall be classified as inherently governmental for the purpose of the Federal Activities Inventory Reform Act of 1998 (31 U.S.C. 501 note).

SEC. 3203. PROHIBITION ON CERTAIN USES OF FUNDS BY BPA. None of the funds made available under this or any other Act shall be used during fiscal year 2007 to make, or plan or prepare to make, any payment on bonds issued by the Administrator of the Bonneville Power Administration (referred in this section as the ''Administrator'') or for an appropriated Federal Columbia River Power System investment, if the payment is both—

(1) greater, during any fiscal year, than the payments calculated in the rate hearing of the Administrator to be made during that fiscal year using the repayment method used to establish the rates of the Administrator as in effect on October 1, 2006; and

(2) based or conditioned on the actual or expected net secondary power sales receipts of the Administrator.

CHAPTER 3

GENERAL PROVISIONS—THIS CHAPTER

SEC. 3301. The structure of any of the offices or components within the Office of National Drug Control Policy shall remain as they were on October 1, 2006. None of the funds appropriated or otherwise made available in the Continuing Appropriations Resolution, 2007 (Public Law 110–5) may be used to implement a reorganization of offices within the Office of National Drug Control Policy without the explicit approval of the Committees on Appropriations of the House of Representatives and the Senate.

SEC. 3302. Funds made available in section 21075 of the Continuing Appropriations Resolution, 2007 (Public Law 110–5) shall be made available to a 501(c)(3) entity: (1) with a wide anti-drug coalition network and membership base, and one with a demonstrated track record and specific expertise in providing technical assistance, training, evaluation, research, and capacity building to community anti-drug coalitions; (2) with authorization from Congress, both prior to fiscal year 2007, and in fiscal years 2008 through 2012, to perform the duties described in subsection (1) of this section; and (3) that has previously received funding from Congress, including through a competitive process as well as direct funding, for providing the duties described in subsection (1) of this section: *Provided*, That funds appropriated in section 21075 shall be obligated within sixty days after enactment of this Act.

SEC. 3303. Funds made available under section 613 of Public Law 109–108 (119 Stat. 2338) for Nevada's Commission on Economic Development shall be made available to the Nevada Center for Entrepreneurship and Technology (CET).

SEC. 3304. From the amount provided by section 21067 of the Continuing Appropriations Resolution, 2007 (Public Law 110–5), the National Archives and Records Administration may obligate monies necessary to carry out the activities of the Public Interest Declassification Board.

SEC. 3305. None of the funds appropriated or otherwise made available in section 21063 of the Continuing Appropriations Resolution, 2007 (Public Law 110–5) for the ''General Services Administration, Real Property Activities, Federal Buildings Fund'', may be obligated for design, construction, or acquisition until the House and Senate Committees on Appropriations approve a revised detailed plan, by project, on the use of such funds: *Provided*, That the new plan shall include funding for completion of courthouse construction projects which received funding in fiscal year 2006 above a level of $5,000,000: *Provided further*, That such plan shall be provided by the Administrator of the General Services Administration to the House of Representatives and the Senate Committees on Appropriations within seven days of enactment.

SEC. 3306. Notwithstanding the notice requirement of the Transportation, Treasury, Housing and Urban Development, the Judiciary, the District of Columbia, and Independent Agencies Appropriations Act, 2006, 119 Stat. 2509 (Public Law 109–115), as continued in section 104 of the Continuing Appropriations Resolution, 2007 (Public Law 110–5), the District of Columbia Courts may reallocate not more than $1,000,000 of the funds provided for fiscal year 2007 under the Federal Payment to the District of Columbia Courts for facilities among the items and entities funded under that heading for operations.

SEC. 3307. (a) Not later than 90 days after the date of enactment of this Act, the Secretary of the Treasury, in coordination with the Securities and Exchange Commission and in consultation with the Departments of State and Energy, shall prepare and submit to the Senate Committee on Appropriations, the House of Representatives Committee on Appropriations, the Senate Foreign Relations Committee, and the House Foreign Affairs Committee an unclassified report, suitable to be made public, that contains the names of (1) all companies trading in securities that are registered under section 12 of the Securities Exchange Act of 1934 (15 U.S.C. 781) which either directly or through a parent or subsidiary company, including partly-owned subsidiaries, conduct business operations in Sudan relating to natural resource extraction, including oil-related activities and mining of minerals; and (2) the names of all other companies, which either directly or through a parent or subsidiary company, including partly-owned subsidiaries, conduct business operations in Sudan relating to natural resource extraction, including oil-related activities and mining of minerals. The reporting provision shall not apply to companies operating under licenses from the Office of Foreign Assets Control or otherwise expressly exempted under United States law from having to obtain such licenses in order to operate in Sudan.

(b) Not later than 20 days after enactment, the Secretary of the Treasury shall inform the aforementioned committees of Congress of any statutory or other legal impediments to the successful completion of this report.

(c) Not later than 45 days following the submission to Congress of the list of companies conducting business operations in Sudan relating to natural resource extraction required above, the General Services Administration shall determine whether the United States Government has an active contract for the procurement of goods or services with any of the identified companies, and provide notification to the appropriate committees of Congress of the companies, nature of the contract, and dollar amounts involved.

(INCLUDING RESCISSION)

SEC. 3308. (a) Of the funds provided for the General Services Administration, ''Office of Inspector General'' in section 21061 of the Continuing Appropriations Resolution, 2007 (division B of Public Law 109–289, as amended by Public Law 110–5), $8,000,000 are rescinded.

(b) For an additional amount for the General Services Administration, ''Office of Inspector General'', $8,000,000, to remain available until September 30, 2008.

SEC. 3309. Section 21073 of the Continuing Appropriations Resolution, 2007 (Public Law 110–5) is amended by adding a new subsection (j) as follows:

''(j) Notwithstanding section 101, any appropriation or funds made available to the District of Columbia pursuant to this division for 'Federal Payment for Foster Care Improvement in the District of Columbia' shall be available in accordance with an expenditure plan submitted by the Mayor of the District of Columbia not later than 60 days after the enactment of this section which details the activities to be carried out with such Federal Payment.''.

CHAPTER 4

GENERAL PROVISIONS—THIS CHAPTER

SEC. 3401. Any unobligated balances remaining from prior appropriations for United States Coast Guard, ''Retired Pay'' shall remain available until expended in the account and for the purposes for which the appropriations were provided, including the payment of obligations otherwise chargeable to lapsed or current appropriations for this purpose.

SEC. 3402. INTEGRATED DEEPWATER SYSTEM. (a) COMPETITION FOR ACQUISITION AND MODIFICATION OF ASSETS.—

(1) IN GENERAL.—The Commandant of the Coast Guard shall utilize full and open competition for any contract entered into after the date of enactment of this Act that provides for the acquisition or modification of assets under, or in support of, the Integrated Deepwater System Program of the Coast Guard.

(2) EXCEPTIONS.—Paragraph (1) shall not apply to the following:

(A) The acquisition or modification of the following asset classes for which assets of the class and related systems and components under the Integrated Deepwater System are under a contract for production:

(i) National Security Cutter;

(ii) Maritime Patrol Aircraft;

(iii) Deepwater Command, Control, Communications, Computer, Intelligence, Surveillance, and Reconnaissance (C4ISR) System; and

(iv) HC–130J Fleet Introduction.

(B) The modification of any legacy asset class under the Integrated Deepwater System Program being performed by a Coast Guard entity.

(b) CHAIR OF PRODUCT AND OVERSIGHT TEAMS.—The Commandant of the Coast Guard shall assign an appropriate officer or employee of the Coast Guard to act as chair of each of the following:

(1) Each integrated product team under the Integrated Deepwater System Program.

(2) Each higher-level team assigned to the oversight of a product team referred to in paragraph (1).

(c) LIFE-CYCLE COST ESTIMATE.—The Commandant of the Coast Guard may not enter into a contract for lead asset production under the Integrated Deepwater System Program until the Commandant obtains an independent estimate of life-cycle costs of the asset concerned.

(d) REVIEW OF ACQUISITIONS AND MAJOR DESIGN CHANGES.—

(1) IN GENERAL.—With the exception of assets covered under (a)(2) of this section, the Commandant of the Coast Guard may not carry out an action described in paragraph (2) unless an independent third party with no financial interest in the development, construction, or modification of any component of the Integrated Deepwater System Program, selected by the Commandant for purposes of the subsection, determines that such action is advisable.

(2) COVERED ACTIONS.—The actions described in the paragraph are as follows:

(A) The acquisition or modification of an asset under the Integrated Deepwater System Program.

(B) The implementation of a major design change for an asset under the Integrated Deepwater System Program.

(e) LINKING OF AWARD FEES TO SUCCESSFUL ACQUISITION OUTCOMES.—The Commandant of the Coast Guard shall require that all contracts under the Integrated Deepwater System Program that provide award fees link such fees to successful acquisition outcomes (which shall be defined in terms of cost, schedule, and performance).

(f) CONTRACTUAL AGREEMENTS.—

(1) IN GENERAL.—The Commandant of the Coast Guard may not award or issue any contract, task or delivery order, letter contract modification thereof, or other similar contract, for the acquisition or modification of an asset under the Integrated Deepwater System Program unless the Coast Guard and the contractor concerned have formally agreed to all terms and conditions.

(2) EXCEPTION.—A contract, task or delivery order, letter contract, modification thereof, or other similar contract described in paragraph (1) may be awarded or issued if the head of contracting activity of the Coast Guard determines that a compelling need exists for the award or issue of such instrument.

(g) DESIGNATION OF TECHNICAL AUTHORITY.—The Commandant of the Coast Guard shall designate the Assistant Commandant of the Coast Guard for Engineering and Logistics as the technical authority for all engineering, design, and logistics decisions pertaining to the Integrated Deepwater System Program.

(h) REPORT ON PERSONNEL REQUIRED FOR ACQUISITION MANAGEMENT.—Not later than 30 days after the date of the enactment of this Act, the Commandant of the Coast Guard shall submit to the Committees on Appropriations of the Senate and the House of Representatives; the Committee on Commerce, Science and Transportation of the Senate; and the Committee on Transportation and Infrastructure of the House of Representatives a report on the resources (including training, staff, and expertise) required by the Coast Guard to provide appropriate management and oversight of the Integrated Deepwater System Program.

(i) COMPTROLLER GENERAL REPORT ON PROGRESS.—Not later than 60 days after the date of enactment of this Act, the Comptroller General of the United States shall submit to the Committees on Appropriations of the Senate and the House of Representatives; the Committee on Commerce, Science and Transportation of the Senate; and the Committee on Transportation and Infrastructure of the House of Representatives a report describing and assessing the progress of the Coast Guard in complying with the requirements of this section.

SEC. 3403. None of the funds provided in this Act or any other Act may be used to alter or reduce operations within the Civil Engineering Program of the Coast Guard nationwide, including the civil engineering units, facilities, design and construction centers, maintenance and logistics command centers, the Coast Guard Academy and the Coast Guard Research and Development Center, except as specifically authorized by a statute enacted after the date of enactment of this Act.

CHAPTER 5

GENERAL PROVISIONS—THIS CHAPTER

SEC. 3501. Section 20515 of the Continuing Appropriations Resolution, 2007 (division B of Public Law 109–289, as amended by Public Law 110–5) is amended by inserting before the period: ''; and of which, not to exceed $143,628,000 shall be available for contract support costs under the terms and conditions contained in Public Law 109-54''.

SEC. 3502. Section 20512 of the Continuing Appropriations Resolution, 2007 (division B of Public Law 109–289, as amended by Public Law 110–5) is amended by inserting after the first dollar amount: '', of which not to exceed $7,300,000 shall be transferred to the 'Indian Health Facilities' account; the amount in the second proviso shall be $18,000,000; the amount in the third proviso shall be $525,099,000; the amount in the ninth proviso shall be $269,730,000; and the $15,000,000 allocation of funding under the eleventh proviso shall not be required''.

SEC. 3503. Section 20501 of the Continuing Appropriations Resolution, 2007 (division B of Public Law 109–289, as amended by Public Law 110–5) is amended by inserting after $55,663,000: ''of which $13,000,000 shall be for Save America's Treasures''.

SEC. 3504. Of the funds made available to the United States Fish and Wildlife Service for fiscal year 2007 under the heading ''Land Acquisition'', not to exceed $1,980,000 may be used for land conservation partnerships authorized by the Highlands Conservation Act of 2004.

SEC. 3505. The Administrator of the Environmental Protection Agency shall grant to the Water Environment Research Foundation (WERF) such sums as were directed in fiscal year 2005 and fiscal year 2006 for the On-Farm Assessment and Environmental Review program: *Provided*, That not less than 95 percent of funds made available shall be used by WERF to award competitively a contract to perform the program's environmental assessments: *Provided further*, That WERF shall not retain more than 5 percent of such sums for administrative expenses.

CHAPTER 6

DEPARTMENT OF HEALTH AND HUMAN SERVICES

NATIONAL INSTITUTES OF HEALTH

NATIONAL INSTITUTE OF ALLERGY AND INFECTIOUS DISEASES

(TRANSFER OF FUNDS)

Of the amount provided by the Continuing Appropriations Resolution, 2007 for ''National Institute of Allergy and Infectious Diseases'', $49,500,000 shall be transferred to ''Public Health and Social Services Emergency Fund'' to carry out activities relating to advanced research and development as provided by section 319L of the Public Health Service Act.

GENERAL PROVISIONS—THIS CHAPTER

(TRANSFER OF FUNDS)

SEC. 3601. Section 20602 of the Continuing Appropriations Resolution, 2007 (division B of Public Law 109–289, as amended by Public Law 110–5) is amended by inserting the following after ''$5,000,000'': ''(together with an additional $7,000,000 which shall be transferred by the Pension Benefit Guaranty Corporation as an authorized administrative cost)''.

SEC. 3602. Section 20625(b)(1) of the Continuing Appropriations Resolution, 2007 (division B of Public Law 109–289, as amended by Public Law 110–5) is amended by—

(1) striking ''$7,172,994,000'' and inserting ''$7,176,431,000'';

(2) amending subparagraph (A) to read as follows:

''(A) $5,454,824,000 shall be for basic grants under section 1124 of the Elementary and Secondary Education Act of 1965 (ESEA), of which up to $3,437,000 shall be available to the Secretary of Education on October 1, 2006, to obtain annually updated educational-agency-level census poverty data from the Bureau of the Census;''; and

(3) amending subparagraph (C) to read as follows:

''(C) not to exceed $2,352,000 may be available for section 1608 of the ESEA and for a clearinghouse on comprehensive school reform under part D of title V of the ESEA;''.

SEC. 3603. (a) From the amounts available for Department of Education, Safe Schools and Citizenship Education as provided by the Continuing Appropriations Resolution, 2007, $321,500,000 shall be available for Safe and Drug-Free Schools State Grants and $247,335,000 shall be available for Safe and Drug-Free Schools National Programs.

(b) Of the amount available for Safe and Drug-Free National Programs, not less than $25,000,000 shall be for competitive grants to local educational agencies to address youth violence and related issues.

(c) The competition under subsection (b) shall be limited to local educational agencies that operate schools currently identified as persistently dangerous under section 9532 of the Elementary and Secondary Education Act of 1965.

SEC. 3604. The provision in the first proviso under the heading ''Rehabilitation Services and Disability Research'' in the Department of Education Appropriations Act, 2006, relating to alternative financing programs under section 4(b)(2)(D) of the Assistive Technology Act of 1998 shall not apply to funds appropriated by the Continuing Appropriations Resolution, 2007.

(TRANSFER OF FUNDS)

SEC. 3605. Notwithstanding sections 20639 and 20640 of the Continuing Appropriations Resolution, 2007, as amended by section 2 of the Revised Continuing Appropriations Resolution, 2007 (Public Law 110–5), the Chief Executive Officer of the Corporation for National and Community Service may transfer an amount of not more than $1,360,000 from the account under the heading ''National and Community Service Programs, Operating Expenses'' under the heading ''Corporation for National and Community Service'', to the account under the heading ''Salaries and Expenses'' under the heading ''Corporation for National and Community Service''.

SEC. 3606. Section 1310.12(a) of title 45 of the Code of Federal Regulations (October 1, 2004) shall be effective 30 days after enactment of this Act except that any vehicles in use to transport Head Start children as of January 1, 2007, shall not be subject to a requirement under that part regarding rear emergency exit doors for two years after the date of enactment.

The Secretary of Health and Human Services shall revise the allowable alternate vehicle standards described in that part 1310 (or any corresponding similar regulation or ruling) to exempt from Federal seat spacing

requirements and supporting seating requirements related to compartmentalization any vehicle used to transport children for a Head Start program if the vehicle meets federal motor vehicle safety standards for seating systems, occupant crash protection, seat belt assemblies, and child restraint anchorage systems consistent with that part 1310 (or any corresponding similar regulation or ruling). Such revision shall be made in a manner consistent with the findings of the National Highway Traffic Safety Administration, pursuant to its study on occupant protection on Head Start transit vehicles, related to the Government Accountability Office report GAO–06–767R.

(INCLUDING RESCISSION)

SEC. 3607. (a) From the amounts made available by the Continuing Appropriations Resolution, 2007 (Public Law 109–289, as amended by the Revised Continuing Appropriations Resolution, 2007 (Public Law 110–5)) for the Office of the Secretary, General Departmental Management under the Department of Health and Human Services, $1,000,000 are rescinded.

(b) For the activities carried out by the Secretary of Education under section 3(a) of Public Law 108–406 (42 U.S.C. 15001 note), $1,000,000.

(INCLUDING RESCISSION)

SEC. 3608. (a) From the amounts made available by the Continuing Appropriations Resolution, 2007 for ''Department of Education, Student Aid Administration'', $2,000,000 are rescinded.

(b) For an additional amount for ''Department of Education, Higher Education'' under part B of title VII of the Higher Education Act of 1965 which shall be used to make a grant to the University of Vermont for the Educational Excellence Program, $2,000,000.

SEC. 3609. Section 1820 of the Social Security Act (42 U.S.C. 1395i–4) is amended—

(1) by redesignating subsection (j) as subsection (k); and

(2) by inserting after subsection (i) the following new subsection:

''(j) DELTA HEALTH INITIATIVE.—

''(1) IN GENERAL.—The Secretary is authorized to award a grant to the Delta Health Alliance, a nonprofit alliance of academic institutions in the Mississippi Delta region, to solicit and fund proposals from local governments, hospitals, health care clinics, academic institutions, and rural public health-related entities and organizations for research development, educational programs, health care services, job training, planning, construction, and the equipment of public health-related facilities in the Mississippi Delta region.

''(2) FEDERAL INTEREST IN PROPERTY.—With respect to funds used under this subsection for construction or alteration of property, the Federal interest in the property shall last for a period of 1 year following completion or until the Federal Government is compensated for its proportionate interest in the property if the property use changes or the property is transferred or sold, whichever time period is less. At the conclusion of such period, the Notice of Federal Interest in such property shall be removed.

''(3) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out this subsection in fiscal year 2007 and in each of the five succeeding fiscal years.''.

CHAPTER 7

GENERAL PROVISIONS—THIS CHAPTER

SEC. 3701. Section 2(c) of the Legislative Branch Appropriations Act, 1993 (2 U.S.C. 121d(c)) is amended by adding at the end the following:

''(3) The Secretary of the Senate may transfer from the fund to the Senate Employee Child Care Center proceeds from the sale of holiday ornaments by the Senate Gift Shop for the purpose of funding necessary activities and expenses of the Center, including scholarships, educational supplies, and equipment.''.

(INCLUDING RESCISSION)

SEC. 3702. (a) Of the funds provided for the ''Capitol Guide Service and Special Services Office'' in section 20703(a) of the Continuing Appropriations Resolution, 2007 (as added by section 2 of the Revised Continuing Appropriations Resolution, 2007 (Public Law 110–5)), $3,500,000 are rescinded.

(b) For an additional amount for ''Capitol Guide Service and Special Services Office'', $3,500,000, to remain available until September 30, 2008.

CHAPTER 8

GENERAL PROVISION—THIS CHAPTER

SEC. 3801. Notwithstanding any other provision of law, appropriations made by Public Law 110–5, or any other Act, which the Secretary of Veterans Affairs contributes to the Department of Defense/Department of Veterans Affairs Health Care Sharing Incentive Fund under the authority of section 8111(d) of title 38, United States Code, shall remain available until expended for any purpose authorized by section 8111 of title 38, United States Code. 34

CHAPTER 9

GENERAL PROVISIONS—THIS CHAPTER

CONSULTATION REQUIREMENT

SEC. 3901. Of the funds provided in the Revised Continuing Appropriations Resolution, 2007 (Public Law 110–5) for the United States-China Economic and Security Review Commission, $1,000,000 shall be available for obligation only in accordance with a spending plan submitted to and approved by the Committees on Appropriations which addresses the recommendations of the Government Accountability Office's audit of the Commission.

TECHNICAL AMENDMENT

SEC. 3902. (a) Notwithstanding any other provision of law, subsection (c) under the heading ''Assistance for the Independent States of the Former Soviet Union'' in Public Law 109–102, shall not apply to funds appropriated by the Continuing Appropriations Resolution, 2007 (Public Law 109–289, division B) as amended by Public Laws 109–369, 109–383, and 110–5.

(b) Section 534(k) of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 2006 (Public Law 109–102) is amended, in the second proviso, by inserting after ''subsection (b) of that section'' the following: ''and the requirement that a majority of the members of the board of directors be United States citizens provided in subsection (d)(3)(B) of that section''.

(c) Subject to section 101(c)(2) of the Continuing Appropriations Resolution, 2007 (division B of Public Law 109–289, as amended by Public Law 110–5), the amount of funds appropriated for ''Foreign Military Financing Program'' pursuant to such Resolution shall be construed to be the total of the amount appropriated for such program by section 20401 of that Resolution and the amount made available for such program by section 591 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 2006 (Public Law 109–102) which is made applicable to the fiscal year 2007 by the provisions of such Resolution.

CHAPTER 10

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

OFFICE OF FEDERAL HOUSING ENTERPRISE OVERSIGHT

SALARIES AND EXPENSES

(INCLUDING TRANSFER OF FUNDS)

For an additional amount to carry out the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, $4,800,000, to remain available until expended, to be derived from the Federal Housing Enterprises Oversight Fund and to be subject to the same terms and conditions pertaining to funds provided under this heading in Public Law 109–115: *Provided*, That not to exceed the total amount provided for these activities for fiscal year 2007 shall be available from the general fund of the Treasury to the extent necessary to incur obligations and make expenditures pending the receipt of collections to the Fund: *Provided further*, That the general fund amount shall be reduced as collections are received during the fiscal year so as to result in a final appropriation from the general fund estimated at not more than $0.

GENERAL PROVISIONS—THIS CHAPTER

SEC. 4001. Hereafter, funds limited or appropriated for the Department of Transportation may be obligated or expended to grant authority to a Mexican motor carrier to operate beyond United States municipalities and commercial zones on the United States-Mexico border only to the extent that—

(1) granting such authority is first tested as part of a pilot program;

(2) such pilot program complies with the requirements of section 350 of Public Law 107–87 and the requirements of section 31315(c) of title 49, United States Code, related to pilot programs; and

(3) simultaneous and comparable authority to operate within Mexico is made available to motor carriers domiciled in the United States.

SEC. 4002. Section 21033 of the Continuing Appropriations Resolution, 2007 (division B of Public Law 109–289, as amended by Public Law 110–5) is amended by adding after the second proviso: '': *Provided further*, That paragraph (2) under such heading in Public Law 109–115 (119 Stat. 2441) shall be funded at $149,300,000, but additional section 8 tenant protection rental assistance costs may be funded in 2007 by using unobligated balances, notwithstanding the purposes for which such amounts were appropriated, including recaptures and carryover, remaining from funds appropriated to the Department of Housing and Urban Development under this heading, the heading ''Annual Contributions for Assisted Housing'', the heading ''Housing Certificate Fund'', and the heading ''Project-Based Rental Assistance'' for fiscal year 2006 and prior fiscal years: *Provided further*, That paragraph (3) under such heading in Public Law 109–115 (119 Stat. 2441) shall be funded at $47,500,000: *Provided further*, That paragraph (4) under such heading in Public Law 109–115 (119 Stat. 2441) shall be funded at $5,900,000: *Provided further*, That paragraph (5) under such heading in Public Law 109–115 (119 Stat. 2441) shall be funded at $1,281,100,000, of which $1,251,100,000 shall be allocated for the calendar year 2007 funding cycle on a pro rata basis to public housing agencies based on the amount public housing agencies were eligible to receive in calendar year 2006, and of which up to $30,000,000 shall be available to the Secretary to allocate to public housing agencies that need additional funds to administer their section 8 programs, with up to $20,000,000 to be for fees associated with section 8 tenant protection rental assistance''.

SEC. 4003. The dates for subsidy reductions and demonstrations for discontinuance of reductions in operating subsidy under the new operating fund formula, pursuant to HUD regulations at 24 CFR 990.230, shall be moved forward so that the first demonstration date for asset management compliance shall be September 1, 2007, and reductions in subsidy for calendar year 2007 shall be limited to the 5 percent amount referred to in such regulations. Any public housing agency that has filed information to demonstrate compliance on or prior to April 15, 2007 shall be permitted to re-file the same or different information to demonstrate such compliance on or before September 1, 2007.

CHAPTER 11

GENERAL PROVISIONS—THIS ACT

AVAILABILITY OF FUNDS

SEC. 4101. No part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.

EMERGENCY DESIGNATION FOR TITLE I

SEC. 4102. Amounts provided in title I of this Act are designated as emergency requirements pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

EMERGENCY DESIGNATION FOR TITLE II

SEC. 4103. Amounts provided in title II of this Act are designated as emergency requirements pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

SA 789. Mr. GREGG submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 11, line 3, strike ''$10,589,272,000'' and insert ''$12,588,272,000''.

On page 11, line 24, strike ''$1,703,389,000'' and insert ''$3,896,389,000''.

Strike title IV.

SA 790. Mr. GREGG submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

Strike title IV and insert the following:

TITLE IV—MINE RESISTANT AMBUSH PROTECTION FOR AMERICAN TROOPS

SEC. 401. SHORT TITLE.

This title may be cited as the ''Mine Resistant Ambush Protection for American Troops Act of 2007''.

PROCUREMENT

OTHER PROCUREMENT, ARMY

For an additional amount for ''Other Procurement, Army'', $1,999,000,000, to remain available until September 30, 2009.

PROCUREMENT, MARINE CORPS

For an additional amount for ''Procurement, Marine Corps'', $2,193,000,000, to remain available until September 30, 2009.

SEC. 402. CONSTRUCTION.

(a) EMERGENCY DESIGNATION.—The amounts provided under this title are designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress).

(b) SUPPLEMENT NOT SUPPLANT.—The amounts provided in this title for the purposes so provided are in addition to any other amounts provided in this Act for such purposes.

SA 791. Mr. BAYH submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At end of chapter 3 of title I, insert the following:

SEC. 1316. REPORT ON CONTINGENCY PLANNING ON IRAQ.

(a) REPORT REQUIRED.—Not later than 60 days after the date of the enactment of this Act, the President shall submit to Congress a report on United States contingency planning for Iraq.

(b) ELEMENTS.—The report required by subsection (a) shall include the following:

(1) Proposed United States strategic military and policy options if the current United States plan for Iraq fails to achieve its stated objective of transitioning Iraq to a stable democracy and having Iraq become an ally in the war on terror, including options on the following:

(A) Prevent the emergence of terrorist safe-havens in Iraq.

(B) An Iraq that is not allied with or a significant supporter of Iran.

(2) The number and type of United States military forces needed for each option proposed under paragraph (1), including the equipment required for each such option.

(3) An estimate of the cost and schedule for each option proposed under paragraph (1).

(4) The key assumptions underlying each option proposed under paragraph (1).

(c) FORM.—The report required by subsection (a) shall be submitted in unclassified form, but may include a classified annex.

SA 792. Mr. BAYH submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

REPORT ON CLOSING THE PREDATOR AND GLOBAL HAWK UAV PRODUCTION GAP

(a) REPORT REQUIRED.—Not later than 30 days after the date of the enactment of this Act, die Secretary of Defense shall report to the Congress no later than 90 days after enactment of this legislation on how the Department of Defense will rapidly reduce the gap in available Predator unmanned aerial vehicles and associated orbits with military and intelligence mission requirements.

(b) ELEMENTS.—The report and proposed plan shall include the following elements:

(1) What is the shortage of available Predators, Global Hawks and orbits to stated Department of Defense requirements in the field, including for U.S. forces in Iraq, Afghanistan, Colombia, East, South and Southeast Asia?

(2) What is the timeline for fully closing this shortage?

(3) Has the Department of Defense requested all necessary funds to keep Predator, Global Hawk and associated orbit production lines running at maximum capacity until the shortage is fully closed? If not, why not?

(4) What steps do you recommend to close this gap?

(5) Does having a sole source producer delay meeting Predator production and procurement timelines? If so, how can we best open up the competition?

(6) Please provide the five year Predator, Global Hawk and orbit requirement? Do you foresee long-endurance UAVs, armed and for intelligence, surveillance and reconnaissance purposes, being a long-term and growing requirement for the United States Armed Forces?

(c) FORM.—The report required by subsection (a) shall be submitted in unclassified form, but may include a classified annex.

SA 793. Ms. KLOBUCHAR submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ____. In providing any grants for small and rural community technical and compliance assistance under the Fiscal Year 2007 Operating Plan of the Environmental Protection Agency, the Administrator of the Environmental Protection Agency shall give priority to small systems and qualified (as determined by the Administrator) organizations that have the most need (or a majority of need) from small communities in each State.

SA 794. Mr. SALAZAR submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 56, after line 18, add the following:

SEC. 1713. (a) QUARTERLY REPORTS ON EFFECTS OF PARTICIPATION IN THE GLOBAL WAR ON TERRORISM ON VETERANS AND THE DEPARTMENT OF VETERANS AFFAIRS.—

(1) QUARTERLY REPORTS REQUIRED.—Not later than 90 days after the date of the enactment of this Act, and every fiscal year quarter thereafter, the Secretary of Veterans Affairs shall submit to the appropriate committees of Congress a report on the effects of participation in the Global War on Terrorism on veterans and on the Department of Veterans Affairs.

(2) SCOPE OF REPORT.—Each report required by paragraph (1) shall provide the information specified in paragraph (3), current as of the date of such report, separately for each of the following periods:

(A) The period of the fiscal year quarter for which such report is submitted.

(B) The period beginning on October 1, 2001, and ending on the last day of the most recent fiscal year completed on or before the date of such report, with such information set forth—

(i) in aggregate over such period; and

(ii) separately for each complete fiscal year that falls within such period.

(3) COVERED INFORMATION.—The information specified in this paragraph for a report under paragraph (1) is information on the provision to veterans of the Global War on Terrorism of benefits and services under the laws administered by the Secretary of Veterans Affairs as follows:

(A) PERSONAL INFORMATION.—Aggregated personal information on veterans of the Global War on Terrorism, including—

(i) the number of such veterans by race;

(ii) the number of such veterans by sex;

(iii) the number of such veterans by age;

(iv) the number of such veterans by marital status (whether married, single, separated, or divorced); and

(v) the number of such veterans by residence (by State, territory, or country).

(B) INFORMATION ON MILITARY SERVICE.—Aggregated information on the military service of veterans of the Global War on Terrorism, including information on the following:

(i) In the case of all veterans of the Global War on Terrorism—

(I) the number of such veterans by Armed Force, and by component of Armed Force, in which such veterans served in the Global War on Terrorism; and

(II) the number of such veterans by duty status in which such veterans served in the Global War on Terrorism, including, in the case of veterans who were members of a reserve component of the Armed Forces, the number of such veterans who were members of the National Guard.

(ii) In the case of veterans of the Global War on Terrorism who served only in Operation Enduring Freedom—

(I) the number of such veterans by Armed Force, and by component of Armed Force, in which such veterans served in Operation Enduring Freedom; and

(II) the number of such veterans by duty status in which such veterans served in Operation Enduring Freedom, including, in the case of veterans who were members of a reserve component of the Armed Forces, the number of such veterans who were members of the National Guard.

(iii) In the case of veterans of the Global War on Terrorism who served only in Operation Iraqi Freedom—

(I) the number of such veterans by Armed Force, and by component of Armed Force, in which such veterans served in Operation Iraqi Freedom; and

(II) the number of such veterans by duty status in which such veterans served in Operation Iraqi Freedom, including, in the case of veterans who were members of a reserve component of the Armed Forces, the number of such veterans who were members of the National Guard.

(iv) In the case of veterans of the Global War on Terrorism who served in both Operation Enduring Freedom and Operation Iraqi Freedom—

(I) the number of such veterans by Armed Force, and by component of Armed Force, in which such veterans served in each of Operation Enduring Freedom and Operation Iraqi Freedom; and

(II) the number of such veterans by duty status in which such veterans served in Operation Enduring Freedom or Operation Iraqi Freedom, including, in the case of veterans who were members of a reserve component of the Armed Forces, the number of such veterans who were members of the National Guard.

(v) In the case of veterans of the Global War on Terrorism who served in neither Operation Enduring Freedom nor Operation Iraqi Freedom—

(I) the number of such veterans by Armed Force, and by component of Armed Force, in which such veterans served in the Armed Forces during the Global War on Terrorism; and

(II) the number of such veterans by duty status in which such veterans served in the Armed Forces during the Global War on Terrorism, including, in the case of veterans who were members of a reserve component of the Armed Forces, the number of such veterans who were members of the National Guard.

(vi) The number of veterans of the Global War on Terrorism by deployment location in the Global War on Terrorism, including the number of such veterans deployed to each location specified in subsection (c)(2).

(vii) The deployment history of veterans during the Global War on Terrorism, including—

(I) the number of veterans who were deployed more than once; and

(II) for each number of veterans who were deployed twice, three times, four times, or more than four times, the number of such veterans who were deployed each such number of times.

(viii) The number of veterans of the Global War on Terrorism by grade upon completion of military service in the Global War on Terrorism.

(ix) The medical evacuation history of veterans during the Global War on Terrorism, including—

(I) the number of veterans who were evacuated once or more during the Global War on Terrorism; and

(II) for each number of veterans who were evacuated twice, three times, four times, or more than four times, the number of such veterans who were evacuated each such number of times.

(C) HEALTH, COUNSELING, AND RELATED BENEFITS.—Aggregated information on the health, counseling, and related benefits and services provided by the Department of Veterans Affairs to veterans of the Global War on Terrorism, including information on the enrollment of such veterans in the patient enrollment system under section 1705 of title 38, United States Code, by priority of enrollment status.

(D) COMPENSATION, PENSION, AND OTHER BENEFITS.—Aggregated information on the compensation, pension, and other benefits and services provided by the Department of Veterans Affairs to veterans of the Global War on Terrorism, including information on the following:

(i) The claims of such veterans for compensation under chapter 11 of title 38, United Stated Code, including—

(I) the number of claims received;

(II) the number of claims granted;

(III) the number of claims denied; and

(IV) the number of claims pending.

(ii) The amount of compensation paid to such veterans, stated as an average monthly amount for each of the periods covered by such report and as a total amount for both such periods.

(iii) The claims for dependency and indemnity compensation under chapter 13 of title 38, United States Code, with respect to such veterans, including—

(I) the number of claims received;

(II) the number of claims granted;

(III) the number of claims denied; and

(IV) the number of claims pending.

(iv) The amount of dependency and indemnity compensation paid with respect to such veterans, stated as an average monthly amount for the periods covered by such report and as a total amount for such periods.

(v) The claims for pension under chapter 15 of title 38, United States Code, for or with respect to such veterans, including—

(I) the number of claims received;

(II) the number of claims granted;

(III) the number of claims denied; and

(IV) the number of claims pending.

(vi) The education benefits provided to or with respect to such veterans or other individuals under chapter 30, 32, or 35 of title 38, United States Code, or chapter 1606 or 1607 of title 10, United States, including—

(I) the number of veterans or other individuals provided such benefits (set forth by chapter under which provided); and

(II) the amount of such benefits (set forth by chapter under which provided).

(vii) The vocational rehabilitation benefits and services provided to such veterans, including—

(I) the number of veterans submitting applications for such benefits or services;

(II) the number of applications granted;

(III) the number of applications denied;

(IV) the number of applications pending; and

(V) the type and amount of such benefits and services provided.

(viii) The housing and small business loan guaranty benefits provided to such veterans under chapter 37 of title 38, United States Code, and other provisions of law, including—

(I) the number of veterans submitting applications for such benefits;

(II) the type, and number and amount by type, of such benefits provided; and

(III) the number and amount by type of loans in default.

(ix) The specially adapted housing assistance provided to such veterans under chapter 21 of title 38, United States Code, including the type and amount of assistance provided.

(x) The insurance benefits provided to or with respect to such veterans under chapter 19 of title 38, United States Code, including the amount of benefits provided under each type of insurance offered by the Secretary.

(E) BURIAL AND CEMETERY BENEFITS.—Aggregated information on the burial and cemetery benefits provided by the Department of Veterans Affairs with respect to veterans of the Global War on Terrorism, including information on the following:

(i) The number of burials in a cemetery of the National Cemetery System or Arlington National Cemetery.

(ii) The number of flags furnished under section 2301 of title 38, United States Code.

(iii) The amount of burial allowances paid under section 2302 of title 38, United States Code.

(iv) The amount of plot allowances paid under section 2303 of title 38, United States Code.

(v) The number of headstones, markers, and burial receptacles furnished under section 2306 of title 38, United States Code, and the cost of furnishing such headstones, markers, and receptacles.

(vi) The amount of burial and funeral expenses paid under section 2307 of title 38, United States Code, for veterans who die from a service-connected disability.

(vii) The costs of the transportation of the remains of deceased veterans to a national cemetery under section 2308 of title 38, United States Code.

(F) SERVICE-CONNECTED STATUS.—A description of the way in which the Secretary of Veterans Affairs distinguishes between service-connected disabilities and disabilities that are not service-connected.

(4) PROTECTION OF IDENTITIES.—The Secretary shall take appropriate actions in preparing and submitting reports under this subsection to ensure that no personally identifying information on any particular veteran is included or otherwise improperly released in such reports.

(5) DEFINITIONS.—In this subsection:

(A) APPROPRIATE COMMITTEES OF CONGRESS.—The term ''appropriate committees of Congress'' means—

(i) the Committees on Armed Services, Appropriations, and Veterans' Affairs of the Senate; and

(ii) the Committees on Armed Services, Appropriations, and Veterans' Affairs of the House of Representatives.

(B) VETERAN OF THE GLOBAL WAR ON TERRORISM.—The term ''veteran of the Global War on Terrorism'' means a veteran of the Global War on Terrorism who served on active military, naval, or air service during the Global War on Terrorism in a location specified in subsection (c)(2).

(b) QUARTERLY REPORTS ON EFFECTS OF PARTICIPATION IN THE GLOBAL WAR ON TERRORISM ON MEMBERS OF THE ARMED FORCES AND THE DEPARTMENT OF DEFENSE.—

(1) QUARTERLY REPORTS REQUIRED.—Not later than 90 days after the date of the enactment of this Act, and every 90 days thereafter, the Secretary of Defense shall submit to the congressional defense committees a

report on the effects of participation in the Global War on Terrorism on the members of the Armed Forces and on the Department of Defense.

(2) SCOPE OF REPORT.—Each report required by paragraph (1) shall include the information specified in paragraph (3), current as of the date of such report, separately for each of the following periods:

(A) The 90-day period ending on the date of such report.

(B) The period beginning on September 11, 2001, and ending on the date of such report.

(3) COVERED INFORMATION.—The information specified in this paragraph for a report under paragraph (1) is information on the participation of members of the Armed Forces in the Global War on Terrorism as follows:

(A) PERSONAL INFORMATION.—Aggregated personal information on members of the Armed Forces participating in the Global War on Terrorism, including—

(i) the number of such members by race;

(ii) the number of such members by sex;

(iii) the number of such members by age;

(iv) the number of such members by marital status (whether married, single, separated, or divorced); and

(v) the number of such members by home of record (by State or territory).

(B) INFORMATION ON MILITARY SERVICE.—Aggregated information on the military service of members of the Armed Forces participating in the Global War on Terrorism, including information on the following:

(i) The number of such members by Armed Force, and by component of Armed Force, in which such members are serving in the Global War on Terrorism.

(ii) The number of such members by duty status in which such members are serving in the Global War on Terrorism, including, in the case of members who are members of a reserve component of the Armed Forces, the number of such members who are members of the National Guard.

(iii) The number of such members by deployment status in which such members are serving in the Global War on Terrorism, including the number of such members who—

(I) have served only in Operation Enduring Freedom;

(II) have served only in Operation Iraqi Freedom;

(III) have served in both Operation Enduring Freedom and Operation Iraqi Freedom; or

(IV) have served in neither Operation Enduring Freedom nor Operation Iraqi Freedom.

(iv) The number of such members by deployment location in the Global War on Terrorism, including the number of such members deployed to each location specified in subsection (c)(2).

(v) The deployment history of such members during the Global War on Terrorism, including—

(I) the number of members who have been deployed more than once; and

(II) for each number of members who have been deployed twice, three times, four times, or more than four times, the number of such members who have been deployed each such number of times.

(vi) The number of such members by grade.

(vii) The medical evacuation history of such members during the Global War on Terrorism, including—

(I) the number of members who have been evacuated once or more during the Global War on Terrorism; and

(II) for each number of members who have been evacuated twice, three times, four times, or more than four times, the number of such members who have been evacuated each such number of times.

(viii) The number of such members whose enlistment or period of obligated service has been extended, or whose eligibility for retirement has been suspended, during the Global War on Terrorism under a provision of law (commonly referred to as a ''stop-loss authority'') authorizing the President to extend an enlistment or period of obligated service, or suspend eligibility for retirement, of a member of the Armed Forces in a time of war or national emergency declared by Congress or the President, including—

(I) the number of such members who have been subject to the exercise of such authority; and

(II) for each number of times being subject to the exercise of such authority, the number of such members who have been so subject to such authority each such number of times.

(ix) The number of such members who have been discharged or released from the Armed Forces, including, for each category of condition of discharge, the number of members discharged under such category.

(C) INFORMATION ON ADMINISTRATION OF ARMED FORCES.—Aggregated information on the administration of the Armed Forces participating in of the Global War on Terrorism, including information on the following:

(i) The number of members of the reserve components of the Armed Forces called or ordered to active duty for service in the Global War on Terrorism, including—

(I) the number of members of the National Guard and the number of Reserves so ordered;

(II) for each number of times of being so called or ordered to active duty, the number of such members who have been so called or order to active duty each such number of times; and

(III) the average number times being so called or ordered to active duty among all members of the National Guard and Reserve who have been so called or ordered to active duty.

(ii) The number of members of the Armed Forces who have been subject to medical evacuation once or more in the Global War on Terrorism.

(iii) The number of members of the Armed Forces whose enlistment or period of obligated service has been extended, or whose eligibility for retirement has been suspended, for purposes of the Global War on Terrorism under a provision of law (commonly referred to as a ''stop-loss authority'') authorizing the President to extend an enlistment or period of obligated service, or suspend eligibility for retirement, of a member of the Armed Forces in a time of war or national emergency declared by Congress or the President.

(iv) The number of members of the Armed Forces participating in the Global War on Terrorism who have been discharged or released from the Armed Forces, including—

(I) the military status of such members at the time of discharge or release; and

(II) the nature of such discharge or release, including less than honorable discharge for drug abuse, alcohol abuse, domestic violence, discipline problems, and other war-related reintegration problems.

(v) The number of members of the Armed Forces described in subparagraph (H) who have had their discharge upgraded, set forth by deployment status in the Global War on Terrorism and by nature of discharge upon discharge.

(4) DEFINITIONS.—In this subsection:

(A) CONGRESSIONAL DEFENSE COMMITTEES.—The term ''congressional defense committees'' means—

(i) the Committees on Armed Services and Appropriations of the Senate; and

(ii) the Committees on Armed Services and Appropriations of the House of Representatives.

(B) MEMBER OF THE ARMED FORCES PARTICIPATING IN THE GLOBAL WAR ON TERRORISM.—The term ''member of the Armed Forces participating in the Global War on Terrorism'' means a member of the Armed Forces who served on active duty in the Global War on Terrorism at a location specified in section (c)(2).

(c) DEFINITIONAL MATTERS.—

(1) GENERAL DEFINITION OF GLOBAL WAR ON TERRORISM.—In this section, the term ''Global War on Terrorism'' means the period beginning on September 11, 2001, and ending on the date thereafter prescribed by Presidential proclamation or by law.

(2) SPECIFICATION OF LOCATIONS OF GLOBAL WAR ON TERRORISM.—For purposes of this section, the geographic location of the Global War on Terrorism shall be the locations (including the airspace above) as follows: Afghanistan, Algeria, the Arabian Sea, Armenia, Bab el Mandeb, Bahrain, Bulgaria, Cyprus, Diego Garcia (United Kingdom Indian Ocean Territory), Djibouti, Egypt, Eritrea, Ethiopia, the Republic of Georgia, Greece, Guantanamo Bay, Cuba, the Gulf of Aden, the Gulf of Aqaba, the Gulf of Oman, the Gulf of Suez, Indonesia, the Ionian Sea, Iran, Iraq, Israel, Japan, Jordan, Kazakhstan, Kenya, Kyrgyzstan, Kuwait, Lebanon, the Mediterranean Sea, Oman, Pakistan, the Pentagon Reservation, Virginia (but only on September 11, 2001), the Persian Gulf, the Philippines, Qatar, the Red Sea, Romania, Saudi Arabia, Somalia, the Spratley Islands, the Strait of Hormuz, the Suez Canal, Syria, Tajikistan, Turkey, Turkmenistan, the United Arab Emirates, Uzbekistan, Yemen, and any other location specified for purposes of this Act by the Secretary of Veterans Affairs in consultation with the Secretary of Defense.

SA 795. Mr. THUNE submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the end of chapter 3 of title I, add insert the following:

SEC. 1316. ADDITIONAL AMOUNT FOR OPERATION AND MAINTENANCE, AIR FORCE.

The amount appropriated or otherwise made available by this chapter under the heading ''OPERATION AND MAINTENANCE, AIR FORCE'' is hereby increased by $222,000,000: *Provided*, that the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress).

SA 796. Mr. REID submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the end of title III, insert the following:

CLARIFICATIONS

SEC. ____. The Consolidated Appropriations Act, 2005, is amended in the matter under the heading ''COMMUNITY DEVELOPMENT FUND (INCLUDING TRANSFERS OF FUNDS)'', in title II, by striking ''equipment'' and inserting ''renovation and construction''. The Transportation, Treasury, Housing and Urban Development, the Judiciary, the District of Columbia, and Independent Agencies Appropriations Act, 2006 is amended in the matter under the

heading ''COMMUNITY DEVELOPMENT FUND (INCLUDING TRANSFERS OF FUNDS)'', in title III, by adding at the end the following: ''Funds made available under this heading for a Small Business Development Center shall be used for revitalization costs at the College of Agriculture, Biotechnology, and Natural Resources at the institution involved.''.

SA 797. Mr. GRASSLEY submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place insert the following:

V—FAIR MINIMUM WAGE AND TAX RELIEF

Subtitle A—Fair Minimum Wage

SEC. 500. SHORT TITLE.

This subtitle may be cited as the ''Fair Minimum Wage Act of 2007''.

SEC. 501. MINIMUM WAGE.

(a) IN GENERAL.—Section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) is amended to read as follows:

''(1) except as otherwise provided in this section, not less than—

''(A) $5.85 an hour, beginning on the 60th day after the date of enactment of the Fair Minimum Wage Act of 2007;

''(B) $6.55 an hour, beginning 12 months after that 60th day; and

''(C) $7.25 an hour, beginning 24 months after that 60th day;''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect 60 days after the date of enactment of this Act.

SEC. 502. APPLICABILITY OF MINIMUM WAGE TO THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS.

(a) IN GENERAL.—Section 6 of the Fair Labor Standards Act of 1938 (29 U.S.C. 206) shall apply to the Commonwealth of the Northern Mariana Islands.

(b) TRANSITION.—Notwithstanding subsection (a), the minimum wage applicable to the Commonwealth of the Northern Mariana Islands under section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) shall be—

(1) $3.55 an hour, beginning on the 60th day after the date of enactment of this Act; and

(2) increased by $0.50 an hour (or such lesser amount as may be necessary to equal the minimum wage under section 6(a)(1) of such Act), beginning 6 months after the date of enactment of this Act and every 6 months thereafter until the minimum wage applicable to the Commonwealth of the Northern Mariana Islands under this subsection is equal to the minimum wage set forth in such section.

Subtitle B—Small Business Tax Incentives

SEC. 510. SHORT TITLE; AMENDMENT OF CODE.

(a) SHORT TITLE.—This subtitle may be cited as the ''Small Business and Work Opportunity Act of 2007''.

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this subtitle 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.

PART I—SMALL BUSINESS TAX RELIEF PROVISIONS

Subpart A—General Provisions

SEC. 511. EXTENSION OF INCREASED EXPENSING FOR SMALL BUSINESSES.

Section 179 (relating to election to expense certain depreciable business assets) is amended by striking ''2010'' each place it appears and inserting ''2011''.

SEC. 512. EXTENSION AND MODIFICATION OF 15-YEAR STRAIGHT-LINE COST RECOVERY FOR QUALIFIED LEASEHOLD IMPROVEMENTS AND QUALIFIED RESTAURANT IMPROVEMENTS; 15-YEAR STRAIGHT-LINE COST RECOVERY FOR CERTAIN IMPROVEMENTS TO RETAIL SPACE.

(a) EXTENSION OF LEASEHOLD AND RESTAURANT IMPROVEMENTS.—

(1) IN GENERAL.—Clauses (iv) and (v) of section 168(e)(3)(E) (relating to 15-year property) are each amended by striking ''January 1, 2008'' and inserting ''January 1, 2009''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to property placed in service after December 31, 2007.

(b) MODIFICATION OF TREATMENT OF QUALIFIED RESTAURANT PROPERTY AS 15-YEAR PROPERTY FOR PURPOSES OF DEPRECIATION DEDUCTION.—

(1) TREATMENT TO INCLUDE NEW CONSTRUCTION.—Paragraph (7) of section 168(e) (relating to classification of property) is amended to read as follows:

''(7) QUALIFIED RESTAURANT PROPERTY.—The term 'qualified restaurant property' means any section 1250 property which is a building (or its structural components) or an improvement to such building if more than 50 percent of such building's square footage is devoted to preparation of, and seating for on-premises consumption of, prepared meals.''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to any property placed in service after the date of the enactment of this Act, the original use of which begins with the taxpayer after such date.

(c) RECOVERY PERIOD FOR DEPRECIATION OF CERTAIN IMPROVEMENTS TO RETAIL SPACE.—

(1) 15-YEAR RECOVERY PERIOD.—Section 168(e)(3)(E) (relating to 15-year property) is amended by striking ''and'' at the end of clause (vii), by striking the period at the end of clause (viii) and inserting '', and'', and by adding at the end the following new clause:

''(ix) any qualified retail improvement property placed in service before January 1, 2009.''.

(2) QUALIFIED RETAIL IMPROVEMENT PROPERTY.—Section 168(e) is amended by adding at the end the following new paragraph:

''(8) QUALIFIED RETAIL IMPROVEMENT PROPERTY.—

''(A) IN GENERAL.—The term 'qualified retail improvement property' means any improvement to an interior portion of a building which is nonresidential real property if—

''(i) such portion is open to the general public and is used in the retail trade or business of selling tangible personal property to the general public, and

''(ii) such improvement is placed in service more than 3 years after the date the building was first placed in service.

''(B) IMPROVEMENTS MADE BY OWNER.—In the case of an improvement made by the owner of such improvement, such improvement shall be qualified retail improvement property (if at all) only so long as such improvement is held by such owner. Rules similar to the rules under paragraph (6)(B) shall apply for purposes of the preceding sentence.

''(C) CERTAIN IMPROVEMENTS NOT INCLUDED.—Such term shall not include any improvement for which the expenditure is attributable to—

''(i) the enlargement of the building,

''(ii) any elevator or escalator,

''(iii) any structural component benefitting a common area, or

''(iv) the internal structural framework of the building.''.

(3) REQUIREMENT TO USE STRAIGHT LINE METHOD.—Section 168(b)(3) is amended by adding at the end the following new subparagraph:

''(I) Qualified retail improvement property described in subsection (e)(8).''.

(4) ALTERNATIVE SYSTEM.—The table contained in section 168(g)(3)(B) is amended by inserting after the item relating to subparagraph (E)(viii) the following new item:

(E)(ix) ..... 39''.

(5) EFFECTIVE DATE.—The amendments made by this subsection shall apply to property placed in service after the date of the enactment of this Act.

SEC. 513. CLARIFICATION OF CASH ACCOUNTING RULES FOR SMALL BUSINESS.

(a) CASH ACCOUNTING PERMITTED.—

(1) IN GENERAL.—Section 446 (relating to general rule for methods of accounting) is amended by adding at the end the following new subsection:

''(g) CERTAIN SMALL BUSINESS TAXPAYERS PERMITTED TO USE CASH ACCOUNTING METHOD WITHOUT LIMITATION.—

''(1) IN GENERAL.—An eligible taxpayer shall not be required to use an accrual method of accounting for any taxable year.

''(2) ELIGIBLE TAXPAYER.—For purposes of this subsection, a taxpayer is an eligible taxpayer with respect to any taxable year if—

''(A) for each of the prior taxable years ending on or after the date of the enactment of this subsection, the taxpayer (or any predecessor) met the gross receipts test in effect under section 448(c) for such taxable year, and

''(B) the taxpayer is not subject to section 447 or 448.''.

(2) EXPANSION OF GROSS RECEIPTS TEST.—

(A) IN GENERAL.—Paragraph (3) of section 448(b) (relating to entities with gross receipts of not more than $5,000,000) is amended to read as follows:

''(3) ENTITIES MEETING GROSS RECEIPTS TEST.—Paragraphs (1) and (2) of subsection (a) shall not apply to any corporation or partnership for any taxable year if, for each of the prior taxable years ending on or after the date of the enactment of the Small Business and Work Opportunity Act of 2007, the entity (or any predecessor) met the gross receipts test in effect under subsection (c) for such prior taxable year.''.

(B) CONFORMING AMENDMENTS.—Section 448(c) of such Code is amended—

(i) by striking ''$5,000,000'' in the heading thereof,

(ii) by striking ''$5,000,000'' each place it appears in paragraph (1) and inserting ''$10,000,000'', and

(iii) by adding at the end the following new paragraph:

''(4) INFLATION ADJUSTMENT.—In the case of any taxable year beginning in a calendar year after 2008, the dollar amount contained in paragraph (1) shall be increased by an amount equal to—

''(A) such dollar amount, multiplied by

''(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, by substituting 'calendar year 2007' for 'calendar year 1992' in subparagraph (B) thereof.

''If any amount as adjusted under this subparagraph is not a multiple of $100,000, such amount shall be rounded to the nearest multiple of $100,000.''.

(b) CLARIFICATION OF INVENTORY RULES FOR SMALL BUSINESS.—

(1) IN GENERAL.—Section 471 (relating to general rule for inventories) is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

''(c) SMALL BUSINESS TAXPAYERS NOT REQUIRED TO USE INVENTORIES.—

''(1) IN GENERAL.—A qualified taxpayer shall not be required to use inventories under this section for a taxable year.

''(2) TREATMENT OF TAXPAYERS NOT USING INVENTORIES.—If a qualified taxpayer does not use inventories with respect to any property for any taxable year beginning after the date of the enactment of this subsection, such property shall be treated as a material or supply which is not incidental.

''(3) QUALIFIED TAXPAYER.—For purposes of this subsection, the term 'qualified taxpayer' means—

''(A) any eligible taxpayer (as defined in section 446(g)(2)), and

''(B) any taxpayer described in section 448(b)(3).''.

(2) CONFORMING AMENDMENTS.—

(A) Subpart D of part II of subchapter E of chapter 1 is amended by striking section 474.

(B) The table of sections for subpart D of part II of subchapter E of chapter 1 is amended by striking the item relating to section 474.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 514. EXTENSION AND MODIFICATION OF COMBINED WORK OPPORTUNITY TAX CREDIT AND WELFARE-TO-WORK CREDIT.

(a) EXTENSION.—Section 51(c)(4)(B) (relating to termination) is amended by striking ''2007'' and inserting ''2012''.

(b) INCREASE IN MAXIMUM AGE FOR DESIGNATED COMMUNITY RESIDENTS.—

(1) IN GENERAL.—Paragraph (5) of section 51(d) is amended to read as follows:

''(5) DESIGNATED COMMUNITY RESIDENTS.—

''(A) IN GENERAL.—The term 'designated community resident' means any individual who is certified by the designated local agency—

''(i) as having attained age 18 but not age 40 on the hiring date, and

''(ii) as having his principal place of abode within an empowerment zone, enterprise community, renewal community, or rural renewal county.

''(B) INDIVIDUAL MUST CONTINUE TO RESIDE IN ZONE, COMMUNITY, OR COUNTY.—In the case of a designated community resident, the term 'qualified wages' shall not include wages paid or incurred for services performed while the individual's principal place of abode is outside an empowerment zone, enterprise community, renewal community, or rural renewal county.

''(C) RURAL RENEWAL COUNTY.—For purposes of this paragraph, the term 'rural renewal county' means any county which—

''(i) is outside a metropolitan statistical area (defined as such by the Office of Management and Budget), and

''(ii) during the 5-year periods 1990 through 1994 and 1995 through 1999 had a net population loss.''.

(2) CONFORMING AMENDMENT.—Subparagraph (D) of section 51(d)(1) is amended to read as follows:

''(D) a designated community resident,''.

(c) CLARIFICATION OF TREATMENT OF INDIVIDUALS UNDER INDIVIDUAL WORK PLANS.—Subparagraph (B) of section 51(d)(6) (relating to vocational rehabilitation referral) is amended by striking ''or'' at the end of clause (i), by striking the period at the end of clause (ii) and inserting '', or'', and by adding at the end the following new clause:

''(iii) an individual work plan developed and implemented by an employment network pursuant to subsection (g) of section 1148 of the Social Security Act with respect to which the requirements of such subsection are met.''.

(d) TREATMENT OF DISABLED VETERANS UNDER THE WORK OPPORTUNITY TAX CREDIT.—

(1) DISABLED VETERANS TREATED AS MEMBERS OF TARGETED GROUP.—

(A) IN GENERAL.—Subparagraph (A) of section 51(d)(3) (relating to qualified veteran) is amended by striking ''agency as being a member of a family'' and all that follows and inserting ''agency as—

''(i) being a member of a family receiving assistance under a food stamp program under the Food Stamp Act of 1977 for at least a 3-month period ending during the 12-month period ending on the hiring date, or

''(ii) entitled to compensation for a service-connected disability incurred after September 10, 2001.''.

(B) DEFINITIONS.—Paragraph (3) of section 51(d) is amended by adding at the end the following new subparagraph:

''(C) OTHER DEFINITIONS.—For purposes of subparagraph (A), the terms 'compensation' and 'service-connected' have the meanings given such terms under section 101 of title 38, United States Code.''.

(2) INCREASE IN AMOUNT OF WAGES TAKEN INTO ACCOUNT FOR DISABLED VETERANS.—Paragraph (3) of section 51(b) is amended—

(A) by inserting ''($12,000 per year in the case of any individual who is a qualified veteran by reason of subsection (d)(3)(A)(ii))'' before the period at the end, and

(B) by striking ''**ONLY FIRST** $6,000 of'' in the heading and inserting ''**LIMITATION ON**''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to individuals who begin work for the employer after the date of the enactment of this Act, in taxable years ending after such date.

SEC. 515. CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.

(a) EMPLOYMENT TAXES.—Chapter 25 (relating to general provisions relating to employment taxes) is amended by adding at the end the following new section:

''SEC. 3511. CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.

''(a) GENERAL RULES.—For purposes of the taxes, and other obligations, imposed by this subtitle—

''(1) a certified professional employer organization shall be treated as the employer (and no other person shall be treated as the employer) of any work site employee performing services for any customer of such organization, but only with respect to remuneration remitted by such organization to such work site employee, and

''(2) exclusions, definitions, and other rules which are based on the type of employer and which would (but for paragraph (1)) apply shall apply with respect to such taxes imposed on such remuneration.

''(b) SUCCESSOR EMPLOYER STATUS.—For purposes of sections 3121(a)(1), 3231(e)(2)(C), and 3306(b)(1)—

''(1) a certified professional employer organization entering into a service contract with a customer with respect to a work site employee shall be treated as a successor employer and the customer shall be treated as a predecessor employer during the term of such service contract, and

''(2) a customer whose service contract with a certified professional employer organization is terminated with respect to a work site employee shall be treated as a successor employer and the certified professional employer organization shall be treated as a predecessor employer.

''(c) LIABILITY OF CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATION.—Solely for purposes of its liability for the taxes, and other obligations, imposed by this subtitle—

''(1) a certified professional employer organization shall be treated as the employer of any individual (other than a work site employee or a person described in subsection (f)) who is performing services covered by a contract meeting the requirements of section 7705(e)(2), but only with respect to remuneration remitted by such organization to such individual, and

''(2) exclusions, definitions, and other rules which are based on the type of employer and which would (but for paragraph (1)) apply shall apply with respect to such taxes imposed on such remuneration.

''(d) TREATMENT OF CREDITS.—

''(1) IN GENERAL.—For purposes of any credit specified in paragraph (2)—

''(A) such credit with respect to a work site employee performing services for the customer applies to the customer, not the certified professional employer organization,

''(B) the customer, and not the certified professional employer organization, shall take into account wages and employment taxes—

''(i) paid by the certified professional employer organization with respect to the work site employee, and

''(ii) for which the certified professional employer organization receives payment from the customer, and

''(C) the certified professional employer organization shall furnish the customer with any information necessary for the customer to claim such credit.

''(2) CREDITS SPECIFIED.—A credit is specified in this paragraph if such credit is allowed under—

''(A) section 41 (credit for increasing research activity),

''(B) section 45A (Indian employment credit),

''(C) section 45B (credit for portion of employer social security taxes paid with respect to employee cash tips),

''(D) section 45C (clinical testing expenses for certain drugs for rare diseases or conditions),

''(E) section 51 (work opportunity credit),

''(F) section 51A (temporary incentives for employing long-term family assistance recipients),

''(G) section 1396 (empowerment zone employment credit),

''(H) 1400(d) (DC Zone employment credit),

''(I) Section 1400H (renewal community employment credit), and

''(J) any other section as provided by the Secretary.

''(e) SPECIAL RULE FOR RELATED PARTY.—This section shall not apply in the case of a customer which bears a relationship to a certified professional employer organization described in section 267(b) or 707(b). For purposes of the preceding sentence, such sections shall be applied by substituting '10 percent' for '50 percent'.

''(f) SPECIAL RULE FOR CERTAIN INDIVIDUALS.—For purposes of the taxes imposed under this subtitle, an individual with net earnings from self-employment derived from the customer's trade or business is not a work site employee with respect to remuneration paid by a certified professional employer organization.

''(g) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.''.

(b) CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATION DEFINED.—Chapter 79 (relating to definitions) is amended by adding at the end the following new section:

''SEC. 7705. CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS DEFINED.

''(a) IN GENERAL.—For purposes of this title, the term 'certified professional employer organization' means a person who has been certified by the Secretary for purposes of section 3511 as meeting the requirements of subsection (b).

''(b) GENERAL REQUIREMENTS.—A person meets the requirements of this subsection if such person—

''(1) demonstrates that such person (and any owner, officer, and such other persons as may be specified in regulations) meets such requirements as the Secretary shall establish with respect to tax status, background, experience, business location, and annual financial audits,

''(2) computes its taxable income using an accrual method of accounting unless the Secretary approves another method,

''(3) agrees that it will satisfy the bond and independent financial review requirements of subsection (c) on an ongoing basis,

''(4) agrees that it will satisfy such reporting obligations as may be imposed by the Secretary,

''(5) agrees to verify on such periodic basis as the Secretary may prescribe that it continues to meet the requirements of this subsection, and

''(6) agrees to notify the Secretary in writing within such time as the Secretary may prescribe of any change that materially affects whether it continues to meet the requirements of this subsection.

''(c) BOND AND INDEPENDENT FINANCIAL REVIEW REQUIREMENTS.—

''(1) IN GENERAL.—An organization meets the requirements of this paragraph if such organization—

''(A) meets the bond requirements of paragraph (2), and

''(B) meets the independent financial review requirements of paragraph (3).

''(2) BOND.—

''(A) IN GENERAL.—A certified professional employer organization meets the requirements of this paragraph if the organization has posted a bond for the payment of taxes under subtitle C (in a form acceptable to the Secretary) in an amount at least equal to the amount specified in subparagraph (B).

''(B) AMOUNT OF BOND.—For the period April 1 of any calendar year through March 31 of the following calendar year, the amount of the bond required is equal to the greater of—

''(i) 5 percent of the organization's liability under section 3511 for taxes imposed by subtitle C during the preceding calendar year (but not to exceed $1,000,000), or

''(ii) $50,000.

''(3) INDEPENDENT FINANCIAL REVIEW REQUIREMENTS.—A certified professional employer organization meets the requirements of this paragraph if such organization—

''(A) has, as of the most recent review date, caused to be prepared and provided to the Secretary (in such manner as the Secretary may prescribe) an opinion of an independent certified public accountant that the certified professional employer organization's financial statements are presented fairly in accordance with generally accepted accounting principles, and

''(B) provides, not later than the last day of the second month beginning after the end of each calendar quarter, to the Secretary from an independent certified public accountant an assertion regarding Federal employment tax payments and an examination level attestation on such assertion.

Such assertion shall state that the organization has withheld and made deposits of all taxes imposed by chapters 21, 22, and 24 of the Internal Revenue Code in accordance with regulations imposed by the Secretary for such calendar quarter and such examination level attestation shall state that such assertion is fairly stated, in all material respects.

''(4) CONTROLLED GROUP RULES.—For purposes of the requirements of paragraphs (2) and (3), all professional employer organizations that are members of a controlled group within the meaning of sections 414(b) and (c) shall be treated as a single organization.

''(5) FAILURE TO FILE ASSERTION AND ATTESTATION.—If the certified professional employer organization fails to file the assertion and attestation required by paragraph (3) with respect to any calendar quarter, then the requirements of paragraph (3) with respect to such failure shall be treated as not satisfied for the period beginning on the due date for such attestation.

''(6) REVIEW DATE.—For purposes of paragraph (3)(A), the review date shall be 6 months after the completion of the organization's fiscal year.

''(d) SUSPENSION AND REVOCATION AUTHORITY.—The Secretary may suspend or revoke a certification of any person under subsection (b) for purposes of section 3511 if the Secretary determines that such person is not satisfying the representations or requirements of subsections (b) or (c), or fails to satisfy applicable accounting, reporting, payment, or deposit requirements.

''(e) WORK SITE EMPLOYEE.—For purposes of this title—

''(1) IN GENERAL.—The term 'work site employee' means, with respect to a certified professional employer organization, an individual who—

''(A) performs services for a customer pursuant to a contract which is between such customer and the certified professional employer organization and which meets the requirements of paragraph (2), and

''(B) performs services at a work site meeting the requirements of paragraph (3).

''(2) SERVICE CONTRACT REQUIREMENTS.—A contract meets the requirements of this paragraph with respect to an individual performing services for a customer if such contract is in writing and provides that the certified professional employer organization shall—

''(A) assume responsibility for payment of wages to such individual, without regard to the receipt or adequacy of payment from the customer for such services,

''(B) assume responsibility for reporting, withholding, and paying any applicable taxes under subtitle C, with respect to such individual's wages, without regard to the receipt or adequacy of payment from the customer for such services,

''(C) assume responsibility for any employee benefits which the service contract may require the organization to provide, without regard to the receipt or adequacy of payment from the customer for such services,

''(D) assume responsibility for hiring, firing, and recruiting workers in addition to the customer's responsibility for hiring, firing and recruiting workers,

''(E) maintain employee records relating to such individual, and

''(F) agree to be treated as a certified professional employer organization for purposes of section 3511 with respect to such individual.

''(3) WORK SITE COVERAGE REQUIREMENT.—The requirements of this paragraph are met with respect to an individual if at least 85 percent of the individuals performing services for the customer at the work site where such individual performs services are subject to 1 or more contracts with the certified professional employer organization which meet the requirements of paragraph (2) (but not taking into account those individuals who are excluded employees within the meaning of section 414(q)(5)).

''(f) DETERMINATION OF EMPLOYMENT STATUS.—Except to the extent necessary for purposes of section 3511, nothing in this section shall be construed to affect the determination of who is an employee or employer for purposes of this title.

''(g) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.''.

(c) CONFORMING AMENDMENTS.—

(1) Section 3302 is amended by adding at the end the following new subsection:

''(h) TREATMENT OF CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.—If a certified professional employer organization (as defined in section 7705), or a customer of such organization, makes a contribution to the State's unemployment fund with respect to a work site employee, such organization shall be eligible for the credits available under this section with respect to such contribution.''.

(2) Section 3303(a) is amended—

(A) by striking the period at the end of paragraph (3) and inserting ''; and'' and by inserting after paragraph (3) the following new paragraph:

''(4) if the taxpayer is a certified professional employer organization (as defined in section 7705) that is treated as the employer under section 3511, such certified professional employer organization is permitted to collect and remit, in accordance with paragraphs (1), (2), and (3), contributions during the taxable year to the State unemployment fund with respect to a work site employee.'', and

(B) in the last sentence—

(i) by striking ''paragraphs (1), (2), and (3)'' and inserting ''paragraphs (1), (2), (3), and (4)'', and

(ii) by striking ''paragraph (1), (2), or (3)'' and inserting ''paragraph (1), (2), (3), or (4)''.

(3) Section 6053(c) (relating to reporting of tips) is amended by adding at the end the following new paragraph:

''(8) CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.—For purposes of any report required by this subsection, in the case of a certified professional employer organization that is treated under section 3511 as the employer of a work site employee, the customer with respect to whom a work site employee performs services shall be the employer for purposes of reporting under this section and the certified professional employer organization shall furnish to the customer any information necessary to complete such reporting no later than such time as the Secretary shall prescribe.''.

(d) CLERICAL AMENDMENTS.—

(1) The table of sections for chapter 25 is amended by adding at the end the following new item:

''Sec. 3511. Certified professional employer organizations''.

(2) The table of sections for chapter 79 is amended by inserting after the item relating to section 7704 the following new item:

''Sec. 7705. Certified professional employer organizations defined''.

(e) REPORTING REQUIREMENTS AND OBLIGATIONS.—The Secretary of the Treasury shall develop such reporting and recordkeeping rules, regulations, and procedures as the Secretary determines necessary or appropriate to ensure compliance with the amendments made by this section with respect to entities applying for certification as certified professional employer organizations or entities that have been so certified. Such rules shall be designed in a manner which streamlines, to the extent possible, the application of requirements of such amendments, the exchange of information between a certified professional employer organization and its customers, and the reporting and recordkeeping obligations of the certified professional employer organization.

(f) USER FEES.—Subsection (b) of section 7528 (relating to Internal Revenue Service

user fees) is amended by adding at the end the following new paragraph:

''(4) CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.—The fee charged under the program in connection with the certification by the Secretary of a professional employer organization under section 7705 shall not exceed $500.''.

(g) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply with respect to wages for services performed on or after January 1 of the first calendar year beginning more than 12 months after the date of the enactment of this Act.

(2) CERTIFICATION PROGRAM.—The Secretary of the Treasury shall establish the certification program described in section 7705(b) of the Internal Revenue Code of 1986, as added by subsection (b), not later than 6 months before the effective date determined under paragraph (1).

(h) NO INFERENCE.—Nothing contained in this section or the amendments made by this section shall be construed to create any inference with respect to the determination of who is an employee or employer—

(1) for Federal tax purposes (other than the purposes set forth in the amendments made by this section), or

(2) for purposes of any other provision of law.

SEC. 516. ACCELERATED DEPRECIATION FOR INVESTMENT IN HIGH OUT-MIGRATION COUNTIES.

(a) IN GENERAL.—Section 168 (relating to accelerated cost recovery system) is amended by adding at the end the following new subsection:

''(m) RURAL INVESTMENT PROPERTY.—

''(1) IN GENERAL.—For purposes of subsection (a), the applicable recovery period for qualified rural investment property shall be determined in accordance with the table contained in paragraph (2) in lieu of the table contained in subsection (c).

''(2) APPLICABLE RECOVERY PERIOD FOR RURAL INVESTMENT PROPERTY.—For purposes of paragraph (1)—

" "In the case of:	The applicable recovery period is:
3-year property	2 years
5-year property	3 years
7-year property	4 years
10-year property	6 years
15-year property	9 years
20-year property	12 years
Nonresidential real property	22 years.

''(3) QUALIFIED RURAL INVESTMENT PROPERTY DEFINED.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'qualified rural investment property' means property which is property described in the table in paragraph (2) and which is—

''(i) used by the taxpayer predominantly in the active conduct of a trade or business within a high out-migration county,

''(ii) not used or located outside such county on a regular basis,

''(iii) not acquired (directly or indirectly) by the taxpayer from a person who is related to the taxpayer (within the meaning of section 465(b)(3)(C)), and

''(iv) not property (or any portion thereof) placed in service for purposes of operating any racetrack or other facility used for gambling.

''(B) HIGH OUT-MIGRATION COUNTY.—The term 'high out-migration county' means any county which—

''(i) is outside a metropolitan statistical area (defined as such by the Office of Management and Budget), and

''(ii) during the 5-year periods 1990 through 1994 and 1995 through 1999 had a net population loss.

''(4) TERMINATION.—This subsection shall not apply to property placed in service after March 31, 2008.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to property placed in service after the date of the enactment of this Act, the original use of which begins with the taxpayer after such date.

SEC. 517. EXTENSION OF INCREASED EXPENSING FOR QUALIFIED SECTION 179 GULF OPPORTUNITY ZONE PROPERTY.

Paragraph (2) of section 1400N(e) (relating to qualified section 179 Gulf Opportunity Zone property) is amended—

(1) by striking ''this subsection, the term'' and inserting ''this subsection—

''(A) IN GENERAL.—The term'', and

(2) by adding at the end the following new subparagraph:

''(B) EXTENSION FOR CERTAIN PROPERTY.—In the case of property substantially all of the use of which is in one or more specified portions of the GO Zone (as defined by subsection (d)(6)), such term shall include section 179 property (as so defined) which is described in subsection (d)(2), determined—

''(i) without regard to subsection (d)(6), and

''(ii) by substituting '2008' for '2007' in subparagraph (A)(v) thereof.''.

Subpart B—Subchapter S Provisions

SEC. 521. CAPITAL GAIN OF S CORPORATION NOT TREATED AS PASSIVE INVESTMENT INCOME.

(a) IN GENERAL.—Section 1362(d)(3) is amended by striking subparagraphs (B), (C), (D), (E), and (F) and inserting the following new subparagraph:

''(B) PASSIVE INVESTMENT INCOME DEFINED.—

''(i) IN GENERAL.—Except as otherwise provided in this subparagraph, the term 'passive investment income' means gross receipts derived from royalties, rents, dividends, interest, and annuities.

''(ii) EXCEPTION FOR INTEREST ON NOTES FROM SALES OF INVENTORY.—The term 'passive investment income' shall not include interest on any obligation acquired in the ordinary course of the corporation's trade or business from its sale of property described in section 1221(a)(1).

''(iii) TREATMENT OF CERTAIN LENDING OR FINANCE COMPANIES.—If the S corporation meets the requirements of section 542(c)(6) for the taxable year, the term 'passive investment income' shall not include gross receipts for the taxable year which are derived directly from the active and regular conduct of a lending or finance business (as defined in section 542(d)(1)).

''(iv) TREATMENT OF CERTAIN DIVIDENDS.—If an S corporation holds stock in a C corporation meeting the requirements of section 1504(a)(2), the term 'passive investment income' shall not include dividends from such C corporation to the extent such dividends are attributable to the earnings and profits of such C corporation derived from the active conduct of a trade or business.

''(v) EXCEPTION FOR BANKS, ETC.—In the case of a bank (as defined in section 581) or a depository institution holding company (as defined in section 3(w)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1813(w)(1)), the term 'passive investment income' shall not include—

''(I) interest income earned by such bank or company, or

''(II) dividends on assets required to be held by such bank or company, including stock in the Federal Reserve Bank, the Federal Home Loan Bank, or the Federal Agricultural Mortgage Bank or participation certificates issued by a Federal Intermediate Credit Bank.''.

(b) CONFORMING AMENDMENT.—Clause (i) of section 1042(c)(4)(A) is amended by striking ''section 1362(d)(3)(C)'' and inserting ''section 1362(d)(3)(B)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 522. TREATMENT OF BANK DIRECTOR SHARES.

(a) IN GENERAL.—Section 1361 (defining S corporation) is amended by adding at the end the following new subsection:

''(f) RESTRICTED BANK DIRECTOR STOCK.—

''(1) IN GENERAL.—Restricted bank director stock shall not be taken into account as outstanding stock of the S corporation in applying this subchapter (other than section 1368(f)).

''(2) RESTRICTED BANK DIRECTOR STOCK.—For purposes of this subsection, the term 'restricted bank director stock' means stock in a bank (as defined in section 581) or a depository institution holding company (as defined in section 3(w)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1813(w)(1)), if such stock—

''(A) is required to be held by an individual under applicable Federal or State law in order to permit such individual to serve as a director, and

''(B) is subject to an agreement with such bank or company (or a corporation which controls (within the meaning of section 368(c)) such bank or company) pursuant to which the holder is required to sell back such stock (at the same price as the individual acquired such stock) upon ceasing to hold the office of director.

''(3) CROSS REFERENCE.—

''For treatment of certain distributions with respect to restricted bank director stock, see section 1368(f)''.

(b) DISTRIBUTIONS.—Section 1368 (relating to distributions) is amended by adding at the end the following new subsection:

''(f) RESTRICTED BANK DIRECTOR STOCK.—If a director receives a distribution (not in part or full payment in exchange for stock) from an S corporation with respect to any restricted bank director stock (as defined in section 1361(f)), the amount of such distribution—

''(1) shall be includible in gross income of the director, and

''(2) shall be deductible by the corporation for the taxable year of such corporation in which or with which ends the taxable year in which such amount in included in the gross income of the director.''.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years beginning after December 31, 2006.

(2) SPECIAL RULE FOR TREATMENT AS SECOND CLASS OF STOCK.—In the case of any taxable year beginning after December 31, 1996, restricted bank director stock (as defined in section 1361(f) of the Internal Revenue Code of 1986, as added by this section) shall not be taken into account in determining whether an S corporation has more than 1 class of stock.

SEC. 523. SPECIAL RULE FOR BANK REQUIRED TO CHANGE FROM THE RESERVE METHOD OF ACCOUNTING ON BECOMING S CORPORATION.

(a) IN GENERAL.—Section 1361, as amended by this Act, is amended by adding at the end the following new subsection:

''(g) SPECIAL RULE FOR BANK REQUIRED TO CHANGE FROM THE RESERVE METHOD OF ACCOUNTING ON BECOMING S CORPORATION.—In

the case of a bank which changes from the reserve method of accounting for bad debts described in section 585 or 593 for its first taxable year for which an election under section 1362(a) is in effect, the bank may elect to take into account any adjustments under section 481 by reason of such change for the taxable year immediately preceding such first taxable year.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2006.

SEC. 524. TREATMENT OF THE SALE OF INTEREST IN A QUALIFIED SUBCHAPTER S SUBSIDIARY.

(a) IN GENERAL.—Subparagraph (C) of section 1361(b)(3) (relating to treatment of terminations of qualified subchapter S subsidiary status) is amended—

(1) by striking ''For purposes of this title,'' and inserting the following:

''(i) IN GENERAL.—For purposes of this title,'', and

(2) by inserting at the end the following new clause:

''(ii) TERMINATION BY REASON OF SALE OF STOCK.—If the failure to meet the requirements of subparagraph (B) is by reason of the sale of stock of a corporation which is a qualified subchapter S subsidiary, the sale of such stock shall be treated as if—

''(I) the sale were a sale of an undivided interest in the assets of such corporation (based on the percentage of the corporation's stock sold), and

''(II) the sale were followed by an acquisition by such corporation of all of its assets (and the assumption by such corporation of all of its liabilities) in a transaction to which section 351 applies.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2006 .

SEC. 525. ELIMINATION OF ALL EARNINGS AND PROFITS ATTRIBUTABLE TO PRE-1983 YEARS FOR CERTAIN CORPORATIONS.

In the case of a corporation which is—

(1) described in section 1311(a)(1) of the Small Business Job Protection Act of 1996, and

(2) not described in section 1311(a)(2) of such Act,

the amount of such corporation's accumulated earnings and profits (for the first taxable year beginning after the date of the enactment of this Act) shall be reduced by an amount equal to the portion (if any) of such accumulated earnings and profits which were accumulated in any taxable year beginning before January 1, 1983, for which such corporation was an electing small business corporation under subchapter S of the Internal Revenue Code of 1986.

SEC. 526. EXPANSION OF QUALIFYING BENEFICIARIES OF AN ELECTING SMALL BUSINESS TRUST.

(a) NO LOOK THROUGH FOR ELIGIBILITY PURPOSES.—Clause (v) of section 1361(c)(2)(B) is amended by adding at the end the following new sentence: ''This clause shall not apply for purposes of subsection (b)(1)(C).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

SEC. 527. DEDUCTIBILITY OF INTEREST EXPENSE ON INDEBTEDNESS INCURRED BY AN ELECTING SMALL BUSINESS TRUST TO ACQUIRE S CORPORATION STOCK.

(a) IN GENERAL.—Subparagraph (C) of section 641(c)(2) (relating to modifications) is amended by inserting after clause (iii) the following new clause:

''(iv) Any interest expense paid or accrued on indebtedness incurred to acquire stock in an S corporation.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2006.

PART II—REVENUE PROVISIONS

SEC. 531. MODIFICATION OF EFFECTIVE DATE OF LEASING PROVISIONS OF THE AMERICAN JOBS CREATION ACT OF 2004.

(a) LEASES TO FOREIGN ENTITIES.—Section 849(b) of the American Jobs Creation Act of 2004 is amended by adding at the end the following new paragraph:

''(5) LEASES TO FOREIGN ENTITIES.—In the case of tax-exempt use property leased to a tax-exempt entity which is a foreign person or entity, the amendments made by this part shall apply to taxable years beginning after December 31, 2006, with respect to leases entered into on or before March 12, 2004.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in the enactment of the American Jobs Creation Act of 2004.

SEC. 532. APPLICATION OF RULES TREATING INVERTED CORPORATIONS AS DOMESTIC CORPORATIONS TO CERTAIN TRANSACTIONS OCCURRING AFTER MARCH 20, 2002.

(a) IN GENERAL.—Section 7874(b) (relating to inverted corporations treated as domestic corporations) is amended to read as follows:

''(b) INVERTED CORPORATIONS TREATED AS DOMESTIC CORPORATIONS.—

''(1) IN GENERAL.—Notwithstanding section 7701(a)(4), a foreign corporation shall be treated for purposes of this title as a domestic corporation if such corporation would be a surrogate foreign corporation if subsection (a)(2) were applied by substituting '80 percent' for '60 percent'.

''(2) SPECIAL RULE FOR CERTAIN TRANSACTIONS OCCURRING AFTER MARCH 20, 2002.—

''(A) IN GENERAL.—If—

''(i) paragraph (1) does not apply to a foreign corporation, but

''(ii) paragraph (1) would apply to such corporation if, in addition to the substitution under paragraph (1), subsection (a)(2) were applied by substituting 'March 20, 2002' for 'March 4, 2003' each place it appears,

then paragraph (1) shall apply to such corporation but only with respect to taxable years of such corporation beginning after December 31, 2006.

''(B) SPECIAL RULES.—Subject to such rules as the Secretary may prescribe, in the case of a corporation to which paragraph (1) applies by reason of this paragraph—

''(i) the corporation shall be treated, as of the close of its last taxable year beginning before January 1, 2007, as having transferred all of its assets, liabilities, and earnings and profits to a domestic corporation in a transaction with respect to which no tax is imposed under this title,

''(ii) the bases of the assets transferred in the transaction to the domestic corporation shall be the same as the bases of the assets in the hands of the foreign corporation, subject to any adjustments under this title for built-in losses,

''(iii) the basis of the stock of any shareholder in the domestic corporation shall be the same as the basis of the stock of the shareholder in the foreign corporation for which it is treated as exchanged, and

''(iv) the transfer of any earnings and profits by reason of clause (i) shall be disregarded in determining any deemed dividend or foreign tax creditable to the domestic corporation with respect to such transfer.

''(C) REGULATIONS.—The Secretary may prescribe such regulations as may be necessary or appropriate to carry out this paragraph, including regulations to prevent the avoidance of the purposes of this paragraph.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2006.

SEC. 533. DENIAL 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:

''(h) 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. 534. 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—

''(A) the violation of any law, or

''(B) an investigation or inquiry into the potential violation of any law which is initiated by such government or entity.

''(2) EXCEPTION FOR AMOUNTS CONSTITUTING RESTITUTION OR PAID TO COME INTO COMPLIANCE WITH LAW.—Paragraph (1) shall not apply to any amount which—

''(A) the taxpayer establishes—

''(i) constitutes restitution (or 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, or

''(ii) is paid to come into compliance with any law which was violated or involved in the investigation or inquiry, and

''(B) is identified as an amount described in clause (i) or (ii) of subparagraph (A), as the case may be, in the court order or settlement

agreement, except that the requirement of this subparagraph shall not apply in the case of any settlement agreement which requires the taxpayer to pay or incur an amount not greater than $1,000,000.

A taxpayer shall not meet the requirements of subparagraph (A) solely by reason an identification under subparagraph (B). 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 unless such amount is paid or incurred for a cost or fee regularly charged for any routine audit or other customary review performed by the government or entity.

''(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) REPORTING OF DEDUCTIBLE AMOUNTS.—

(1) IN GENERAL.—Subpart B of part III of subchapter A of chapter 61 is amended by inserting after section 6050V the following new section:

''SEC. 6050W. INFORMATION WITH RESPECT TO CERTAIN FINES, PENALTIES, AND OTHER AMOUNTS.

''(a) REQUIREMENT OF REPORTING.—

''(1) IN GENERAL.—The appropriate official of any government or entity which is described in section 162(f)(4) which is involved in a suit or agreement described in paragraph (2) shall make a return in such form as determined by the Secretary setting forth—

''(A) the amount required to be paid as a result of the suit or agreement to which paragraph (1) of section 162(f) applies,

''(B) any amount required to be paid as a result of the suit or agreement which constitutes restitution or remediation of property, and

''(C) any amount required to be paid as a result of the suit or agreement for the purpose of coming into compliance with any law which was violated or involved in the investigation or inquiry.

''(2) SUIT OR AGREEMENT DESCRIBED.—

''(A) IN GENERAL.—A suit or agreement is described in this paragraph if—

''(i) it is—

''(I) a suit with respect to a violation of any law over which the government or entity has authority and with respect to which there has been a court order, or

''(II) an agreement which is entered into with respect to a violation of any law over which the government or entity has authority, or with respect to an investigation or inquiry by the government or entity into the potential violation of any law over which such government or entity has authority, and

''(ii) the aggregate amount involved in all court orders and agreements with respect to the violation, investigation, or inquiry is $600 or more.

''(B) ADJUSTMENT OF REPORTING THRESHOLD.—The Secretary may adjust the $600 amount in subparagraph (A)(ii) as necessary in order to ensure the efficient administration of the internal revenue laws.

''(3) TIME OF FILING.—The return required under this subsection shall be filed not later than—

''(A) 30 days after the date on which a court order is issued with respect to the suit or the date the agreement is entered into, as the case may be, or

''(B) the date specified by the Secretary.

''(b) STATEMENTS TO BE FURNISHED TO INDIVIDUALS INVOLVED IN THE SETTLEMENT.—Every person required to make a return under subsection (a) shall furnish to each person who is a party to the suit or agreement a written statement showing—

''(1) the name of the government or entity, and

''(2) the information supplied to the Secretary under subsection (a)(1).

The written statement required under the preceding sentence shall be furnished to the person at the same time the government or entity provides the Secretary with the information required under subsection (a).

''(c) APPROPRIATE OFFICIAL DEFINED.—For purposes of this section, the term 'appropriate official' means the officer or employee having control of the suit, investigation, or inquiry or the person appropriately designated for purposes of this section.''.

(2) CONFORMING AMENDMENT.—The table of sections for subpart B of part III of subchapter A of chapter 61 is amended by inserting after the item relating to section 6050V the following new item:

''Sec. 6050W. Information with respect to certain fines, penalties, and other amounts''.

(c) EFFECTIVE DATE.—The amendments 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 amendments 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. 535. REVISION OF TAX RULES ON EXPATRIATION OF INDIVIDUALS.

(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 2007, 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 2006' 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) TREATMENT OF GIFTS AND INHERITANCES.—

''(A) 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.

''(B) DETERMINATION OF BASIS.—Notwithstanding sections 1015 or 1022, the basis of any property described in subparagraph (A) in the hands of the donee or the person acquiring such property from the decedent shall be equal to the fair market value of the property at the time of the gift, bequest, devise, or inheritance.

''(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.

''(3) DEFINITIONS.—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.''.

(c) DEFINITION OF TERMINATION OF UNITED STATES CITIZENSHIP.—Section 7701(a) is amended by adding at the end the following new paragraph:

''(50) 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) is inadmissible.''.

(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 this subsection.''.

(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.''.

(4) Section 6039G(a) is amended by inserting ''or 877A'' after ''section 877(b)''.

(5) The second sentence of section 6039G(d) is amended by inserting ''or who relinquishes United States citizenship (within the meaning of section 877A(e)(3))'' after ''section 877(a))''.

(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. 536. LIMITATION ON ANNUAL AMOUNTS WHICH MAY BE DEFERRED UNDER NONQUALIFIED DEFERRED COMPENSATION ARRANGEMENTS.

(a) IN GENERAL.—Section 409A(a) of the Internal Revenue Code of 1986 (relating to inclusion of gross income under nonqualified deferred compensation plans) is amended—

(1) by striking ''and (4)'' in subclause (I) of paragraph (1)(A)(i) and inserting ''(4), and (5)'', and

(2) by adding at the end the following new paragraph:

''(5) ANNUAL LIMITATION ON AGGREGATE DEFERRED AMOUNTS.—

''(A) LIMITATION.—The requirements of this paragraph are met if the plan provides that the aggregate amount of compensation which is deferred for any taxable year with respect to a participant under the plan may not exceed the applicable dollar amount for the taxable year.

''(B) INCLUSION OF FUTURE EARNINGS.—If an amount is includible under paragraph (1) in the gross income of a participant for any taxable year by reason of any failure to meet the requirements of this paragraph, any income (whether actual or notional) for any subsequent taxable year shall be included in gross income under paragraph (1)(A) in such subsequent taxable year to the extent such income—

''(i) is attributable to compensation (or income attributable to such compensation) required to be included in gross income by reason of such failure (including by reason of this subparagraph), and

''(ii) is not subject to a substantial risk of forfeiture and has not been previously included in gross income.

''(C) AGGREGATION RULE.—For purposes of this paragraph, all nonqualified deferred compensation plans maintained by all employers treated as a single employer under subsection (d)(6) shall be treated as 1 plan.

''(D) APPLICABLE DOLLAR AMOUNT.—For purposes of this paragraph—

''(i) IN GENERAL.—The term 'applicable dollar amount' means, with respect to any participant, the lesser of—

''(I) the average annual compensation which was payable during the base period to the participant by the employer maintaining the nonqualified deferred compensation plan (or any predecessor of the employer) and which was includible in the participant's gross income for taxable years in the base period, or

''(II) $1,000,000.

''(ii) BASE PERIOD.—

''(I) IN GENERAL.—The term 'base period' means, with respect to any computation year, the 5-taxable year period ending with the taxable year preceding the computation year.

''(II) ELECTIONS MADE BEFORE COMPUTATION YEAR.—If, before the beginning of the computation year, an election described in paragraph (4)(B) is made by the participant to have compensation for services performed in the computation year deferred under a nonqualified deferred compensation plan, the base period shall be the 5-taxable year period ending with the taxable year preceding the taxable year in which the election is made.

''(III) COMPUTATION YEAR.—For purposes of this clause, the term 'computation year' means any taxable year of the participant for which the limitation under subparagraph (A) is being determined.

''(IV) SPECIAL RULE FOR EMPLOYEES OF LESS THAN 5 YEARS.—If a participant did not perform services for the employer maintaining the nonqualified deferred compensation plan (or any predecessor of the employer) during the entire 5-taxable year period referred to in subparagraph (A) or (B), only the portion of such period during which the participant performed such services shall be taken into account.''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years beginning after December 31, 2006, except that—

(A) the amendments shall only apply to amounts deferred after December 31, 2006 (and to earnings on such amounts), and

(B) taxable years beginning on or before December 31, 2006, shall be taken into account in determining the average annual compensation of a participant during any base period for purposes of section 409A(a)(5)(D) of the Internal Revenue Code of 1986 (as added by such amendments).

(2) GUIDANCE RELATING TO CERTAIN EXISTING ARRANGEMENTS.—Not later than 60 days after the date of the enactment of this Act, the Secretary of the Treasury shall issue guidance providing a limited period during which a nonqualified deferred compensation plan adopted before December 31, 2006, may, without violating the requirements of section 409A(a) of such Code, be amended—

(A) to provide that a participant may, no later than December 31, 2007, cancel or modify an outstanding deferral election with regard to all or a portion of amounts deferred after December 31, 2006, to the extent necessary for the plan to meet the requirements of section 409A(a)(5) of such Code (as added by the amendments made by this section), but only if amounts subject to the cancellation or modification are, to the extent not previously included in gross income, includible in income of the participant when no longer subject to substantial risk of forfeiture, and

(B) to conform to the requirements of section 409A(a)(5) of such Code (as added by the amendments made by this section) with regard to amounts deferred after December 31, 2006.

SEC. 537. MODIFICATION OF CRIMINAL PENALTIES FOR WILLFUL FAILURES INVOLVING TAX PAYMENTS AND FILING REQUIREMENTS.

(a) INCREASE IN PENALTY FOR ATTEMPT TO EVADE OR DEFEAT TAX.—Section 7201 (relating to attempt to evade or defeat tax) is amended—

(1) by striking ''$100,000'' and inserting ''$500,000'',

(2) by striking ''$500,000'' and inserting ''$1,000,000'', and

(3) by striking ''5 years'' and inserting ''10 years''.

(b) MODIFICATION OF PENALTIES FOR WILLFUL FAILURE TO FILE RETURN, SUPPLY INFORMATION, OR PAY TAX.—

(1) IN GENERAL.—Section 7203 (relating to willful failure to file return, supply information, or pay tax) 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) '$250,000 ($500,000' for '$50,000 ($100,000', and

''(C) '5 years' for '1 year'.

''(2) FAILURE DESCRIBED.—A failure described in this paragraph is—

''(A) a failure to make a return described in subsection (a) for any 3 taxable years occurring during any period of 5 consecutive taxable years if the aggregate tax liability for such period is not less than $50,000, or

''(B) a failure to make a return if the tax liability giving rise to the requirement to

make such return is attributable to an activity which is a felony under any State or Federal law.''.

(2) PENALTY MAY BE APPLIED IN ADDITION TO OTHER PENALTIES.—Section 7204 (relating to fraudulent statement or failure to make statement to employees) is amended by striking ''the penalty provided in section 6674'' and inserting ''the penalties provided in sections 6674 and 7203(b)''.

(c) FRAUD AND FALSE STATEMENTS.—Section 7206 (relating to fraud and false statements) is amended—

(1) by striking ''$100,000'' and inserting ''$500,000'',

(2) by striking ''$500,000'' and inserting ''$1,000,000'', and

(3) by striking ''3 years'' and inserting ''5 years''.

(d) INCREASE IN MONETARY LIMITATION FOR UNDERPAYMENT OR OVERPAYMENT OF TAX DUE TO FRAUD.—Section 7206 (relating to fraud and false statements), as amended by subsection (a)(3), 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.''.

(e) 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. 538. 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 neither signed a closing agreement pursuant to the Voluntary Offshore Compliance Initiative established by the Department of the Treasury under Revenue Procedure 2003–11 nor 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 type of 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) APPLICABLE PENALTY.—For purposes of this section, the term ''applicable penalty'' means any penalty, addition to tax, or fine imposed under chapter 68 of the Internal Revenue Code of 1986.

(c) 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. 539. 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. 540. 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 1 or more contingent payments,

any regulations which require original issue discount to be determined by reference to the comparable yield of a fixed-rate debt instrument shall be applied as if the regulations require that such comparable yield be determined by reference to a 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. 541. EXTENSION OF IRS USER FEES.

Subsection (c) of section 7528 (relating to Internal Revenue Service user fees) is amended by striking ''September 30, 2014'' and inserting ''September 30, 2016''.

SEC. 542. MODIFICATION OF COLLECTION DUE PROCESS PROCEDURES FOR EMPLOYMENT TAX LIABILITIES.

(a) IN GENERAL.—Section 6330(f) (relating to jeopardy and State refund collection) is amended—

(1) by striking ''; or'' at the end of paragraph (1) and inserting a comma,

(2) by adding ''or'' at the end of paragraph (2), and

(3) by inserting after paragraph (2) the following new paragraph:

''(3) the Secretary has served a levy in connection with the collection of taxes under chapter 21, 22, 23, or 24,''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to levies issued on or after the date that is 120 days after the date of the enactment of this Act.

SEC. 543. MODIFICATIONS TO WHISTLEBLOWER REFORMS.

(a) MODIFICATION OF TAX THRESHOLD FOR AWARDS.—Subparagraph (B) of section 7623(b)(5), as added by the Tax Relief and Health Care Act of 2006, is amended by striking ''$2,000,000'' and inserting ''$20,000''.

(b) WHISTLEBLOWER OFFICE.—

(1) IN GENERAL.—Section 7623 is amended by adding at the end the following new subsections:

''(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). 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) REPORTS.—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.''.

(2) CONFORMING AMENDMENT.—Section 406 of division A of the Tax Relief and Health Care Act of 2006 is amended by striking subsections (b) and (c).

(3) REPORT ON IMPLEMENTATION.—Not later than 6 months after the date of the enactment of this Act, the Secretary of the Treasury shall submit to Congress a report on the establishment and operation of the Whistleblower Office under section 7623(c) of the Internal Revenue Code of 1986.

(c) PUBLICITY OF AWARD APPEALS.—Paragraph (4) of section 7623(b), as added by the Tax Relief and Health Care Act of 2006, is amended to read as follows:

''(4) APPEAL OF AWARD DETERMINATION.—

''(A) IN GENERAL.—Any determination regarding an award under paragraph (1), (2), or (3) may, within 30 days of such determination, be appealed to the Tax Court (and the Tax Court shall have jurisdiction with respect to such matter).

''(B) PUBLICITY OF APPEALS.—Notwithstanding sections 7458 and 7461, the Tax Court may, in order to preserve the anonymity, privacy, or confidentiality of any person under this subsection, provide by rules adopted under section 7453 that portions of filings, hearings, testimony, evidence, and reports in connection with proceedings under this subsection may be closed to the public or to inspection by the public.''.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to information provided on or after the date of the enactment of this Act.

(2) PUBLICITY OF AWARD APPEALS.—The amendment made by subsection (c) shall take effect as if included in the amendments made by section 406 of the Tax Relief and Health Care Act of 2006.

SEC. 544. MODIFICATIONS OF DEFINITION OF EMPLOYEES COVERED BY DENIAL OF DEDUCTION FOR EXCESSIVE EMPLOYEE REMUNERATION.

(a) IN GENERAL.—Paragraph (3) of section 162(m) is amended to read as follows:

''(3) COVERED EMPLOYEE.—For purposes of this subsection, the term 'covered employee' means, with respect to any taxpayer for any taxable year, an individual who—

''(A) was the chief executive officer of the taxpayer, or an individual acting in such a capacity, at any time during the taxable year,

''(B) is 1 of the 4 highest compensated officers of the taxpayer for the taxable year (other than the individual described in subparagraph (A)), or

''(C) was a covered employee of the taxpayer (or any predecessor) for any preceding taxable year beginning after December 31, 2006.

''In the case of an individual who was a covered employee for any taxable year beginning after December 31, 2006, the term 'covered employee' shall include a beneficiary of such employee with respect to any remuneration for services performed by such employee as a covered employee (whether or not such services are performed during the taxable year in which the remuneration is paid).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2006.

SEC. 545. INCREASE IN AGE OF MINOR CHILDREN WHOSE UNEARNED INCOME IS TAXED AS IF PARENT'S INCOME.

(a) IN GENERAL.—Subparagraph (A) of section 1(g)(2) (relating to child to whom subsection applies) is amended to read as follows:

''(A) such child—

''(i) has not attained age 18 before the close of the taxable year, or

''(ii)(I) has attained age 18 before the close of the taxable year and meets the age requirements of section 152(c)(3) (determined without regard to subparagraph (B) thereof), and

''(II) whose earned income (as defined in section 911(d)(2)) for such taxable year does not exceed one-half of the amount of the individual's support (within the meaning of section 152(c)(1)(D) after the application of section 152(f)(5) (without regard to subparagraph (A) thereof) for such taxable year,''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 546. INCREASE IN INFORMATION RETURN PENALTIES.

(a) FAILURE TO FILE CORRECT INFORMATION RETURNS.—

(1) IN GENERAL.—Section 6721(a)(1) is amended—

(A) by striking ''$50'' and inserting ''$250'', and

(B) by striking ''$250,000'' and inserting ''$3,000,000''.

(2) REDUCTION WHERE CORRECTION IN SPECIFIED PERIOD.—

(A) CORRECTION WITHIN 30 DAYS.—Section 6721(b)(1) is amended—

(i) by striking ''$15'' and inserting ''$50'',

(ii) by striking ''$50'' and inserting ''$250'', and

(iii) by striking ''$75,000'' and inserting ''$500,000''.

(B) FAILURES CORRECTED ON OR BEFORE AUGUST 1.—Section 6721(b)(2) is amended—

(i) by striking ''$30'' and inserting ''$100'',

(ii) by striking ''$50'' and inserting ''$250'', and

(iii) by striking ''$150,000'' and inserting ''$1,500,000''.

(3) LOWER LIMITATION FOR PERSONS WITH GROSS RECEIPTS OF NOT MORE THAN $5,000,000.—Section 6721(d)(1) is amended—

(A) in subparagraph (A)—

(i) by striking ''$100,000'' and inserting ''$1,000,000'', and

(ii) by striking ''$250,000'' and inserting ''$3,000,000'',

(B) in subparagraph (B)—

(i) by striking ''$25,000'' and inserting ''$175,000'', and

(ii) by striking ''$75,000'' and inserting ''$500,000'', and

(C) in subparagraph (C)—

(i) by striking ''$50,000'' and inserting ''$500,000'', and

(ii) by striking ''$150,000'' and inserting ''$1,500,000''.

(4) PENALTY IN CASE OF INTENTIONAL DISREGARD.—Section 6721(e) is amended—

(A) by striking ''$100'' in paragraph (2) and inserting ''$500'',

(B) by striking ''$250,000'' in paragraph (3)(A) and inserting ''$3,000,000''.

(b) FAILURE TO FURNISH CORRECT PAYEE STATEMENTS.—

(1) IN GENERAL.—Section 6722(a) is amended—

(A) by striking ''$50'' and inserting ''$250'', and

(B) by striking ''$100,000'' and inserting ''$1,000,000''.

(2) PENALTY IN CASE OF INTENTIONAL DISREGARD.—Section 6722(c) is amended—

(A) by striking ''$100'' in paragraph (1) and inserting ''$500'', and

(B) by striking ''$100,000'' in paragraph (2)(A) and inserting ''$1,000,000''.

(c) FAILURE TO COMPLY WITH OTHER INFORMATION REPORTING REQUIREMENTS.—Section 6723 is amended—

(1) by striking ''$50'' and inserting ''$250'', and

(2) by striking ''$100,000'' and inserting ''$1,000,000''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to information returns required to be filed on or after January 1, 2008.

SEC. 547. E-FILING REQUIREMENT FOR CERTAIN LARGE ORGANIZATIONS.

(a) IN GENERAL.—The first sentence of section 6011(e)(2) is amended to read as follows: ''In prescribing regulations under paragraph (1), the Secretary shall take into account (among other relevant factors) the ability of the taxpayer to comply at reasonable cost with the requirements of such regulations.''.

(b) CONFORMING AMENDMENT.—Section 6724 is amended by striking subsection (c).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending on or after December 31, 2008.

SEC. 548. EXPANSION OF IRS ACCESS TO INFORMATION IN NATIONAL DIRECTORY OF NEW HIRES FOR TAX ADMINISTRATION PURPOSES.

(a) IN GENERAL.—Paragraph (3) of section 453(j) of the Social Security Act (42 U.S.C. 653(j)) is amended to read as follows:

''(3) ADMINISTRATION OF FEDERAL TAX LAWS.—The Secretary of the Treasury shall have access to the information in the National Directory of New Hires for purposes of administering the Internal Revenue Code of 1986.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

SEC. 549. DISCLOSURE OF PRISONER RETURN INFORMATION TO FEDERAL BUREAU OF PRISONS.

(a) DISCLOSURE.—

(1) IN GENERAL.—Subsection (l) of section 6103 (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:

''(22) DISCLOSURE OF RETURN INFORMATION OF PRISONERS TO FEDERAL BUREAU OF PRISONS.—

''(A) IN GENERAL.—Under such procedures as the Secretary may prescribe, the Secretary may disclose return information with respect to persons incarcerated in Federal prisons whom the Secretary believes filed or facilitated the filing of false or fraudulent returns to the head of the Federal Bureau of Prisons if the Secretary determines that such disclosure is necessary to permit effective tax administration.

''(B) DISCLOSURE BY AGENCY TO EMPLOYEES.—The head of the Federal Bureau of Prisons may redisclose information received under subparagraph (A)—

''(i) only to those officers and employees of the Bureau who are personally and directly engaged in taking administrative actions to address violations of administrative rules and regulations of the prison facility, and

''(ii) solely for the purposes described in subparagraph (C).

''(C) RESTRICTION ON USE OF DISCLOSED INFORMATION.—Return information disclosed under this paragraph may be used only for the purposes of—

''(i) preventing the filing of false or fraudulent returns; and

''(ii) taking administrative actions against individuals who have filed or attempted to file false or fraudulent returns.''.

(2) PROCEDURES AND RECORD KEEPING RELATED TO DISCLOSURE.—Subsection (p)(4) of section 6103 is amended—

(A) by striking ''(14), or (17)'' in the matter before subparagraph (A) and inserting ''(14), (17), or (22)'', and

(B) by striking ''(9), or (16)'' in subparagraph (F)(i) and inserting ''(9), (16), or (22)''.

(3) EVALUATION BY TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION.—Paragraph (3) of section 7803(d) 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) not later than 3 years after the date of the enactment of section 6103(l)(22), submit a written report to Congress on the implementation of such section.''.

(b) ANNUAL REPORTS.—

(1) IN GENERAL.—The Secretary of the Treasury shall submit to Congress and make publicly available an annual report on the filing of false and fraudulent returns by individuals incarcerated in Federal and State prisons.

(2) CONTENTS OF REPORT.—The report submitted under paragraph (1) shall contain statistics on the number of false or fraudulent returns associated with each Federal and State prison and such other information that the Secretary determines is appropriate.

(3) EXCHANGE OF INFORMATION.—For the purpose of gathering information necessary for the reports required under paragraph (1), the Secretary of the Treasury shall enter into agreements with the head of the Federal Bureau of Prisons and the heads of State agencies charged with responsibility for administration of State prisons under which the head of the Bureau or Agency provides to the Secretary not less frequently than annually the names and other identifying information of prisoners incarcerated at each facility administered by the Bureau or Agency.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to disclosures on or after January 1, 2008.

SEC. 550. UNDERSTATEMENT OF TAXPAYER LIABILITY BY RETURN PREPARERS.

(a) APPLICATION OF RETURN PREPARER PENALTIES TO ALL TAX RETURNS.—

(1) DEFINITION OF TAX RETURN PREPARER.—Paragraph (36) of section 7701(a) (relating to income tax preparer) is amended—

(A) by striking ''income'' each place it appears in the heading and the text, and

(B) in subparagraph (A), by striking ''subtitle A'' each place it appears and inserting ''this title''.

(2) CONFORMING AMENDMENTS.—

(A)(i) Section 6060 is amended by striking ''**INCOME TAX RETURN PREPARERS**'' in the heading and inserting ''**TAX RETURN PREPARERS**''.

(ii) Section 6060(a) is amended—

(I) by striking ''**AN INCOME TAX RETURN PREPARER**'' each place it appears and inserting ''**A TAX RETURN PREPARER**'',

(II) by striking ''each income tax return preparer'' and inserting ''each tax return preparer'', and

(III) by striking ''another income tax return preparer'' and inserting ''another tax return preparer''.

(iii) The item relating to section 6060 in the table of sections for subpart F of part III of subchapter A of chapter 61 is amended by striking ''income tax return preparers'' and inserting ''tax return preparers''.

(iv) Subpart F of part III of subchapter A of chapter 61 is amended by striking ''**Income Tax Return Preparers**'' in the heading and inserting ''**Tax Return Preparers**''.

(v) The item relating to subpart F in the table of subparts for part III of subchapter A of chapter 61 is amended by striking ''income tax return preparers'' and inserting ''tax return preparers''.

(B) Section 6103(k)(5) is amended—

(i) by striking ''income tax return preparer'' each place it appears and inserting ''tax return preparer'', and

(ii) by striking ''income tax return preparers'' each place it appears and inserting ''tax return preparers''.

(C)(i) Section 6107 is amended—

(I) by striking ''income tax return preparer'' in the heading and inserting ''tax return preparer'',

(II) by striking ''an income tax return preparer'' each place it appears in subsections (a) and (b) and inserting ''a tax return preparer'',

(III) by striking ''INCOME TAX RETURN PREPARER'' in the heading for subsection (b) and inserting ''TAX RETURN PREPARER'', and

(IV) in subsection (c), by striking ''income tax return preparers'' and inserting ''tax return preparers''.

(ii) The item relating to section 6107 in the table of sections for subchapter B of chapter 61 is amended by striking ''Income tax return preparer'' and inserting ''Tax return preparer''.

(D) Section 6109(a)(4) is amended—

(i) by striking ''an income tax return preparer'' and inserting ''a tax return preparer'', and

(ii) by striking ''INCOME RETURN PREPARER'' in the heading and inserting ''TAX RETURN PREPARER''.

(E) Section 6503(k)(4) is amended by striking ''Income tax return preparers'' and inserting ''Tax return preparers''.

(F)(i) Section 6694 is amended—

(I) by striking ''**INCOME TAX RETURN PREPARER**'' in the heading and inserting ''**TAX RETURN PREPARER**'',

(II) by striking ''an income tax return preparer'' each place it appears and inserting ''a tax return preparer'',

(III) in subsection (c)(2), by striking ''the income tax return preparer'' and inserting ''the tax return preparer'',

(IV) in subsection (e), by striking ''subtitle A'' and inserting ''this title'', and

(V) in subsection (f), by striking ''income tax return preparer'' and inserting ''tax return preparer''.

(ii) The item relating to section 6694 in the table of sections for part I of subchapter B of chapter 68 is amended by striking ''income tax return preparer'' and inserting ''tax return preparer''.

(G)(i) Section 6695 is amended—

(I) by striking ''**INCOME**'' in the heading, and

(II) by striking ''an income tax return preparer'' each place it appears and inserting ''a tax return preparer''.

(ii) Section 6695(f) is amended—

(I) by striking ''subtitle A'' and inserting ''this title'', and

(II) by striking ''the income tax return preparer'' and inserting ''the tax return preparer''.

(iii) The item relating to section 6695 in the table of sections for part I of subchapter B of chapter 68 is amended by striking ''income''.

(H) Section 6696(e) is amended by striking ''subtitle A'' each place it appears and inserting ''this title''.

(I)(i) Section 7407 is amended—

(I) by striking ''**INCOME TAX RETURN PREPARERS**'' in the heading and inserting ''**TAX RETURN PREPARERS**'',

(II) by striking ''an income tax return preparer'' each place it appears and inserting ''a tax return preparer'',

(III) by striking ''income tax preparer'' both places it appears in subsection (a) and inserting ''tax return preparer'', and

(IV) by striking ''income tax return'' in subsection (a) and inserting ''tax return''.

(ii) The item relating to section 7407 in the table of sections for subchapter A of chapter 76 is amended by striking ''income tax return preparers'' and inserting ''tax return preparers''.

(J)(i) Section 7427 is amended—

(I) by striking ''**INCOME TAX RETURN PREPARERS**'' in the heading and inserting ''**TAX RETURN PREPARERS**'', and

(II) by striking ''an income tax return preparer'' and inserting ''a tax return preparer''.

(ii) The item relating to section 7427 in the table of sections for subchapter B of chapter 76 is amended to read as follows:

''Sec. 7427. Tax return preparers.''.

(b) MODIFICATION OF PENALTY FOR UNDERSTATEMENT OF TAXPAYER'S LIABILITY BY TAX RETURN PREPARER.—Subsections (a) and (b) of section 6694 are amended to read as follows:

''(a) UNDERSTATEMENT DUE TO UNREASONABLE POSITIONS.—

''(1) IN GENERAL.—Any tax return preparer who prepares any return or claim for refund with respect to which any part of an understatement of liability is due to a position described in paragraph (2) shall pay a penalty with respect to each such return or claim in an amount equal to the greater of—

''(A) $1,000, or

''(B) 50 percent of the income derived (or to be derived) by the tax return preparer with respect to the return or claim.

''(2) UNREASONABLE POSITION.—A position is described in this paragraph if—

''(A) the tax return preparer knew (or reasonably should have known) of the position,

''(B) there was not a reasonable belief that the position would more likely than not be sustained on its merits, and

''(C)(i) the position was not disclosed as provided in section 6662(d)(2)(B)(ii), or

''(ii) there was no reasonable basis for the position.

''(3) REASONABLE CAUSE EXCEPTION.—No penalty shall be imposed under this subsection if it is shown that there is reasonable cause for the understatement and the tax return preparer acted in good faith.

''(b) UNDERSTATEMENT DUE TO WILLFUL OR RECKLESS CONDUCT.—

''(1) IN GENERAL.—Any tax return preparer who prepares any return or claim for refund with respect to which any part of an understatement of liability is due to a conduct described in paragraph (2) shall pay a penalty with respect to each such return or claim in an amount equal to the greater of—

''(A) $5,000, or

''(B) 50 percent of the income derived (or to be derived) by the tax return preparer with respect to the return or claim.

''(2) WILLFUL OR RECKLESS CONDUCT.—Conduct described in this paragraph is conduct by the tax return preparer which is—

''(A) a willful attempt in any manner to understate the liability for tax on the return or claim, or

''(B) a reckless or intentional disregard of rules or regulations.

''(3) REDUCTION IN PENALTY.—The amount of any penalty payable by any person by reason of this subsection for any return or claim for refund shall be reduced by the amount of the penalty paid by such person by reason of subsection (a).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to returns prepared after the date of the enactment of this Act.

SEC. 551. PENALTY FOR FILING ERRONEOUS REFUND CLAIMS.

(a) IN GENERAL.—Part I of subchapter B of chapter 68 (relating to assessable penalties) is amended by inserting after section 6675 the following new section:

''SEC. 6676. ERRONEOUS CLAIM FOR REFUND OR CREDIT.

''(a) CIVIL PENALTY.—If a claim for refund or credit with respect to income tax (other than a claim for a refund or credit relating to the earned income credit under section 32) is made for an excessive amount, unless it is shown that the claim for such excessive amount has a reasonable basis, the person making such claim shall be liable for a penalty in an amount equal to 20 percent of the excessive amount.

''(b) EXCESSIVE AMOUNT.—For purposes of this section, the term 'excessive amount' means in the case of any person the amount by which the amount of the claim for refund or credit for any taxable year exceeds the amount of such claim allowable under this title for such taxable year.

''(c) COORDINATION WITH OTHER PENALTIES.—This section shall not apply to any portion of the excessive amount of a claim for refund or credit on which a penalty is imposed under part II of subchapter A of chapter 68.''.

(b) CONFORMING AMENDMENT.—The table of sections for part I of subchapter B of chapter 68 is amended by inserting after the item relating to section 6675 the following new item:

''Sec. 6676. Erroneous claim for refund or credit.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to any claim—

(1) filed or submitted after the date of the enactment of this Act, or

(2) filed or submitted prior to such date but not withdrawn before the date which is 30 days after such date of enactment.

SEC. 552. SUSPENSION OF CERTAIN PENALTIES AND INTEREST.

(a) IN GENERAL.—Paragraphs (1)(A) and (3)(A) of section 6404(g) are each amended by striking ''18-month period'' and inserting ''36-month period''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to notices provided by the Secretary of the Treasury, or his delegate after the date which is 6 months after the date of the enactment of this Act.

(2) EXCEPTION FOR CERTAIN TAXPAYERS.—The amendments made by this section shall not apply to any taxpayer with respect to whom a suspension of any interest, penalty, addition to tax, or other amount is in effect on the date which is 6 months after the date of the enactment of this Act.

SEC. 553. ADDITIONAL REASONS FOR SECRETARY TO TERMINATE 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 new subparagraphs:

''(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 paragraph (4) of section 6159(b) 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. 554. 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, with his reasons therefor'' 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, with the reasons therefor''.

(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. 555. AUTHORIZATION FOR FINANCIAL MANAGEMENT SERVICE RETENTION OF TRANSACTION FEES FROM LEVIED AMOUNTS.

(a) IN GENERAL.—Subsection (h) of section 6331 (relating to continuing levy on certain payments) is amended by adding at the end the following new paragraph:

''(4) IMPOSITION OF FINANCIAL MANAGEMENT SERVICES TRANSACTION FEES.—If the Secretary approves a levy under this subsection, the Secretary may impose on the taxpayer a transaction fee sufficient to cover the full cost of implementing the levy under this subsection. Such fee—

''(A) shall be treated as an expense under section 6341,

''(B) may be collected through a levy under this subsection, and

''(C) shall be in addition to the amount of tax liability with respect to which such levy was approved.''.

(b) RETENTION OF FEES BY FINANCIAL MANAGEMENT SERVICE.—The Financial Management Service may retain the amount of any transaction fee imposed under section 6331(h)(4) of the Internal Revenue Code of 1986. Any amount retained by the Financial Management Service under that section shall be deposited into the account of the Department of the Treasury under section 3711(g)(7) of title 31, United States Code.

(c) EFFECTIVE DATE.—The amendment made by this section shall apply to amounts levied after the date of the enactment of this Act.

SEC. 556. AUTHORITY FOR UNDERCOVER OPERATIONS.

Paragraph (6) of section 7608(c) (relating to application of section) is amended by striking ''2007'' both places it appears and inserting ''2008''.

SEC. 557. INCREASE IN PENALTY EXCISE TAXES ON THE POLITICAL AND EXCESS LOBBYING ACTIVITIES OF SECTION 501(c)(3) ORGANIZATIONS.

(a) TAXES ON DISQUALIFYING LOBBYING EXPENDITURES OF CERTAIN ORGANIZATIONS.—

(1) IN GENERAL.—Section 4912(a) (relating to tax on organization) is amended by striking ''5 percent'' and inserting ''10 percent''.

(2) TAX ON MANAGEMENT.—Section 4912(b) is amended by striking ''5 percent'' and inserting ''10 percent''.

(b) TAXES ON POLITICAL EXPENDITURES OF SECTION 501(c)(3) ORGANIZATIONS.—

(1) IN GENERAL.—Section 4955(a) (relating to initial taxes) is amended—

(A) in paragraph (1), by striking ''10 percent'' and inserting ''20 percent'', and

(B) in paragraph (2), by striking ''2½ percent'' and inserting ''5 percent''.

(2) INCREASED LIMITATION FOR MANAGERS.—Section 4955(c)(2) is amended—

(A) by striking ''$5,000'' and inserting ''$10,000'', and

(B) by striking ''$10,000'' and inserting ''$20,000''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 558. INCREASED PENALTY FOR FAILURE TO FILE FOR EXEMPT ORGANIZATIONS.

(a) IN GENERAL.—Subparagraph (A) of section 6652(c)(1) (relating to annual returns under section 6033(a)(1) or 6012(a)(6)) is amended by adding at the end the following new sentence: ''In the case of an organization having gross receipts exceeding $25,000,000 for any year, with respect to the return so required, the first sentence of this subparagraph shall be applied by substituting '$250' for '$20' and, in lieu of applying the second sentence of this subparagraph, the maximum penalty under this subparagraph shall not exceed $125,000.''.

(b) CONFORMING AMENDMENT.—The third sentence of section 6652(c)(1)(A) is amended by inserting ''but not exceeding $25,000,000'' after ''$1,000,000''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to returns required to be filed on or after January 1, 2008.

SEC. 559. PENALTIES FOR FAILURE TO FILE CERTAIN RETURNS ELECTRONICALLY.

(a) IN GENERAL.—Part I of subchapter A of chapter 68 (relating to additions to the tax, additional amounts, and assessable penalties) is amended by inserting after section 6652 the following new section:

''SEC. 6652A. FAILURE TO FILE CERTAIN RETURNS ELECTRONICALLY.

''(a) IN GENERAL.—If a person fails to file a return described in section 6651 or 6652(c)(1) in electronic form as required under section 6011(e)—

''(1) such failure shall be treated as a failure to file such return (even if filed in a form other than electronic form), and

''(2) the penalty imposed under section 6651 or 6652(c), whichever is appropriate, shall be equal to the greater of—

''(A) the amount of the penalty under such section, determined without regard to this section, or

''(B) the amount determined under subsection (b).

''(b) AMOUNT OF PENALTY.—

''(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), the penalty determined under this subsection is equal to $40 for each day during which a failure described under subsection (a) continues. The maximum penalty under this paragraph on failures with respect to any 1 return shall not exceed the lesser of $20,000 or 10 percent of the gross receipts of the taxpayer for the year.

''(2) INCREASED PENALTIES FOR TAXPAYERS WITH GROSS RECEIPTS BETWEEN $1,000,000 AND $100,000,000.—

''(A) TAXPAYERS WITH GROSS RECEIPTS BETWEEN $1,000,000 AND $25,000,000.—In the case of a taxpayer having gross receipts exceeding $1,000,000 but not exceeding $25,000,000 for any year—

''(i) the first sentence of paragraph (1) shall be applied by substituting '$200' for '$40', and

''(ii) in lieu of applying the second sentence of paragraph (1), the maximum penalty under paragraph (1) shall not exceed $100,000.

''(B) TAXPAYERS WITH GROSS RECEIPTS OVER $25,000,000.—Except as provided in paragraph (3), in the case of a taxpayer having gross receipts exceeding $25,000,000 for any year—

''(i) the first sentence of paragraph (1) shall be applied by substituting '$500' for '$40', and

''(ii) in lieu of applying the second sentence of paragraph (1), the maximum penalty under paragraph (1) shall not exceed $250,000.

''(3) INCREASED PENALTIES FOR CERTAIN TAXPAYERS WITH GROSS RECEIPTS EXCEEDING $100,000,000.—In the case of a return described in section 6651—

''(A) TAXPAYERS WITH GROSS RECEIPTS BETWEEN $100,000,000 AND $250,000,000.—In the case of a taxpayer having gross receipts exceeding $100,000,000 but not exceeding $250,000,000 for any year—

''(i) the amount of the penalty determined under this subsection shall equal the sum of—

''(I) $50,000, plus

''(II) $1,000 for each day during which such failure continues (twice such amount for each day such failure continues after the first such 60 days), and

''(ii) the maximum amount under clause (i)(II) on failures with respect to any 1 return shall not exceed $200,000.

''(B) TAXPAYERS WITH GROSS RECEIPTS OVER $250,000,000.—In the case of a taxpayer having gross receipts exceeding $250,000,000 for any year—

''(i) the amount of the penalty determined under this subsection shall equal the sum of—

''(I) $250,000, plus

''(II) $2,500 for each day during which such failure continues (twice such amount for each day such failure continues after the first such 60 days), and

''(ii) the maximum amount under clause (i)(II) on failures with respect to any 1 return shall not exceed $250,000.

''(C) EXCEPTION FOR CERTAIN RETURNS.—Subparagraphs (A) and (B) shall not apply to any return of tax imposed under section 511.''.

(b) CLERICAL AMENDMENT.—The table of sections for part I of subchapter A of chapter 68 is amended by inserting after the item relating to section 6652 the following new item:

''Sec. 6652A. Failure to file certain returns electronically.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to returns required to be filed on or after January 1, 2008.

PART III—GENERAL PROVISIONS

SEC. 561. ENHANCED COMPLIANCE ASSISTANCE FOR SMALL BUSINESSES.

(a) IN GENERAL.—Section 212 of the Small Business Regulatory Enforcement Fairness Act of 1996 (5 U.S.C. 601 note) is amended by striking subsection (a) and inserting the following:

''(a) COMPLIANCE GUIDE.—

''(1) IN GENERAL.—For each rule or group of related rules for which an agency is required to prepare a final regulatory flexibility analysis under section 605(b) of title 5, United States Code, the agency shall publish 1 or more guides to assist small entities in complying with the rule and shall entitle such publications 'small entity compliance guides'.

''(2) PUBLICATION OF GUIDES.—The publication of each guide under this subsection shall include—

''(A) the posting of the guide in an easily identified location on the website of the agency; and

''(B) distribution of the guide to known industry contacts, such as small entities, associations, or industry leaders affected by the rule.

''(3) PUBLICATION DATE.—An agency shall publish each guide (including the posting and distribution of the guide as described under paragraph (2))—

''(A) on the same date as the date of publication of the final rule (or as soon as possible after that date); and

''(B) not later than the date on which the requirements of that rule become effective.

''(4) COMPLIANCE ACTIONS.—

''(A) IN GENERAL.—Each guide shall explain the actions a small entity is required to take to comply with a rule.

''(B) EXPLANATION.—The explanation under subparagraph (A)—

''(i) shall include a description of actions needed to meet the requirements of a rule, to enable a small entity to know when such requirements are met; and

''(ii) if determined appropriate by the agency, may include a description of possible procedures, such as conducting tests, that may assist a small entity in meeting such requirements, except that, compliance with any procedures described pursuant to this section does not establish compliance with the rule, or establish a presumption or inference of such compliance.

''(C) PROCEDURES.—Procedures described under subparagraph (B)(ii)—

''(i) shall be suggestions to assist small entities; and

''(ii) shall not be additional requirements, or diminish requirements, relating to the rule.

''(5) AGENCY PREPARATION OF GUIDES.—The agency shall, in its sole discretion, taking into account the subject matter of the rule and the language of relevant statutes, ensure that the guide is written using sufficiently plain language likely to be understood by affected small entities. Agencies may prepare separate guides covering groups or classes of similarly affected small entities and may cooperate with associations of small entities to develop and distribute such guides. An agency may prepare guides and apply this section with respect to a rule or a group of related rules.

''(6) REPORTING.—Not later than 1 year after the date of enactment of the Fair Minimum Wage Act of 2007, and annually thereafter, the head of each agency shall submit a report to the Committee on Small Business and Entrepreneurship of the Senate, the Committee on Small Business of the House of Representatives, and any other committee of relevant jurisdiction describing the status of the agency's compliance with paragraphs (1) through (5).''.

(b) TECHNICAL AND CONFORMING AMENDMENT.—Section 211(3) of the Small Business Regulatory Enforcement Fairness Act of 1996 (5 U.S.C. 601 note) is amended by inserting ''and entitled'' after ''designated''.

SEC. 562. SMALL BUSINESS CHILD CARE GRANT PROGRAM.

(a) ESTABLISHMENT.—The Secretary of Health and Human Services (referred to in this section as the ''Secretary'') shall establish a program to award grants to States, on a competitive basis, to assist States in providing funds to encourage the establishment and operation of employer-operated child care programs.

(b) APPLICATION.—To be eligible to receive a grant under this section, a State shall prepare and submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary may require, including an assurance that the funds required under subsection (e) will be provided.

(c) AMOUNT AND PERIOD OF GRANT.—The Secretary shall determine the amount of a grant to a State under this section based on the population of the State as compared to the population of all States receiving grants under this section. The Secretary shall make the grant for a period of 3 years.

(d) USE OF FUNDS.—

(1) IN GENERAL.—A State shall use amounts provided under a grant awarded under this section to provide assistance to small businesses (or consortia formed in accordance with paragraph (3)) located in the State to enable the small businesses (or consortia) to establish and operate child care programs. Such assistance may include—

(A) technical assistance in the establishment of a child care program;

(B) assistance for the startup costs related to a child care program;

(C) assistance for the training of child care providers;

(D) scholarships for low-income wage earners;

(E) the provision of services to care for sick children or to provide care to school-aged children;

(F) the entering into of contracts with local resource and referral organizations or local health departments;

(G) assistance for care for children with disabilities;

(H) payment of expenses for renovation or operation of a child care facility; or

(I) assistance for any other activity determined appropriate by the State.

(2) APPLICATION.—In order for a small business or consortium to be eligible to receive assistance from a State under this section, the small business involved shall prepare and submit to the State an application at such time, in such manner, and containing such information as the State may require.

(3) PREFERENCE.—

(A) IN GENERAL.—In providing assistance under this section, a State shall give priority to an applicant that desires to form a consortium to provide child care in a geographic area within the State where such care is not generally available or accessible.

(B) CONSORTIUM.—For purposes of subparagraph (A), a consortium shall be made up of 2 or more entities that shall include small businesses and that may include large businesses, nonprofit agencies or organizations, local governments, or other appropriate entities.

(4) LIMITATIONS.—With respect to grant funds received under this section, a State may not provide in excess of $500,000 in assistance from such funds to any single applicant.

(e) MATCHING REQUIREMENT.—To be eligible to receive a grant under this section, a State shall provide assurances to the Secretary that, with respect to the costs to be incurred by a covered entity receiving assistance in carrying out activities under this section, the covered entity will make available (directly or through donations from public or private entities) non-Federal contributions to such costs in an amount equal to—

(1) for the first fiscal year in which the covered entity receives such assistance, not less than 50 percent of such costs ($1 for each $1 of assistance provided to the covered entity under the grant);

(2) for the second fiscal year in which the covered entity receives such assistance, not less than 66⅔ percent of such costs ($2 for each $1 of assistance provided to the covered entity under the grant); and

(3) for the third fiscal year in which the covered entity receives such assistance, not less than 75 percent of such costs ($3 for each $1 of assistance provided to the covered entity under the grant).

(f) REQUIREMENTS OF PROVIDERS.—To be eligible to receive assistance under a grant awarded under this section, a child care provider—

(1) who receives assistance from a State shall comply with all applicable State and local licensing and regulatory requirements and all applicable health and safety standards in effect in the State; and

(2) who receives assistance from an Indian tribe or tribal organization shall comply with all applicable regulatory standards.

(g) STATE-LEVEL ACTIVITIES.—A State may not retain more than 3 percent of the amount described in subsection (c) for State administration and other State-level activities.

(h) ADMINISTRATION.—

(1) STATE RESPONSIBILITY.—A State shall have responsibility for administering a grant awarded for the State under this section and for monitoring covered entities that receive assistance under such grant.

(2) AUDITS.—A State shall require each covered entity receiving assistance under the grant awarded under this section to conduct an annual audit with respect to the activities of the covered entity. Such audits shall be submitted to the State.

(3) MISUSE OF FUNDS.—

(A) REPAYMENT.—If the State determines, through an audit or otherwise, that a covered entity receiving assistance under a grant awarded under this section has misused the assistance, the State shall notify the Secretary of the misuse. The Secretary, upon such a notification, may seek from such a covered entity the repayment of an amount equal to the amount of any such misused assistance plus interest.

(B) APPEALS PROCESS.—The Secretary shall by regulation provide for an appeals process with respect to repayments under this paragraph.

(i) REPORTING REQUIREMENTS.—

(1) 2-YEAR STUDY.—

(A) IN GENERAL.—Not later than 2 years after the date on which the Secretary first awards grants under this section, the Secretary shall conduct a study to determine—

(i) the capacity of covered entities to meet the child care needs of communities within States;

(ii) the kinds of consortia that are being formed with respect to child care at the local level to carry out programs funded under this section; and

(iii) who is using the programs funded under this section and the income levels of such individuals.

(B) REPORT.—Not later than 28 months after the date on which the Secretary first awards grants under this section, the Secretary shall prepare and submit to the appropriate committees of Congress a report on the results of the study conducted in accordance with subparagraph (A).

(2) 4-YEAR STUDY.—

(A) IN GENERAL.—Not later than 4 years after the date on which the Secretary first awards grants under this section, the Secretary shall conduct a study to determine the number of child care facilities that are funded through covered entities that received assistance through a grant awarded under this section and that remain in operation, and the extent to which such facilities are meeting the child care needs of the individuals served by such facilities.

(B) REPORT.—Not later than 52 months after the date on which the Secretary first awards grants under this section, the Secretary shall prepare and submit to the appropriate committees of Congress a report on the results of the study conducted in accordance with subparagraph (A).

(j) DEFINITIONS.—In this section:

(1) COVERED ENTITY.—The term ''covered entity'' means a small business or a consortium formed in accordance with subsection (d)(3).

(2) INDIAN COMMUNITY.—The term ''Indian community'' means a community served by an Indian tribe or tribal organization.

(3) INDIAN TRIBE; TRIBAL ORGANIZATION.—The terms ''Indian tribe'' and ''tribal organization'' have the meanings given the terms in section 658P of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858n).

(4) SMALL BUSINESS.—The term ''small business'' means an employer who employed an average of at least 2 but not more than 50 employees on the business days during the preceding calendar year.

(5) STATE.—The term ''State'' has the meaning given the term in section 658P of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858n).

(k) APPLICATION TO INDIAN TRIBES AND TRIBAL ORGANIZATIONS.—In this section:

(1) IN GENERAL.—Except as provided in subsection (f)(1), and in paragraphs (2) and (3), the term ''State'' includes an Indian tribe or tribal organization.

(2) GEOGRAPHIC REFERENCES.—The term ''State'' includes an Indian community in subsections (c) (the second and third place the term appears), (d)(1) (the second place the term appears), (d)(3)(A) (the second place the term appears), and (i)(1)(A)(i).

(3) STATE-LEVEL ACTIVITIES.—The term ''State-level activities'' includes activities at the tribal level.

(l) AUTHORIZATION OF APPROPRIATIONS.—

(1) IN GENERAL.—There is authorized to be appropriated to carry out this section, $50,000,000 for the period of fiscal years 2008 through 2012.

(2) STUDIES AND ADMINISTRATION.—With respect to the total amount appropriated for such period in accordance with this subsection, not more than $2,500,000 of that amount may be used for expenditures related to conducting studies required under, and the administration of, this section.

(m) TERMINATION OF PROGRAM.—The program established under subsection (a) shall terminate on September 30, 2012.

SEC. 563. STUDY OF UNIVERSAL USE OF ADVANCE PAYMENT OF EARNED INCOME CREDIT.

Not later than 180 days after the date of the enactment of this Act, the Secretary of the Treasury shall report to Congress on a study of the benefits, costs, risks, and barriers to workers and to businesses (with a special emphasis on small businesses) if the advance earned income tax credit program (under section 3507 of the Internal Revenue Code of 1986) included all recipients of the earned income tax credit (under section 32 of such Code) and what steps would be necessary to implement such inclusion.

SEC. 564. SENSE OF THE SENATE CONCERNING PERSONAL SAVINGS.

(a) FINDINGS.—The Senate finds that—

(1) the personal saving rate in the United States is at its lowest point since the Great Depression, with the rate having fallen into negative territory;

(2) the United States ranks at the bottom of the Group of Twenty (G–20) nations in terms of net national saving rate;

(3) approximately half of all the working people of the United States work for an employer that does not offer any kind of retirement plan;

(4) existing savings policies enacted by Congress provide limited incentives to save for low- and moderate-income families; and

(5) the Social Security program was enacted to serve as the safest component of a retirement system that also includes employer-sponsored retirement plans and personal savings.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that—

(1) Congress should enact policies that promote savings vehicles for retirement that are simple, easily accessible and provide adequate financial security for all the people of the United States;

(2) it is important to begin retirement saving as early as possible to take full advantage of the power of compound interest; and

(3) regularly contributing money to a financially-sound investment account is one important method for helping to achieve one's retirement goals.

SEC. 565. RENEWAL GRANTS FOR WOMEN'S BUSINESS CENTERS.

(a) IN GENERAL.—Section 29 of the Small Business Act (15 U.S.C. 656) is amended by adding at the end the following:

''(m) CONTINUED FUNDING FOR CENTERS.—

''(1) IN GENERAL.—A nonprofit organization described in paragraph (2) shall be eligible to receive, subject to paragraph (3), a 3-year grant under this subsection.

''(2) APPLICABILITY.—A nonprofit organization described in this paragraph is a nonprofit organization that has received funding under subsection (b) or (l).

''(3) APPLICATION AND APPROVAL CRITERIA.—

''(A) CRITERIA.—Subject to subparagraph (B), the Administrator shall develop and publish criteria for the consideration and approval of applications by nonprofit organizations under this subsection.

''(B) CONTENTS.—Except as otherwise provided in this subsection, the conditions for participation in the grant program under this subsection shall be the same as the conditions for participation in the program under subsection (l), as in effect on the date of enactment of this Act.

''(C) NOTIFICATION.—Not later than 60 days after the date of the deadline to submit applications for each fiscal year, the Administrator shall approve or deny any application under this subsection and notify the applicant for each such application.

''(4) AWARD OF GRANTS.—

''(A) IN GENERAL.—Subject to the availability of appropriations, the Administrator shall make a grant for the Federal share of the cost of activities described in the application to each applicant approved under this subsection.

''(B) AMOUNT.—A grant under this subsection shall be for not more than $150,000, for each year of that grant.

''(C) FEDERAL SHARE.—The Federal share under this subsection shall be not more than 50 percent.

''(D) PRIORITY.—In allocating funds made available for grants under this section, the Administrator shall give applications under this subsection or subsection (l) priority over first-time applications under subsection (b).

''(5) RENEWAL.—

''(A) IN GENERAL.—The Administrator may renew a grant under this subsection for additional 3-year periods, if the nonprofit organization submits an application for such renewal at such time, in such manner, and accompanied by such information as the Administrator may establish.

''(B) UNLIMITED RENEWALS.—There shall be no limitation on the number of times a grant may be renewed under subparagraph (A).

''(n) PRIVACY REQUIREMENTS.—

''(1) IN GENERAL.—A women's business center may not disclose the name, address, or telephone number of any individual or small business concern receiving assistance under this section without the consent of such individual or small business concern, unless—

''(A) the Administrator is ordered to make such a disclosure by a court in any civil or criminal enforcement action initiated by a Federal or State agency; or

''(B) the Administrator considers such a disclosure to be necessary for the purpose of conducting a financial audit of a women's business center, but a disclosure under this subparagraph shall be limited to the information necessary for such audit.

''(2) ADMINISTRATION USE OF INFORMATION.—This subsection shall not—

''(A) restrict Administration access to program activity data; or

''(B) prevent the Administration from using client information (other than the information described in subparagraph (A)) to conduct client surveys.

''(3) REGULATIONS.—The Administrator shall issue regulations to establish standards for requiring disclosures during a financial audit under paragraph (1)(B).''.

(b) REPEAL.—Section 29(l) of the Small Business Act (15 U.S.C. 656(l)) is repealed effective October 1 of the first full fiscal year after the date of enactment of this Act.

(c) TRANSITIONAL RULE.—Notwithstanding any other provision of law, a grant or cooperative agreement that was awarded under subsection (l) of section 29 of the Small Business Act (15 U.S.C. 656), on or before the day before the date described in subsection (b) of this section, shall remain in full force and effect under the terms, and for the duration, of such grant or agreement.

SEC. 566. REPORTS ON ACQUISITIONS OF ARTICLES, MATERIALS, AND SUPPLIES MANUFACTURED OUTSIDE THE UNITED STATES.

Section 2 of the Buy American Act (41 U.S.C. 10a) is amended—

(1) by striking ''Notwithstanding'' and inserting the following:

''(a) IN GENERAL.—Notwithstanding''; and

(2) by adding at the end the following:

''(b) REPORTS.—

''(1) IN GENERAL.—Not later than 180 days after the end of each of fiscal years 2007 through 2011, the head of each Federal agency shall submit to the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Oversight and Government Reform of the House of Representatives a report on the amount of the acquisitions made by the agency in that fiscal year of articles, materials, or supplies purchased from entities that manufacture the articles, materials, or supplies outside of the United States.

''(2) CONTENTS OF REPORT.—The report required by paragraph (1) shall separately include, for the fiscal year covered by such report—

''(A) the dollar value of any articles, materials, or supplies that were manufactured outside the United States;

''(B) an itemized list of all waivers granted with respect to such articles, materials, or supplies under this Act, and a citation to the treaty, international agreement, or other law under which each waiver was granted;

''(C) if any articles, materials, or supplies were acquired from entities that manufacture articles, materials, or supplies outside the United States, the specific exception under this section that was used to purchase such articles, materials, or supplies; and

''(D) a summary of—

''(i) the total procurement funds expended on articles, materials, and supplies manufactured inside the United States; and

''(ii) the total procurement funds expended on articles, materials, and supplies manufactured outside the United States.

''(3) PUBLIC AVAILABILITY.—The head of each Federal agency submitting a report under paragraph (1) shall make the report publicly available to the maximum extent practicable.

''(4) EXCEPTION FOR INTELLIGENCE COMMUNITY.—This subsection shall not apply to acquisitions made by an agency, or component thereof, that is an element of the intelligence community as specified in, or designated under, section 3(4) of the National Security Act of 1947 (50 U.S.C. 401a(4)).''.

SEC. 567. SENSE OF THE SENATE REGARDING REPEAL OF 1993 INCOME TAX INCREASE ON SOCIAL SECURITY BENEFITS.

It is the sense of the Senate that Congress should repeal the 1993 tax increase on Social Security benefits and eliminate wasteful spending, such as spending on unnecessary tax loopholes, in order to fully offset the cost of such repeal and avoid forcing taxpayers to pay substantially more interest to foreign creditors.

SEC. 568. SENSE OF THE SENATE REGARDING PERMANENT TAX INCENTIVES TO MAKE EDUCATION MORE AFFORDABLE AND MORE ACCESSIBLE FOR AMERICAN FAMILIES.

It is the sense of the Senate that Congress should make permanent the tax incentives to make education more affordable and more accessible for American families and eliminate wasteful spending, such as spending on unnecessary tax loopholes, in order to fully offset the cost of such incentives and avoid forcing taxpayers to pay substantially more interest to foreign creditors.

SEC. 569. RESPONSIBLE GOVERNMENT CONTRACTOR REQUIREMENTS.

Section 274A(e) of the Immigration and Nationality Act (8 U.S.C. 1324a(e)) is amended by adding at the end the following new paragraph:

''(10) PROHIBITION ON AWARD OF GOVERNMENT CONTRACTS, GRANTS, AND AGREEMENTS.—

''(A) EMPLOYERS WITH NO CONTRACTS, GRANTS, OR AGREEMENTS.—

''(i) IN GENERAL.—Subject to clause (iii) and subparagraph (C), if an employer who does not hold a Federal contract, grant, or cooperative agreement is determined to have violated this section, the employer shall be debarred from the receipt of a Federal contract, grant, or cooperative agreement for a period of 7 years.

''(ii) PLACEMENT ON EXCLUDED LIST.—The Secretary of Homeland Security or the Attorney General shall advise the Administrator of General Services of the debarment of an employer under clause (i) and the Administrator of General Services shall list the employer on the List of Parties Excluded from Federal Procurement and Nonprocurement Programs for a period of 7 years.

''(iii) WAIVER.—

''(I) AUTHORITY.—The Administrator of General Services, in consultation with the Secretary of Homeland Security and the Attorney General, may waive operation of clause (i) or may limit the duration or scope of a debarment under clause (i) if such waiver or limitation is necessary to national defense or in the interest of national security.

''(II) NOTIFICATION TO CONGRESS.—If the Administrator grants a waiver or limitation described in subclause (I), the Administrator shall submit to each member of the Committee on the Judiciary of the Senate and of the Committee on the Judiciary of the House of Representatives immediate notice of such waiver or limitation.

''(III) PROHIBITION ON JUDICIAL REVIEW.—The decision of whether to debar or take alternative action under this clause shall not be judicially reviewed.

''(B) EMPLOYERS WITH CONTRACTS, GRANTS, OR AGREEMENTS.—

''(i) IN GENERAL.—Subject to clause (iii) and subclause (C), an employer who holds a Federal contract, grant, or cooperative agreement and is determined to have violated this section shall be debarred from the receipt of new Federal contracts, grants, or cooperative agreements for a period of 10 years.

''(ii) NOTICE TO AGENCIES.—Prior to debarring the employer under clause (i), the Secretary of Homeland Security, in cooperation with the Administrator of General Services, shall advise any agency or department holding a contract, grant, or cooperative agreement with the employer of the Government's intention to debar the employer from the receipt of new Federal contracts, grants, or cooperative agreements for a period of 10 years.

''(iii) WAIVER.—

''(I) AUTHORITY.—After consideration of the views of any agency or department that holds a contract, grant, or cooperative agreement with the employer, the Administrator of General Services, in consultation with the Secretary of Homeland Security and the Attorney General, may waive operation of clause (i) or may limit the duration or scope of the debarment under clause (i) if such waiver or limitation is necessary to the national defense or in the interest of national security.

''(II) NOTIFICATION TO CONGRESS.—If the Administrator grants a waiver or limitation described in subclause (I), the Administrator shall submit to each member of the Committee on the Judiciary of the Senate and of the Committee on the Judiciary of the House of Representatives immediate notice of such waiver or limitation.

''(III) PROHIBITION ON JUDICIAL REVIEW.—The decision of whether to debar or take alternate action under this clause shall not be judicially reviewed.

''(C) EXEMPTION FROM PENALTY FOR EMPLOYERS PARTICIPATING IN THE BASIC PILOT PROGRAM.—In the case of imposition on an employer of a debarment from the receipt of a Federal contract, grant, or cooperative agreement under subparagraph (A) or (B), that penalty shall be waived if the employer establishes that the employer was voluntarily participating in the basic pilot program under section 403(a) of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (8 U.S.C. 1324a note) at the time of the violations of this section that resulted in the debarment.''.

SEC. 570. DISABILITY PREFERENCE PROGRAM FOR TAX COLLECTION CONTRACTS.

(a) IN GENERAL.—Section 6306 (relating to qualified tax collection contracts) is amended—

(1) by striking ''Nothing'' in subsection (a) and inserting ''Except as provided in subsection (c), nothing'',

(2) by redesignating subsections (c), (d), (e), and (f) as subsections (d), (e), (f), and (g), respectively, and

(3) by inserting after subsection (b) the following new subsection:

''(c) DISABILITY PREFERENCE PROGRAM FOR TAX COLLECTION CONTRACTS.—

''(1) IN GENERAL.—The Secretary shall provide a qualifying disability preference to any program under which any qualified tax collection contract is awarded on or after the effective date of this subsection and shall ensure compliance with the requirements of paragraph (3).

''(2) QUALIFYING DISABILITY PREFERENCE.—

''(A) IN GENERAL.—For purposes of this subsection, the term 'qualifying disability preference' means a preference pursuant to which at least 10 percent (in both number and aggregate dollar amount) of the accounts covered by qualified tax collection contracts are awarded to persons satisfying the following criteria:

''(i) Such person employs within the United States at least 50 severely disabled individuals.

''(ii) Such person shall agree as an enforceable condition of its bid for a qualified tax collection contract that within 90 days after the date such contract is awarded, not less than 35 percent of the employees of such person employed in connection with providing services under such contract shall—

''(I) be hired after the date such contract is awarded, and

''(II) be severely disabled individuals.

''(B) DETERMINATION OF SATISFACTION OF CRITERIA.—Within 60 days after the end of the period specified in subparagraph (A)(ii), the Secretary shall determine whether such person has met the 35 percent requirement

specified in such subparagraph, and if such requirement has not been met, shall terminate the contract for nonperformance. For purposes of determining whether such 35 percent requirement has been satisfied, severely disabled individuals providing services under such contract shall not include any severely disabled individuals who were counted toward satisfaction of the 50-employee requirement specified in subparagraph (A)(i), unless such person replaced such individuals by hiring additional severely disabled individuals who do not perform services under such contract.

''(3) PROGRAM-WIDE EMPLOYMENT OF SEVERELY DISABLED INDIVIDUALS.—Not less than 15 percent of all individuals hired by all persons to whom tax collection contracts are issued by the Secretary under this section, to perform work under such tax collection contracts, shall qualify as severely disabled individuals.

''(4) SEVERELY DISABLED INDIVIDUAL.—For purposes of this subsection, the term 'severely disabled individual' means any one of the following:

''(A) Any veteran of the United States Armed Forces with—

''(i) a disability determined by the Secretary of Veterans Affairs to be service-connected, or

''(ii) a disability deemed by statute to be service-connected.

''(B) Any individual who is a disabled beneficiary (as defined in section 1148(k)(2) of the Social Security Act (42 U.S.C. 1320b–19(k)(2)) or who would be considered to be such a disabled beneficiary but for having income or assets in excess of the income or asset eligibility limits established under title II or XVI of the Social Security Act, respectively.''.

(b) REPORT BY GOVERNMENT ACCOUNTABILITY OFFICE.—

(1) IN GENERAL.—The Comptroller General of the United States shall conduct a study of the effectiveness and efficiency of the use of private contractors for Internal Revenue Service debt collection. The study required by this paragraph shall be completed in time to be taken into account by Congress before any new contracting is carried out under section 6306 of the Internal Revenue Code of 1986 in years following 2008.

(2) STUDY OF COMPARABLE EFFORTS.—As part of the study required under paragraph (1), the Comptroller General shall—

(A) make every effort to determine the relative effectiveness and efficiency of debt collection contracting by Federal staff compared to private contractors, using a cost calculation for both Federal staff and private contractors which includes all benefits and overhead costs,

(B) compare the cost effectiveness of the contracting approach of the Department of the Treasury to that of the Department of Education's Office of Student Financial Assistance, and

(C) survey State tax debt collection experiences for lessons that may be applicable to the Internal Revenue Service collection efforts.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to any tax collection contract awarded on or after the date of the enactment of ths Act.

SA 798. Mr. GRASSLEY submitted an amendment intended to be proposed to amendment SA 680 submitted by Mr. KENNEDY (for himself, Mr. ENZI, Mr. BAUCUS, and Mr. GRASSLEY) to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; as follows:

Strike all after the Page 3 line 12 and insert:

Subtitle B—Small Business Tax Incentives

SEC. 510. SHORT TITLE; AMENDMENT OF CODE.

(a) SHORT TITLE.—This subtitle may be cited as the ''Small Business and Work Opportunity Act of 2007''.

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this subtitle 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.

PART I—SMALL BUSINESS TAX RELIEF PROVISIONS

Subpart A—General Provisions

SEC. 511. EXTENSION OF INCREASED EXPENSING FOR SMALL BUSINESSES.

Section 179 (relating to election to expense certain depreciable business assets) is amended by striking ''2010'' each place it appears and inserting ''2011''.

SEC. 512. EXTENSION AND MODIFICATION OF 15-YEAR STRAIGHT-LINE COST RECOVERY FOR QUALIFIED LEASEHOLD IMPROVEMENTS AND QUALIFIED RESTAURANT IMPROVEMENTS; 15-YEAR STRAIGHT-LINE COST RECOVERY FOR CERTAIN IMPROVEMENTS TO RETAIL SPACE.

(a) EXTENSION OF LEASEHOLD AND RESTAURANT IMPROVEMENTS.—

(1) IN GENERAL.—Clauses (iv) and (v) of section 168(e)(3)(E) (relating to 15-year property) are each amended by striking ''January 1, 2008'' and inserting ''January 1, 2009''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to property placed in service after December 31, 2007.

(b) MODIFICATION OF TREATMENT OF QUALIFIED RESTAURANT PROPERTY AS 15-YEAR PROPERTY FOR PURPOSES OF DEPRECIATION DEDUCTION.—

(1) TREATMENT TO INCLUDE NEW CONSTRUCTION.—Paragraph (7) of section 168(e) (relating to classification of property) is amended to read as follows:

''(7) QUALIFIED RESTAURANT PROPERTY.—The term 'qualified restaurant property' means any section 1250 property which is a building (or its structural components) or an improvement to such building if more than 50 percent of such building's square footage is devoted to preparation of, and seating for on-premises consumption of, prepared meals.''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to any property placed in service after the date of the enactment of this Act, the original use of which begins with the taxpayer after such date.

(c) RECOVERY PERIOD FOR DEPRECIATION OF CERTAIN IMPROVEMENTS TO RETAIL SPACE.—

(1) 15-YEAR RECOVERY PERIOD.—Section 168(e)(3)(E) (relating to 15-year property) is amended by striking ''and'' at the end of clause (vii), by striking the period at the end of clause (viii) and inserting '', and'', and by adding at the end the following new clause:

''(ix) any qualified retail improvement property placed in service before January 1, 2009.''.

(2) QUALIFIED RETAIL IMPROVEMENT PROPERTY.—Section 168(e) is amended by adding at the end the following new paragraph:

''(8) QUALIFIED RETAIL IMPROVEMENT PROPERTY.—

''(A) IN GENERAL.—The term 'qualified retail improvement property' means any improvement to an interior portion of a building which is nonresidential real property if—

''(i) such portion is open to the general public and is used in the retail trade or business of selling tangible personal property to the general public, and

''(ii) such improvement is placed in service more than 3 years after the date the building was first placed in service.

''(B) IMPROVEMENTS MADE BY OWNER.—In the case of an improvement made by the owner of such improvement, such improvement shall be qualified retail improvement property (if at all) only so long as such improvement is held by such owner. Rules similar to the rules under paragraph (6)(B) shall apply for purposes of the preceding sentence.

''(C) CERTAIN IMPROVEMENTS NOT INCLUDED.—Such term shall not include any improvement for which the expenditure is attributable to—

''(i) the enlargement of the building,

''(ii) any elevator or escalator,

''(iii) any structural component benefitting a common area, or

''(iv) the internal structural framework of the building.''.

(3) REQUIREMENT TO USE STRAIGHT LINE METHOD.—Section 168(b)(3) is amended by adding at the end the following new subparagraph:

''(I) Qualified retail improvement property described in subsection (e)(8).''.

(4) ALTERNATIVE SYSTEM.—The table contained in section 168(g)(3)(B) is amended by inserting after the item relating to subparagraph (E)(viii) the following new item:

(E)(ix) ..... 39''.

(5) EFFECTIVE DATE.—The amendments made by this subsection shall apply to property placed in service after the date of the enactment of this Act.

SEC. 513. CLARIFICATION OF CASH ACCOUNTING RULES FOR SMALL BUSINESS.

(a) CASH ACCOUNTING PERMITTED.—

(1) IN GENERAL.—Section 446 (relating to general rule for methods of accounting) is amended by adding at the end the following new subsection:

''(g) CERTAIN SMALL BUSINESS TAXPAYERS PERMITTED TO USE CASH ACCOUNTING METHOD WITHOUT LIMITATION.—

''(1) IN GENERAL.—An eligible taxpayer shall not be required to use an accrual method of accounting for any taxable year.

''(2) ELIGIBLE TAXPAYER.—For purposes of this subsection, a taxpayer is an eligible taxpayer with respect to any taxable year if—

''(A) for each of the prior taxable years ending on or after the date of the enactment of this subsection, the taxpayer (or any predecessor) met the gross receipts test in effect under section 448(c) for such taxable year, and

''(B) the taxpayer is not subject to section 447 or 448.''.

(2) EXPANSION OF GROSS RECEIPTS TEST.—

(A) IN GENERAL.—Paragraph (3) of section 448(b) (relating to entities with gross receipts of not more than $5,000,000) is amended to read as follows:

''(3) ENTITIES MEETING GROSS RECEIPTS TEST.—Paragraphs (1) and (2) of subsection (a) shall not apply to any corporation or partnership for any taxable year if, for each of the prior taxable years ending on or after the date of the enactment of the Small Business and Work Opportunity Act of 2007, the entity (or any predecessor) met the gross receipts test in effect under subsection (c) for such prior taxable year.''.

(B) CONFORMING AMENDMENTS.—Section 448(c) of such Code is amended—

(i) by striking ''$5,000,000'' in the heading thereof,

(ii) by striking ''$5,000,000'' each place it appears in paragraph (1) and inserting ''$10,000,000'', and

(iii) by adding at the end the following new paragraph:

''(4) INFLATION ADJUSTMENT.—In the case of any taxable year beginning in a calendar year after 2008, the dollar amount contained in paragraph (1) shall be increased by an amount equal to—

''(A) such dollar amount, multiplied by

''(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, by substituting 'calendar year 2007' for 'calendar year 1992' in subparagraph (B) thereof.

''If any amount as adjusted under this subparagraph is not a multiple of $100,000, such amount shall be rounded to the nearest multiple of $100,000.''.

(b) CLARIFICATION OF INVENTORY RULES FOR SMALL BUSINESS.—

(1) IN GENERAL.—Section 471 (relating to general rule for inventories) is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

''(c) SMALL BUSINESS TAXPAYERS NOT REQUIRED TO USE INVENTORIES.—

''(1) IN GENERAL.—A qualified taxpayer shall not be required to use inventories under this section for a taxable year.

''(2) TREATMENT OF TAXPAYERS NOT USING INVENTORIES.—If a qualified taxpayer does not use inventories with respect to any property for any taxable year beginning after the date of the enactment of this subsection, such property shall be treated as a material or supply which is not incidental.

''(3) QUALIFIED TAXPAYER.—For purposes of this subsection, the term 'qualified taxpayer' means—

''(A) any eligible taxpayer (as defined in section 446(g)(2)), and

''(B) any taxpayer described in section 448(b)(3).''.

(2) CONFORMING AMENDMENTS.—

(A) Subpart D of part II of subchapter E of chapter 1 is amended by striking section 474.

(B) The table of sections for subpart D of part II of subchapter E of chapter 1 is amended by striking the item relating to section 474.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 514. EXTENSION AND MODIFICATION OF COMBINED WORK OPPORTUNITY TAX CREDIT AND WELFARE-TO-WORK CREDIT.

(a) EXTENSION.—Section 51(c)(4)(B) (relating to termination) is amended by striking ''2007'' and inserting ''2012''.

(b) INCREASE IN MAXIMUM AGE FOR DESIGNATED COMMUNITY RESIDENTS.—

(1) IN GENERAL.—Paragraph (5) of section 51(d) is amended to read as follows:

''(5) DESIGNATED COMMUNITY RESIDENTS.—

''(A) IN GENERAL.—The term 'designated community resident' means any individual who is certified by the designated local agency—

''(i) as having attained age 18 but not age 40 on the hiring date, and

''(ii) as having his principal place of abode within an empowerment zone, enterprise community, renewal community, or rural renewal county.

''(B) INDIVIDUAL MUST CONTINUE TO RESIDE IN ZONE, COMMUNITY, OR COUNTY.—In the case of a designated community resident, the term 'qualified wages' shall not include wages paid or incurred for services performed while the individual's principal place of abode is outside an empowerment zone, enterprise community, renewal community, or rural renewal county.

''(C) RURAL RENEWAL COUNTY.—For purposes of this paragraph, the term 'rural renewal county' means any county which—

''(i) is outside a metropolitan statistical area (defined as such by the Office of Management and Budget), and

''(ii) during the 5-year periods 1990 through 1994 and 1995 through 1999 had a net population loss.''.

(2) CONFORMING AMENDMENT.—Subparagraph (D) of section 51(d)(1) is amended to read as follows:

''(D) a designated community resident,''.

(c) CLARIFICATION OF TREATMENT OF INDIVIDUALS UNDER INDIVIDUAL WORK PLANS.—Subparagraph (B) of section 51(d)(6) (relating to vocational rehabilitation referral) is amended by striking ''or'' at the end of clause (i), by striking the period at the end of clause (ii) and inserting '', or'', and by adding at the end the following new clause:

''(iii) an individual work plan developed and implemented by an employment network pursuant to subsection (g) of section 1148 of the Social Security Act with respect to which the requirements of such subsection are met.''.

(d) TREATMENT OF DISABLED VETERANS UNDER THE WORK OPPORTUNITY TAX CREDIT.—

(1) DISABLED VETERANS TREATED AS MEMBERS OF TARGETED GROUP.—

(A) IN GENERAL.—Subparagraph (A) of section 51(d)(3) (relating to qualified veteran) is amended by striking ''agency as being a member of a family'' and all that follows and inserting ''agency as—

''(i) being a member of a family receiving assistance under a food stamp program under the Food Stamp Act of 1977 for at least a 3-month period ending during the 12-month period ending on the hiring date, or

''(ii) entitled to compensation for a service-connected disability incurred after September 10, 2001.''.

(B) DEFINITIONS.—Paragraph (3) of section 51(d) is amended by adding at the end the following new subparagraph:

''(C) OTHER DEFINITIONS.—For purposes of subparagraph (A), the terms 'compensation' and 'service-connected' have the meanings given such terms under section 101 of title 38, United States Code.''.

(2) INCREASE IN AMOUNT OF WAGES TAKEN INTO ACCOUNT FOR DISABLED VETERANS.—Paragraph (3) of section 51(b) is amended—

(A) by inserting ''($12,000 per year in the case of any individual who is a qualified veteran by reason of subsection (d)(3)(A)(ii))'' before the period at the end, and

(B) by striking ''**ONLY FIRST $6,000 OF**'' in the heading and inserting ''**LIMITATION ON**''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to individuals who begin work for the employer after the date of the enactment of this Act, in taxable years ending after such date.

SEC. 515. CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.

(a) EMPLOYMENT TAXES.—Chapter 25 (relating to general provisions relating to employment taxes) is amended by adding at the end the following new section:

''SEC. 3511. CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.

''(a) GENERAL RULES.—For purposes of the taxes, and other obligations, imposed by this subtitle—

''(1) a certified professional employer organization shall be treated as the employer (and no other person shall be treated as the employer) of any work site employee performing services for any customer of such organization, but only with respect to remuneration remitted by such organization to such work site employee, and

''(2) exclusions, definitions, and other rules which are based on the type of employer and which would (but for paragraph (1)) apply shall apply with respect to such taxes imposed on such remuneration.

''(b) SUCCESSOR EMPLOYER STATUS.—For purposes of sections 3121(a)(1), 3231(e)(2)(C), and 3306(b)(1)—

''(1) a certified professional employer organization entering into a service contract with a customer with respect to a work site employee shall be treated as a successor employer and the customer shall be treated as a predecessor employer during the term of such service contract, and

''(2) a customer whose service contract with a certified professional employer organization is terminated with respect to a work site employee shall be treated as a successor employer and the certified professional employer organization shall be treated as a predecessor employer.

''(c) LIABILITY OF CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATION.—Solely for purposes of its liability for the taxes, and other obligations, imposed by this subtitle—

''(1) a certified professional employer organization shall be treated as the employer of any individual (other than a work site employee or a person described in subsection (f)) who is performing services covered by a contract meeting the requirements of section 7705(e)(2), but only with respect to remuneration remitted by such organization to such individual, and

''(2) exclusions, definitions, and other rules which are based on the type of employer and which would (but for paragraph (1)) apply shall apply with respect to such taxes imposed on such remuneration.

''(d) TREATMENT OF CREDITS.—

''(1) IN GENERAL.—For purposes of any credit specified in paragraph (2)—

''(A) such credit with respect to a work site employee performing services for the customer applies to the customer, not the certified professional employer organization,

''(B) the customer, and not the certified professional employer organization, shall take into account wages and employment taxes—

''(i) paid by the certified professional employer organization with respect to the work site employee, and

''(ii) for which the certified professional employer organization receives payment from the customer, and

''(C) the certified professional employer organization shall furnish the customer with any information necessary for the customer to claim such credit.

''(2) CREDITS SPECIFIED.—A credit is specified in this paragraph if such credit is allowed under—

''(A) section 41 (credit for increasing research activity),

''(B) section 45A (Indian employment credit),

''(C) section 45B (credit for portion of employer social security taxes paid with respect to employee cash tips),

''(D) section 45C (clinical testing expenses for certain drugs for rare diseases or conditions),

''(E) section 51 (work opportunity credit),

''(F) section 51A (temporary incentives for employing long-term family assistance recipients),

''(G) section 1396 (empowerment zone employment credit),

''(H) 1400(d) (DC Zone employment credit),

''(I) Section 1400H (renewal community employment credit), and

''(J) any other section as provided by the Secretary.

''(e) SPECIAL RULE FOR RELATED PARTY.—This section shall not apply in the case of a customer which bears a relationship to a certified professional employer organization described in section 267(b) or 707(b). For purposes of the preceding sentence, such sections shall be applied by substituting '10 percent' for '50 percent'.

''(f) SPECIAL RULE FOR CERTAIN INDIVIDUALS.—For purposes of the taxes imposed under this subtitle, an individual with net earnings from self-employment derived from the customer's trade or business is not a work site employee with respect to remuneration paid by a certified professional employer organization.

''(g) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.''.

(b) CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATION DEFINED.—Chapter 79 (relating to definitions) is amended by adding at the end the following new section:

''SEC. 7705. CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS DEFINED.

''(a) IN GENERAL.—For purposes of this title, the term 'certified professional employer organization' means a person who has been certified by the Secretary for purposes of section 3511 as meeting the requirements of subsection (b).

''(b) GENERAL REQUIREMENTS.—A person meets the requirements of this subsection if such person—

''(1) demonstrates that such person (and any owner, officer, and such other persons as may be specified in regulations) meets such requirements as the Secretary shall establish with respect to tax status, background, experience, business location, and annual financial audits,

''(2) computes its taxable income using an accrual method of accounting unless the Secretary approves another method,

''(3) agrees that it will satisfy the bond and independent financial review requirements of subsection (c) on an ongoing basis,

''(4) agrees that it will satisfy such reporting obligations as may be imposed by the Secretary,

''(5) agrees to verify on such periodic basis as the Secretary may prescribe that it continues to meet the requirements of this subsection, and

''(6) agrees to notify the Secretary in writing within such time as the Secretary may prescribe of any change that materially affects whether it continues to meet the requirements of this subsection.

''(c) BOND AND INDEPENDENT FINANCIAL REVIEW REQUIREMENTS.—

''(1) IN GENERAL.—An organization meets the requirements of this paragraph if such organization—

''(A) meets the bond requirements of paragraph (2), and

''(B) meets the independent financial review requirements of paragraph (3).

''(2) BOND.—

''(A) IN GENERAL.—A certified professional employer organization meets the requirements of this paragraph if the organization has posted a bond for the payment of taxes under subtitle C (in a form acceptable to the Secretary) in an amount at least equal to the amount specified in subparagraph (B).

''(B) AMOUNT OF BOND.—For the period April 1 of any calendar year through March 31 of the following calendar year, the amount of the bond required is equal to the greater of—

''(i) 5 percent of the organization's liability under section 3511 for taxes imposed by subtitle C during the preceding calendar year (but not to exceed $1,000,000), or

''(ii) $50,000.

''(3) INDEPENDENT FINANCIAL REVIEW REQUIREMENTS.—A certified professional employer organization meets the requirements of this paragraph if such organization—

''(A) has, as of the most recent review date, caused to be prepared and provided to the Secretary (in such manner as the Secretary may prescribe) an opinion of an independent certified public accountant that the certified professional employer organization's financial statements are presented fairly in accordance with generally accepted accounting principles, and

''(B) provides, not later than the last day of the second month beginning after the end of each calendar quarter, to the Secretary from an independent certified public accountant an assertion regarding Federal employment tax payments and an examination level attestation on such assertion.

Such assertion shall state that the organization has withheld and made deposits of all taxes imposed by chapters 21, 22, and 24 of the Internal Revenue Code in accordance with regulations imposed by the Secretary for such calendar quarter and such examination level attestation shall state that such assertion is fairly stated, in all material respects.

''(4) CONTROLLED GROUP RULES.—For purposes of the requirements of paragraphs (2) and (3), all professional employer organizations that are members of a controlled group within the meaning of sections 414(b) and (c) shall be treated as a single organization.

''(5) FAILURE TO FILE ASSERTION AND ATTESTATION.—If the certified professional employer organization fails to file the assertion and attestation required by paragraph (3) with respect to any calendar quarter, then the requirements of paragraph (3) with respect to such failure shall be treated as not satisfied for the period beginning on the due date for such attestation.

''(6) REVIEW DATE.—For purposes of paragraph (3)(A), the review date shall be 6 months after the completion of the organization's fiscal year.

''(d) SUSPENSION AND REVOCATION AUTHORITY.—The Secretary may suspend or revoke a certification of any person under subsection (b) for purposes of section 3511 if the Secretary determines that such person is not satisfying the representations or requirements of subsections (b) or (c), or fails to satisfy applicable accounting, reporting, payment, or deposit requirements.

''(e) WORK SITE EMPLOYEE.—For purposes of this title—

''(1) IN GENERAL.—The term 'work site employee' means, with respect to a certified professional employer organization, an individual who—

''(A) performs services for a customer pursuant to a contract which is between such customer and the certified professional employer organization and which meets the requirements of paragraph (2), and

''(B) performs services at a work site meeting the requirements of paragraph (3).

''(2) SERVICE CONTRACT REQUIREMENTS.—A contract meets the requirements of this paragraph with respect to an individual performing services for a customer if such contract is in writing and provides that the certified professional employer organization shall—

''(A) assume responsibility for payment of wages to such individual, without regard to the receipt or adequacy of payment from the customer for such services,

''(B) assume responsibility for reporting, withholding, and paying any applicable taxes under subtitle C, with respect to such individual's wages, without regard to the receipt or adequacy of payment from the customer for such services,

''(C) assume responsibility for any employee benefits which the service contract may require the organization to provide, without regard to the receipt or adequacy of payment from the customer for such services,

''(D) assume responsibility for hiring, firing, and recruiting workers in addition to the customer's responsibility for hiring, firing and recruiting workers,

''(E) maintain employee records relating to such individual, and

''(F) agree to be treated as a certified professional employer organization for purposes of section 3511 with respect to such individual.

''(3) WORK SITE COVERAGE REQUIREMENT.—The requirements of this paragraph are met with respect to an individual if at least 85 percent of the individuals performing services for the customer at the work site where such individual performs services are subject to 1 or more contracts with the certified professional employer organization which meet the requirements of paragraph (2) (but not taking into account those individuals who are excluded employees within the meaning of section 414(q)(5)).

''(f) DETERMINATION OF EMPLOYMENT STATUS.—Except to the extent necessary for purposes of section 3511, nothing in this section shall be construed to affect the determination of who is an employee or employer for purposes of this title.

''(g) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.''.

(c) CONFORMING AMENDMENTS.—

(1) Section 3302 is amended by adding at the end the following new subsection:

''(h) TREATMENT OF CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.—If a certified professional employer organization (as defined in section 7705), or a customer of such organization, makes a contribution to the State's unemployment fund with respect to a work site employee, such organization shall be eligible for the credits available under this section with respect to such contribution.''.

(2) Section 3303(a) is amended—

(A) by striking the period at the end of paragraph (3) and inserting ''; and'' and by inserting after paragraph (3) the following new paragraph:

''(4) if the taxpayer is a certified professional employer organization (as defined in section 7705) that is treated as the employer under section 3511, such certified professional employer organization is permitted to collect and remit, in accordance with paragraphs (1), (2), and (3), contributions during the taxable year to the State unemployment fund with respect to a work site employee.'', and

(B) in the last sentence—

(i) by striking ''paragraphs (1), (2), and (3)'' and inserting ''paragraphs (1), (2), (3), and (4)'', and

(ii) by striking ''paragraph (1), (2), or (3)'' and inserting ''paragraph (1), (2), (3), or (4)''.

(3) Section 6053(c) (relating to reporting of tips) is amended by adding at the end the following new paragraph:

''(8) CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.—For purposes of any report required by this subsection, in the case of a certified professional employer organization that is treated under section 3511 as the employer of a work site employee, the customer with respect to whom a work site employee performs services shall be the employer for purposes of reporting under this section and the certified professional employer organization shall furnish to the customer any information necessary to complete such reporting no later than such time as the Secretary shall prescribe.''.

(d) CLERICAL AMENDMENTS.—

(1) The table of sections for chapter 25 is amended by adding at the end the following new item:

''Sec. 3511. Certified professional employer organizations''.

(2) The table of sections for chapter 79 is amended by inserting after the item relating to section 7704 the following new item:

''Sec. 7705. Certified professional employer organizations defined''.

(e) REPORTING REQUIREMENTS AND OBLIGATIONS.—The Secretary of the Treasury shall develop such reporting and recordkeeping rules, regulations, and procedures as the Secretary determines necessary or appropriate to ensure compliance with the amendments made by this section with respect to entities applying for certification as certified professional employer organizations or entities that have been so certified. Such rules shall be designed in a manner which streamlines, to the extent possible, the application of requirements of such amendments, the exchange of information between a certified professional employer organization and its customers, and the reporting and recordkeeping obligations of the certified professional employer organization.

(f) USER FEES.—Subsection (b) of section 7528 (relating to Internal Revenue Service user fees) is amended by adding at the end the following new paragraph:

''(4) CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.—The fee charged under the program in connection with the certification by the Secretary of a professional employer organization under section 7705 shall not exceed $500.''.

(g) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply with respect to wages for services performed on or after January 1 of the first calendar year beginning more than 12 months after the date of the enactment of this Act.

(2) CERTIFICATION PROGRAM.—The Secretary of the Treasury shall establish the certification program described in section 7705(b) of the Internal Revenue Code of 1986, as added by subsection (b), not later than 6 months before the effective date determined under paragraph (1).

(h) NO INFERENCE.—Nothing contained in this section or the amendments made by this section shall be construed to create any inference with respect to the determination of who is an employee or employer—

(1) for Federal tax purposes (other than the purposes set forth in the amendments made by this section), or

(2) for purposes of any other provision of law.

SEC. 516. ACCELERATED DEPRECIATION FOR INVESTMENT IN HIGH OUT-MIGRATION COUNTIES.

(a) IN GENERAL.—Section 168 (relating to accelerated cost recovery system) is amended by adding at the end the following new subsection:

''(m) RURAL INVESTMENT PROPERTY.—

''(1) IN GENERAL.—For purposes of subsection (a), the applicable recovery period for qualified rural investment property shall be determined in accordance with the table contained in paragraph (2) in lieu of the table contained in subsection (c).

''(2) APPLICABLE RECOVERY PERIOD FOR RURAL INVESTMENT PROPERTY.—For purposes of paragraph (1)—

" "In the case of:	The applicable recovery period is:
3-year property	2 years
5-year property	3 years
7-year property	4 years
10-year property	6 years
15-year property	9 years
20-year property	12 years
Nonresidential real property	22 years.

''(3) QUALIFIED RURAL INVESTMENT PROPERTY DEFINED.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'qualified rural investment property' means property which is property described in the table in paragraph (2) and which is—

''(i) used by the taxpayer predominantly in the active conduct of a trade or business within a high out-migration county,

''(ii) not used or located outside such county on a regular basis,

''(iii) not acquired (directly or indirectly) by the taxpayer from a person who is related to the taxpayer (within the meaning of section 465(b)(3)(C)), and

''(iv) not property (or any portion thereof) placed in service for purposes of operating any racetrack or other facility used for gambling.

''(B) HIGH OUT-MIGRATION COUNTY.—The term 'high out-migration county' means any county which—

''(i) is outside a metropolitan statistical area (defined as such by the Office of Management and Budget), and

''(ii) during the 5-year periods 1990 through 1994 and 1995 through 1999 had a net population loss.

''(4) TERMINATION.—This subsection shall not apply to property placed in service after March 31, 2008.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to property placed in service after the date of the enactment of this Act, the original use of which begins with the taxpayer after such date.

SEC. 517. EXTENSION OF INCREASED EXPENSING FOR QUALIFIED SECTION 179 GULF OPPORTUNITY ZONE PROPERTY.

Paragraph (2) of section 1400N(e) (relating to qualified section 179 Gulf Opportunity Zone property) is amended—

(1) by striking ''this subsection, the term'' and inserting ''this subsection—

''(A) IN GENERAL.—The term'', and

(2) by adding at the end the following new subparagraph:

''(B) EXTENSION FOR CERTAIN PROPERTY.—In the case of property substantially all of the use of which is in one or more specified portions of the GO Zone (as defined by subsection (d)(6)), such term shall include section 179 property (as so defined) which is described in subsection (d)(2), determined—

''(i) without regard to subsection (d)(6), and

''(ii) by substituting '2008' for '2007' in subparagraph (A)(v) thereof.''.

Subpart B—Subchapter S Provisions

SEC. 521. CAPITAL GAIN OF S CORPORATION NOT TREATED AS PASSIVE INVESTMENT INCOME.

(a) IN GENERAL.—Section 1362(d)(3) is amended by striking subparagraphs (B), (C), (D), (E), and (F) and inserting the following new subparagraph:

''(B) PASSIVE INVESTMENT INCOME DEFINED.—

''(i) IN GENERAL.—Except as otherwise provided in this subparagraph, the term 'passive investment income' means gross receipts derived from royalties, rents, dividends, interest, and annuities.

''(ii) EXCEPTION FOR INTEREST ON NOTES FROM SALES OF INVENTORY.—The term 'passive investment income' shall not include interest on any obligation acquired in the ordinary course of the corporation's trade or business from its sale of property described in section 1221(a)(1).

''(iii) TREATMENT OF CERTAIN LENDING OR FINANCE COMPANIES.—If the S corporation meets the requirements of section 542(c)(6) for the taxable year, the term 'passive investment income' shall not include gross receipts for the taxable year which are derived directly from the active and regular conduct of a lending or finance business (as defined in section 542(d)(1)).

''(iv) TREATMENT OF CERTAIN DIVIDENDS.—If an S corporation holds stock in a C corporation meeting the requirements of section 1504(a)(2), the term 'passive investment income' shall not include dividends from such C corporation to the extent such dividends are attributable to the earnings and profits of such C corporation derived from the active conduct of a trade or business.

''(v) EXCEPTION FOR BANKS, ETC.—In the case of a bank (as defined in section 581) or a depository institution holding company (as defined in section 3(w)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1813(w)(1)), the term 'passive investment income' shall not include—

''(I) interest income earned by such bank or company, or

''(II) dividends on assets required to be held by such bank or company, including stock in the Federal Reserve Bank, the Federal Home Loan Bank, or the Federal Agricultural Mortgage Bank or participation certificates issued by a Federal Intermediate Credit Bank.''.

(b) CONFORMING AMENDMENT.—Clause (i) of section 1042(c)(4)(A) is amended by striking ''section 1362(d)(3)(C)'' and inserting ''section 1362(d)(3)(B)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 522. TREATMENT OF BANK DIRECTOR SHARES.

(a) IN GENERAL.—Section 1361 (defining S corporation) is amended by adding at the end the following new subsection:

''(f) RESTRICTED BANK DIRECTOR STOCK.—

''(1) IN GENERAL.—Restricted bank director stock shall not be taken into account as outstanding stock of the S corporation in applying this subchapter (other than section 1368(f)).

''(2) RESTRICTED BANK DIRECTOR STOCK.—For purposes of this subsection, the term 'restricted bank director stock' means stock in a bank (as defined in section 581) or a depository institution holding company (as defined in section 3(w)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1813(w)(1)), if such stock—

''(A) is required to be held by an individual under applicable Federal or State law in order to permit such individual to serve as a director, and

''(B) is subject to an agreement with such bank or company (or a corporation which controls (within the meaning of section 368(c)) such bank or company) pursuant to which the holder is required to sell back such stock (at the same price as the individual acquired such stock) upon ceasing to hold the office of director.

''(3) CROSS REFERENCE.—

''For treatment of certain distributions with respect to restricted bank director stock, see section 1368(f)''.

(b) DISTRIBUTIONS.—Section 1368 (relating to distributions) is amended by adding at the end the following new subsection:

''(f) RESTRICTED BANK DIRECTOR STOCK.—If a director receives a distribution (not in part or full payment in exchange for stock) from an S corporation with respect to any restricted bank director stock (as defined in section 1361(f)), the amount of such distribution—

''(1) shall be includible in gross income of the director, and

''(2) shall be deductible by the corporation for the taxable year of such corporation in which or with which ends the taxable year in

which such amount in included in the gross income of the director.''.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years beginning after December 31, 2006.

(2) SPECIAL RULE FOR TREATMENT AS SECOND CLASS OF STOCK.—In the case of any taxable year beginning after December 31, 1996, restricted bank director stock (as defined in section 1361(f) of the Internal Revenue Code of 1986, as added by this section) shall not be taken into account in determining whether an S corporation has more than 1 class of stock.

SEC. 523. SPECIAL RULE FOR BANK REQUIRED TO CHANGE FROM THE RESERVE METHOD OF ACCOUNTING ON BECOMING S CORPORATION.

(a) IN GENERAL.—Section 1361, as amended by this Act, is amended by adding at the end the following new subsection:

''(g) SPECIAL RULE FOR BANK REQUIRED TO CHANGE FROM THE RESERVE METHOD OF ACCOUNTING ON BECOMING S CORPORATION.—In the case of a bank which changes from the reserve method of accounting for bad debts described in section 585 or 593 for its first taxable year for which an election under section 1362(a) is in effect, the bank may elect to take into account any adjustments under section 481 by reason of such change for the taxable year immediately preceding such first taxable year.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2006.

SEC. 524. TREATMENT OF THE SALE OF INTEREST IN A QUALIFIED SUBCHAPTER S SUBSIDIARY.

(a) IN GENERAL.—Subparagraph (C) of section 1361(b)(3) (relating to treatment of terminations of qualified subchapter S subsidiary status) is amended—

(1) by striking ''For purposes of this title,'' and inserting the following:

''(i) IN GENERAL.—For purposes of this title,'', and

(2) by inserting at the end the following new clause:

''(ii) TERMINATION BY REASON OF SALE OF STOCK.—If the failure to meet the requirements of subparagraph (B) is by reason of the sale of stock of a corporation which is a qualified subchapter S subsidiary, the sale of such stock shall be treated as if—

''(I) the sale were a sale of an undivided interest in the assets of such corporation (based on the percentage of the corporation's stock sold), and

''(II) the sale were followed by an acquisition by such corporation of all of its assets (and the assumption by such corporation of all of its liabilities) in a transaction to which section 351 applies.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2006 .

SEC. 525. ELIMINATION OF ALL EARNINGS AND PROFITS ATTRIBUTABLE TO PRE-1983 YEARS FOR CERTAIN CORPORATIONS.

In the case of a corporation which is—

(1) described in section 1311(a)(1) of the Small Business Job Protection Act of 1996, and

(2) not described in section 1311(a)(2) of such Act,

the amount of such corporation's accumulated earnings and profits (for the first taxable year beginning after the date of the enactment of this Act) shall be reduced by an amount equal to the portion (if any) of such accumulated earnings and profits which were accumulated in any taxable year beginning before January 1, 1983, for which such corporation was an electing small business corporation under subchapter S of the Internal Revenue Code of 1986.

SEC. 526. EXPANSION OF QUALIFYING BENEFICIARIES OF AN ELECTING SMALL BUSINESS TRUST.

(a) NO LOOK THROUGH FOR ELIGIBILITY PURPOSES.—Clause (v) of section 1361(c)(2)(B) is amended by adding at the end the following new sentence: ''This clause shall not apply for purposes of subsection (b)(1)(C).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

SEC. 527. DEDUCTIBILITY OF INTEREST EXPENSE ON INDEBTEDNESS INCURRED BY AN ELECTING SMALL BUSINESS TRUST TO ACQUIRE S CORPORATION STOCK.

(a) IN GENERAL.—Subparagraph (C) of section 641(c)(2) (relating to modifications) is amended by inserting after clause (iii) the following new clause:

''(iv) Any interest expense paid or accrued on indebtedness incurred to acquire stock in an S corporation.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2006.

PART II—REVENUE PROVISIONS

SEC. 531. MODIFICATION OF EFFECTIVE DATE OF LEASING PROVISIONS OF THE AMERICAN JOBS CREATION ACT OF 2004.

(a) LEASES TO FOREIGN ENTITIES.—Section 849(b) of the American Jobs Creation Act of 2004 is amended by adding at the end the following new paragraph:

''(5) LEASES TO FOREIGN ENTITIES.—In the case of tax-exempt use property leased to a tax-exempt entity which is a foreign person or entity, the amendments made by this part shall apply to taxable years beginning after December 31, 2006, with respect to leases entered into on or before March 12, 2004.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in the enactment of the American Jobs Creation Act of 2004.

SEC. 532. APPLICATION OF RULES TREATING INVERTED CORPORATIONS AS DOMESTIC CORPORATIONS TO CERTAIN TRANSACTIONS OCCURRING AFTER MARCH 20, 2002.

(a) IN GENERAL.—Section 7874(b) (relating to inverted corporations treated as domestic corporations) is amended to read as follows:

''(b) INVERTED CORPORATIONS TREATED AS DOMESTIC CORPORATIONS.—

''(1) IN GENERAL.—Notwithstanding section 7701(a)(4), a foreign corporation shall be treated for purposes of this title as a domestic corporation if such corporation would be a surrogate foreign corporation if subsection (a)(2) were applied by substituting '80 percent' for '60 percent'.

''(2) SPECIAL RULE FOR CERTAIN TRANSACTIONS OCCURRING AFTER MARCH 20, 2002.—

''(A) IN GENERAL.—If—

''(i) paragraph (1) does not apply to a foreign corporation, but

''(ii) paragraph (1) would apply to such corporation if, in addition to the substitution under paragraph (1), subsection (a)(2) were applied by substituting 'March 20, 2002' for 'March 4, 2003' each place it appears,

then paragraph (1) shall apply to such corporation but only with respect to taxable years of such corporation beginning after December 31, 2006.

''(B) SPECIAL RULES.—Subject to such rules as the Secretary may prescribe, in the case of a corporation to which paragraph (1) applies by reason of this paragraph—

''(i) the corporation shall be treated, as of the close of its last taxable year beginning before January 1, 2007, as having transferred all of its assets, liabilities, and earnings and profits to a domestic corporation in a transaction with respect to which no tax is imposed under this title,

''(ii) the bases of the assets transferred in the transaction to the domestic corporation shall be the same as the bases of the assets in the hands of the foreign corporation, subject to any adjustments under this title for built-in losses,

''(iii) the basis of the stock of any shareholder in the domestic corporation shall be the same as the basis of the stock of the shareholder in the foreign corporation for which it is treated as exchanged, and

''(iv) the transfer of any earnings and profits by reason of clause (i) shall be disregarded in determining any deemed dividend or foreign tax creditable to the domestic corporation with respect to such transfer.

''(C) REGULATIONS.—The Secretary may prescribe such regulations as may be necessary or appropriate to carry out this paragraph, including regulations to prevent the avoidance of the purposes of this paragraph.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2006.

SEC. 533. DENIAL 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:

''(h) 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. 534. 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—

''(A) the violation of any law, or

''(B) an investigation or inquiry into the potential violation of any law which is initiated by such government or entity.

''(2) EXCEPTION FOR AMOUNTS CONSTITUTING RESTITUTION OR PAID TO COME INTO COMPLIANCE WITH LAW.—Paragraph (1) shall not apply to any amount which—

''(A) the taxpayer establishes—

''(i) constitutes restitution (or 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, or

''(ii) is paid to come into compliance with any law which was violated or involved in the investigation or inquiry, and

''(B) is identified as an amount described in clause (i) or (ii) of subparagraph (A), as the case may be, in the court order or settlement agreement, except that the requirement of this subparagraph shall not apply in the case of any settlement agreement which requires the taxpayer to pay or incur an amount not greater than $1,000,000.

A taxpayer shall not meet the requirements of subparagraph (A) solely by reason an identification under subparagraph (B). 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 unless such amount is paid or incurred for a cost or fee regularly charged for any routine audit or other customary review performed by the government or entity.

''(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) REPORTING OF DEDUCTIBLE AMOUNTS.—

(1) IN GENERAL.—Subpart B of part III of subchapter A of chapter 61 is amended by inserting after section 6050V the following new section:

''SEC. 6050W. INFORMATION WITH RESPECT TO CERTAIN FINES, PENALTIES, AND OTHER AMOUNTS.

''(a) REQUIREMENT OF REPORTING.—

''(1) IN GENERAL.—The appropriate official of any government or entity which is described in section 162(f)(4) which is involved in a suit or agreement described in paragraph (2) shall make a return in such form as determined by the Secretary setting forth—

''(A) the amount required to be paid as a result of the suit or agreement to which paragraph (1) of section 162(f) applies,

''(B) any amount required to be paid as a result of the suit or agreement which constitutes restitution or remediation of property, and

''(C) any amount required to be paid as a result of the suit or agreement for the purpose of coming into compliance with any law which was violated or involved in the investigation or inquiry.

''(2) SUIT OR AGREEMENT DESCRIBED.—

''(A) IN GENERAL.—A suit or agreement is described in this paragraph if—

''(i) it is—

''(I) a suit with respect to a violation of any law over which the government or entity has authority and with respect to which there has been a court order, or

''(II) an agreement which is entered into with respect to a violation of any law over which the government or entity has authority, or with respect to an investigation or inquiry by the government or entity into the potential violation of any law over which such government or entity has authority, and

''(ii) the aggregate amount involved in all court orders and agreements with respect to the violation, investigation, or inquiry is $600 or more.

''(B) ADJUSTMENT OF REPORTING THRESHOLD.—The Secretary may adjust the $600 amount in subparagraph (A)(ii) as necessary in order to ensure the efficient administration of the internal revenue laws.

''(3) TIME OF FILING.—The return required under this subsection shall be filed not later than—

''(A) 30 days after the date on which a court order is issued with respect to the suit or the date the agreement is entered into, as the case may be, or

''(B) the date specified by the Secretary.

''(b) STATEMENTS TO BE FURNISHED TO INDIVIDUALS INVOLVED IN THE SETTLEMENT.—Every person required to make a return under subsection (a) shall furnish to each person who is a party to the suit or agreement a written statement showing—

''(1) the name of the government or entity, and

''(2) the information supplied to the Secretary under subsection (a)(1).

The written statement required under the preceding sentence shall be furnished to the person at the same time the government or entity provides the Secretary with the information required under subsection (a).

''(c) APPROPRIATE OFFICIAL DEFINED.—For purposes of this section, the term 'appropriate official' means the officer or employee having control of the suit, investigation, or inquiry or the person appropriately designated for purposes of this section.''.

(2) CONFORMING AMENDMENT.—The table of sections for subpart B of part III of subchapter A of chapter 61 is amended by inserting after the item relating to section 6050V the following new item:

''Sec. 6050W. Information with respect to certain fines, penalties, and other amounts''.

(c) EFFECTIVE DATE.—The amendments 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 amendments 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. 535. REVISION OF TAX RULES ON EXPATRIATION OF INDIVIDUALS.

(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 2007, 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 2006' 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) TREATMENT OF GIFTS AND INHERITANCES.—

''(A) 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.

''(B) DETERMINATION OF BASIS.—Notwithstanding sections 1015 or 1022, the basis of any property described in subparagraph (A) in the hands of the donee or the person acquiring such property from the decedent shall be equal to the fair market value of the property at the time of the gift, bequest, devise, or inheritance.

''(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.

''(3) DEFINITIONS.—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.''.

(c) DEFINITION OF TERMINATION OF UNITED STATES CITIZENSHIP.—Section 7701(a) is amended by adding at the end the following new paragraph:

''(50) 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) is inadmissible.''.

(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 this subsection.''.

(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.''.

(4) Section 6039G(a) is amended by inserting ''or 877A'' after ''section 877(b)''.

(5) The second sentence of section 6039G(d) is amended by inserting ''or who relinquishes United States citizenship (within the meaning of section 877A(e)(3))'' after ''section 877(a))''.

(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. 536. LIMITATION ON ANNUAL AMOUNTS WHICH MAY BE DEFERRED UNDER NONQUALIFIED DEFERRED COMPENSATION ARRANGEMENTS.

(a) IN GENERAL.—Section 409A(a) of the Internal Revenue Code of 1986 (relating to inclusion of gross income under nonqualified deferred compensation plans) is amended—

(1) by striking ''and (4)'' in subclause (I) of paragraph (1)(A)(i) and inserting ''(4), and (5)'', and

(2) by adding at the end the following new paragraph:

''(5) ANNUAL LIMITATION ON AGGREGATE DEFERRED AMOUNTS.—

''(A) LIMITATION.—The requirements of this paragraph are met if the plan provides that the aggregate amount of compensation which is deferred for any taxable year with respect to a participant under the plan may not exceed the applicable dollar amount for the taxable year.

''(B) INCLUSION OF FUTURE EARNINGS.—If an amount is includible under paragraph (1) in the gross income of a participant for any taxable year by reason of any failure to meet the requirements of this paragraph, any income (whether actual or notional) for any subsequent taxable year shall be included in gross income under paragraph (1)(A) in such subsequent taxable year to the extent such income—

''(i) is attributable to compensation (or income attributable to such compensation) required to be included in gross income by reason of such failure (including by reason of this subparagraph), and

''(ii) is not subject to a substantial risk of forfeiture and has not been previously included in gross income.

''(C) AGGREGATION RULE.—For purposes of this paragraph, all nonqualified deferred compensation plans maintained by all employers treated as a single employer under subsection (d)(6) shall be treated as 1 plan.

''(D) APPLICABLE DOLLAR AMOUNT.—For purposes of this paragraph—

''(i) IN GENERAL.—The term 'applicable dollar amount' means, with respect to any participant, the lesser of—

''(I) the average annual compensation which was payable during the base period to the participant by the employer maintaining the nonqualified deferred compensation plan (or any predecessor of the employer) and which was includible in the participant's gross income for taxable years in the base period, or

''(II) $1,000,000.

''(ii) BASE PERIOD.—

''(I) IN GENERAL.—The term 'base period' means, with respect to any computation year, the 5-taxable year period ending with the taxable year preceding the computation year.

''(II) ELECTIONS MADE BEFORE COMPUTATION YEAR.—If, before the beginning of the computation year, an election described in paragraph (4)(B) is made by the participant to have compensation for services performed in the computation year deferred under a nonqualified deferred compensation plan, the base period shall be the 5-taxable year period ending with the taxable year preceding the taxable year in which the election is made.

''(III) COMPUTATION YEAR.—For purposes of this clause, the term 'computation year' means any taxable year of the participant for which the limitation under subparagraph (A) is being determined.

''(IV) SPECIAL RULE FOR EMPLOYEES OF LESS THAN 5 YEARS.—If a participant did not perform services for the employer maintaining the nonqualified deferred compensation plan (or any predecessor of the employer) during the entire 5-taxable year period referred to in subparagraph (A) or (B), only the portion of such period during which the participant performed such services shall be taken into account.''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years beginning after December 31, 2006, except that—

(A) the amendments shall only apply to amounts deferred after December 31, 2006 (and to earnings on such amounts), and

(B) taxable years beginning on or before December 31, 2006, shall be taken into account in determining the average annual compensation of a participant during any base period for purposes of section 409A(a)(5)(D) of the Internal Revenue Code of 1986 (as added by such amendments).

(2) GUIDANCE RELATING TO CERTAIN EXISTING ARRANGEMENTS.—Not later than 60 days after the date of the enactment of this Act, the Secretary of the Treasury shall issue guidance providing a limited period during which a nonqualified deferred compensation plan adopted before December 31, 2006, may, without violating the requirements of section 409A(a) of such Code, be amended—

(A) to provide that a participant may, no later than December 31, 2007, cancel or modify an outstanding deferral election with regard to all or a portion of amounts deferred after December 31, 2006, to the extent necessary for the plan to meet the requirements of section 409A(a)(5) of such Code (as added by the amendments made by this section), but only if amounts subject to the cancellation or modification are, to the extent not previously included in gross income, includible in income of the participant when no longer subject to substantial risk of forfeiture, and

(B) to conform to the requirements of section 409A(a)(5) of such Code (as added by the amendments made by this section) with regard to amounts deferred after December 31, 2006.

SEC. 537. MODIFICATION OF CRIMINAL PENALTIES FOR WILLFUL FAILURES INVOLVING TAX PAYMENTS AND FILING REQUIREMENTS.

(a) INCREASE IN PENALTY FOR ATTEMPT TO EVADE OR DEFEAT TAX.—Section 7201 (relating to attempt to evade or defeat tax) is amended—

(1) by striking ''$100,000'' and inserting ''$500,000'',

(2) by striking ''$500,000'' and inserting ''$1,000,000'', and

(3) by striking ''5 years'' and inserting ''10 years''.

(b) MODIFICATION OF PENALTIES FOR WILLFUL FAILURE TO FILE RETURN, SUPPLY INFORMATION, OR PAY TAX.—

(1) IN GENERAL.—Section 7203 (relating to willful failure to file return, supply information, or pay tax) 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) '$250,000 ($500,000' for '$50,000 ($100,000', and

''(C) '5 years' for '1 year'.

''(2) FAILURE DESCRIBED.—A failure described in this paragraph is—

''(A) a failure to make a return described in subsection (a) for any 3 taxable years occurring during any period of 5 consecutive taxable years if the aggregate tax liability for such period is not less than $50,000, or

''(B) a failure to make a return if the tax liability giving rise to the requirement to make such return is attributable to an activity which is a felony under any State or Federal law.''.

(2) PENALTY MAY BE APPLIED IN ADDITION TO OTHER PENALTIES.—Section 7204 (relating to fraudulent statement or failure to make statement to employees) is amended by striking ''the penalty provided in section 6674'' and inserting ''the penalties provided in sections 6674 and 7203(b)''.

(c) FRAUD AND FALSE STATEMENTS.—Section 7206 (relating to fraud and false statements) is amended—

(1) by striking ''$100,000'' and inserting ''$500,000'',

(2) by striking ''$500,000'' and inserting ''$1,000,000'', and

(3) by striking ''3 years'' and inserting ''5 years''.

(d) INCREASE IN MONETARY LIMITATION FOR UNDERPAYMENT OR OVERPAYMENT OF TAX DUE TO FRAUD.—Section 7206 (relating to fraud and false statements), as amended by subsection (a)(3), 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.''.

(e) 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. 538. 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 neither signed a closing agreement pursuant to the Voluntary Offshore Compliance Initiative established by the Department of the Treasury under Revenue Procedure 2003–11 nor 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 type of 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) APPLICABLE PENALTY.—For purposes of this section, the term ''applicable penalty'' means any penalty, addition to tax, or fine imposed under chapter 68 of the Internal Revenue Code of 1986.

(c) 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. 539. 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. 540. 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 1 or more contingent payments,

any regulations which require original issue discount to be determined by reference to the comparable yield of a fixed-rate debt instrument shall be applied as if the regulations require that such comparable yield be determined by reference to a 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. 541. EXTENSION OF IRS USER FEES.

Subsection (c) of section 7528 (relating to Internal Revenue Service user fees) is amended by striking ''September 30, 2014'' and inserting ''September 30, 2016''.

SEC. 542. MODIFICATION OF COLLECTION DUE PROCESS PROCEDURES FOR EMPLOYMENT TAX LIABILITIES.

(a) IN GENERAL.—Section 6330(f) (relating to jeopardy and State refund collection) is amended—

(1) by striking ''; or'' at the end of paragraph (1) and inserting a comma,

(2) by adding ''or'' at the end of paragraph (2), and

(3) by inserting after paragraph (2) the following new paragraph:

''(3) the Secretary has served a levy in connection with the collection of taxes under chapter 21, 22, 23, or 24,''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to levies issued on or after the date that is 120 days after the date of the enactment of this Act.

SEC. 543. MODIFICATIONS TO WHISTLEBLOWER REFORMS.

(a) MODIFICATION OF TAX THRESHOLD FOR AWARDS.—Subparagraph (B) of section 7623(b)(5), as added by the Tax Relief and Health Care Act of 2006, is amended by striking ''$2,000,000'' and inserting ''$20,000''.

(b) WHISTLEBLOWER OFFICE.—

(1) IN GENERAL.—Section 7623 is amended by adding at the end the following new subsections:

''(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). 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) REPORTS.—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.''.

(2) CONFORMING AMENDMENT.—Section 406 of division A of the Tax Relief and Health Care Act of 2006 is amended by striking subsections (b) and (c).

(3) REPORT ON IMPLEMENTATION.—Not later than 6 months after the date of the enactment of this Act, the Secretary of the Treasury shall submit to Congress a report on the establishment and operation of the Whistleblower Office under section 7623(c) of the Internal Revenue Code of 1986.

(c) PUBLICITY OF AWARD APPEALS.—Paragraph (4) of section 7623(b), as added by the Tax Relief and Health Care Act of 2006, is amended to read as follows:

''(4) APPEAL OF AWARD DETERMINATION.—

''(A) IN GENERAL.—Any determination regarding an award under paragraph (1), (2), or (3) may, within 30 days of such determination, be appealed to the Tax Court (and the Tax Court shall have jurisdiction with respect to such matter).

''(B) PUBLICITY OF APPEALS.—Notwithstanding sections 7458 and 7461, the Tax Court may, in order to preserve the anonymity, privacy, or confidentiality of any person under this subsection, provide by rules adopted under section 7453 that portions of filings, hearings, testimony, evidence, and reports in connection with proceedings under this subsection may be closed to the public or to inspection by the public.''.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to information provided on or after the date of the enactment of this Act.

(2) PUBLICITY OF AWARD APPEALS.—The amendment made by subsection (c) shall take effect as if included in the amendments made by section 406 of the Tax Relief and Health Care Act of 2006.

SEC. 544. MODIFICATIONS OF DEFINITION OF EMPLOYEES COVERED BY DENIAL OF DEDUCTION FOR EXCESSIVE EMPLOYEE REMUNERATION.

(a) IN GENERAL.—Paragraph (3) of section 162(m) is amended to read as follows:

''(3) COVERED EMPLOYEE.—For purposes of this subsection, the term 'covered employee' means, with respect to any taxpayer for any taxable year, an individual who—

''(A) was the chief executive officer of the taxpayer, or an individual acting in such a capacity, at any time during the taxable year,

''(B) is 1 of the 4 highest compensated officers of the taxpayer for the taxable year (other than the individual described in subparagraph (A)), or

''(C) was a covered employee of the taxpayer (or any predecessor) for any preceding taxable year beginning after December 31, 2006.

''In the case of an individual who was a covered employee for any taxable year beginning after December 31, 2006, the term 'covered employee' shall include a beneficiary of such employee with respect to any remuneration for services performed by such employee as a covered employee (whether or not such services are performed during the taxable year in which the remuneration is paid).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2006.

SEC. 545. INCREASE IN AGE OF MINOR CHILDREN WHOSE UNEARNED INCOME IS TAXED AS IF PARENT'S INCOME.

(a) IN GENERAL.—Subparagraph (A) of section 1(g)(2) (relating to child to whom subsection applies) is amended to read as follows:

''(A) such child—

''(i) has not attained age 18 before the close of the taxable year, or

''(ii)(I) has attained age 18 before the close of the taxable year and meets the age requirements of section 152(c)(3) (determined without regard to subparagraph (B) thereof), and

''(II) whose earned income (as defined in section 911(d)(2)) for such taxable year does not exceed one-half of the amount of the individual's support (within the meaning of section 152(c)(1)(D) after the application of section 152(f)(5) (without regard to subparagraph (A) thereof) for such taxable year,''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 546. INCREASE IN INFORMATION RETURN PENALTIES.

(a) FAILURE TO FILE CORRECT INFORMATION RETURNS.—

(1) IN GENERAL.—Section 6721(a)(1) is amended—

(A) by striking ''$50'' and inserting ''$250'', and

(B) by striking ''$250,000'' and inserting ''$3,000,000''.

(2) REDUCTION WHERE CORRECTION IN SPECIFIED PERIOD.—

(A) CORRECTION WITHIN 30 DAYS.—Section 6721(b)(1) is amended—

(i) by striking ''$15'' and inserting ''$50'',

(ii) by striking ''$50'' and inserting ''$250'', and

(iii) by striking ''$75,000'' and inserting ''$500,000''.

(B) FAILURES CORRECTED ON OR BEFORE AUGUST 1.—Section 6721(b)(2) is amended—

(i) by striking ''$30'' and inserting ''$100'',

(ii) by striking ''$50'' and inserting ''$250'', and

(iii) by striking ''$150,000'' and inserting ''$1,500,000''.

(3) LOWER LIMITATION FOR PERSONS WITH GROSS RECEIPTS OF NOT MORE THAN $5,000,000.—Section 6721(d)(1) is amended—

(A) in subparagraph (A)—

(i) by striking ''$100,000'' and inserting ''$1,000,000'', and

(ii) by striking ''$250,000'' and inserting ''$3,000,000'',

(B) in subparagraph (B)—

(i) by striking ''$25,000'' and inserting ''$175,000'', and

(ii) by striking ''$75,000'' and inserting ''$500,000'', and

(C) in subparagraph (C)—

(i) by striking ''$50,000'' and inserting ''$500,000'', and

(ii) by striking ''$150,000'' and inserting ''$1,500,000''.

(4) PENALTY IN CASE OF INTENTIONAL DISREGARD.—Section 6721(e) is amended—

(A) by striking ''$100'' in paragraph (2) and inserting ''$500'',

(B) by striking ''$250,000'' in paragraph (3)(A) and inserting ''$3,000,000''.

(b) FAILURE TO FURNISH CORRECT PAYEE STATEMENTS.—

(1) IN GENERAL.—Section 6722(a) is amended—

(A) by striking ''$50'' and inserting ''$250'', and

(B) by striking ''$100,000'' and inserting ''$1,000,000''.

(2) PENALTY IN CASE OF INTENTIONAL DISREGARD.—Section 6722(c) is amended—

(A) by striking ''$100'' in paragraph (1) and inserting ''$500'', and

(B) by striking ''$100,000'' in paragraph (2)(A) and inserting ''$1,000,000''.

(c) FAILURE TO COMPLY WITH OTHER INFORMATION REPORTING REQUIREMENTS.—Section 6723 is amended—

(1) by striking ''$50'' and inserting ''$250'', and

(2) by striking ''$100,000'' and inserting ''$1,000,000''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to information returns required to be filed on or after January 1, 2008.

SEC. 547. E-FILING REQUIREMENT FOR CERTAIN LARGE ORGANIZATIONS.

(a) IN GENERAL.—The first sentence of section 6011(e)(2) is amended to read as follows: ''In prescribing regulations under paragraph (1), the Secretary shall take into account (among other relevant factors) the ability of the taxpayer to comply at reasonable cost with the requirements of such regulations.''.

(b) CONFORMING AMENDMENT.—Section 6724 is amended by striking subsection (c).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending on or after December 31, 2008.

SEC. 548. EXPANSION OF IRS ACCESS TO INFORMATION IN NATIONAL DIRECTORY OF NEW HIRES FOR TAX ADMINISTRATION PURPOSES.

(a) IN GENERAL.—Paragraph (3) of section 453(j) of the Social Security Act (42 U.S.C. 653(j)) is amended to read as follows:

''(3) ADMINISTRATION OF FEDERAL TAX LAWS.—The Secretary of the Treasury shall have access to the information in the National Directory of New Hires for purposes of administering the Internal Revenue Code of 1986.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

SEC. 549. DISCLOSURE OF PRISONER RETURN INFORMATION TO FEDERAL BUREAU OF PRISONS.

(a) DISCLOSURE.—

(1) IN GENERAL.—Subsection (l) of section 6103 (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:

''(22) DISCLOSURE OF RETURN INFORMATION OF PRISONERS TO FEDERAL BUREAU OF PRISONS.—

''(A) IN GENERAL.—Under such procedures as the Secretary may prescribe, the Secretary may disclose return information with respect to persons incarcerated in Federal prisons whom the Secretary believes filed or facilitated the filing of false or fraudulent returns to the head of the Federal Bureau of Prisons if the Secretary determines that such disclosure is necessary to permit effective tax administration.

''(B) DISCLOSURE BY AGENCY TO EMPLOYEES.—The head of the Federal Bureau of Prisons may redisclose information received under subparagraph (A)—

''(i) only to those officers and employees of the Bureau who are personally and directly engaged in taking administrative actions to address violations of administrative rules and regulations of the prison facility, and

''(ii) solely for the purposes described in subparagraph (C).

''(C) RESTRICTION ON USE OF DISCLOSED INFORMATION.—Return information disclosed under this paragraph may be used only for the purposes of—

''(i) preventing the filing of false or fraudulent returns; and

''(ii) taking administrative actions against individuals who have filed or attempted to file false or fraudulent returns.''.

(2) PROCEDURES AND RECORD KEEPING RELATED TO DISCLOSURE.—Subsection (p)(4) of section 6103 is amended—

(A) by striking ''(14), or (17)'' in the matter before subparagraph (A) and inserting ''(14), (17), or (22)'', and

(B) by striking ''(9), or (16)'' in subparagraph (F)(i) and inserting ''(9), (16), or (22)''.

(3) EVALUATION BY TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION.—Paragraph (3) of section 7803(d) 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) not later than 3 years after the date of the enactment of section 6103(l)(22), submit a written report to Congress on the implementation of such section.''.

(b) ANNUAL REPORTS.—

(1) IN GENERAL.—The Secretary of the Treasury shall submit to Congress and make publicly available an annual report on the filing of false and fraudulent returns by individuals incarcerated in Federal and State prisons.

(2) CONTENTS OF REPORT.—The report submitted under paragraph (1) shall contain statistics on the number of false or fraudulent returns associated with each Federal and State prison and such other information that the Secretary determines is appropriate.

(3) EXCHANGE OF INFORMATION.—For the purpose of gathering information necessary for the reports required under paragraph (1), the Secretary of the Treasury shall enter into agreements with the head of the Federal Bureau of Prisons and the heads of State agencies charged with responsibility for administration of State prisons under which the head of the Bureau or Agency provides to the Secretary not less frequently than annually the names and other identifying information of prisoners incarcerated at each facility administered by the Bureau or Agency.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to disclosures on or after January 1, 2008.

SEC. 550. UNDERSTATEMENT OF TAXPAYER LIABILITY BY RETURN PREPARERS.

(a) APPLICATION OF RETURN PREPARER PENALTIES TO ALL TAX RETURNS.—

(1) DEFINITION OF TAX RETURN PREPARER.—Paragraph (36) of section 7701(a) (relating to income tax preparer) is amended—

(A) by striking ''income'' each place it appears in the heading and the text, and

(B) in subparagraph (A), by striking ''subtitle A'' each place it appears and inserting ''this title''.

(2) CONFORMING AMENDMENTS.—

(A)(i) Section 6060 is amended by striking ''**INCOME TAX RETURN PREPARERS**'' in the heading and inserting ''**TAX RETURN PREPARERS**''.

(ii) Section 6060(a) is amended—

(I) by striking ''an income tax return preparer'' each place it appears and inserting ''a tax return preparer'',

(II) by striking ''each income tax return preparer'' and inserting ''each tax return preparer'', and

(III) by striking ''another income tax return preparer'' and inserting ''another tax return preparer''.

(iii) The item relating to section 6060 in the table of sections for subpart F of part III of subchapter A of chapter 61 is amended by striking ''income tax return preparers'' and inserting ''tax return preparers''.

(iv) Subpart F of part III of subchapter A of chapter 61 is amended by striking ''**INCOME TAX RETURN PREPARERS**'' in the heading and inserting ''**TAX RETURN PREPARERS**''.

(v) The item relating to subpart F in the table of subparts for part III of subchapter A of chapter 61 is amended by striking ''income tax return preparers'' and inserting ''tax return preparers''.

(B) Section 6103(k)(5) is amended—

(i) by striking ''income tax return preparer'' each place it appears and inserting ''tax return preparer'', and

(ii) by striking ''income tax return preparers'' each place it appears and inserting ''tax return preparers''.

(C)(i) Section 6107 is amended—

(I) by striking ''**INCOME TAX RETURN PREPARER**'' in the heading and inserting ''**TAX RETURN PREPARER**'',

(II) by striking ''an income tax return preparer'' each place it appears in subsections (a) and (b) and inserting ''a tax return preparer'',

(III) by striking ''INCOME TAX RETURN PREPARER'' in the heading for subsection (b) and inserting ''TAX RETURN PREPARER'', and

(IV) in subsection (c), by striking ''income tax return preparers'' and inserting ''tax return preparers''.

(ii) The item relating to section 6107 in the table of sections for subchapter B of chapter 61 is amended by striking ''Income tax return preparer'' and inserting ''Tax return preparer''.

(D) Section 6109(a)(4) is amended—

(i) by striking ''an income tax return preparer'' and inserting ''a tax return preparer'', and

(ii) by striking ''INCOME RETURN PREPARER'' in the heading and inserting ''TAX RETURN PREPARER''.

(E) Section 6503(k)(4) is amended by striking ''Income tax return preparers'' and inserting ''Tax return preparers''.

(F)(i) Section 6694 is amended—

(I) by striking ''**INCOME TAX RETURN PREPARER**'' in the heading and inserting ''**TAX RETURN PREPARER**'',

(II) by striking ''an income tax return preparer'' each place it appears and inserting ''a tax return preparer'',

(III) in subsection (c)(2), by striking ''the income tax return preparer'' and inserting ''the tax return preparer'',

(IV) in subsection (e), by striking ''subtitle A'' and inserting ''this title'', and

(V) in subsection (f), by striking ''income tax return preparer'' and inserting ''tax return preparer''.

(ii) The item relating to section 6694 in the table of sections for part I of subchapter B of chapter 68 is amended by striking ''income tax return preparer'' and inserting ''tax return preparer''.

(G)(i) Section 6695 is amended—

(I) by striking ''**INCOME**'' in the heading, and

(II) by striking ''an income tax return preparer'' each place it appears and inserting ''a tax return preparer''.

(ii) Section 6695(f) is amended—

(I) by striking ''subtitle A'' and inserting ''this title'', and

(II) by striking ''the income tax return preparer'' and inserting ''the tax return preparer''.

(iii) The item relating to section 6695 in the table of sections for part I of subchapter B of chapter 68 is amended by striking ''income''.

(H) Section 6696(e) is amended by striking ''subtitle A'' each place it appears and inserting ''this title''.

(I)(i) Section 7407 is amended—

(I) by striking ''**INCOME TAX RETURN PREPARERS**'' in the heading and inserting ''**TAX RETURN PREPARERS**'',

(II) by striking ''an income tax return preparer'' each place it appears and inserting ''a tax return preparer'',

(III) by striking ''income tax preparer'' both places it appears in subsection (a) and inserting ''tax return preparer'', and

(IV) by striking ''income tax return'' in subsection (a) and inserting ''tax return''.

(ii) The item relating to section 7407 in the table of sections for subchapter A of chapter 76 is amended by striking ''income tax return preparers'' and inserting ''tax return preparers''.

(J)(i) Section 7427 is amended—

(I) by striking ''**INCOME TAX RETURN PREPARERS**'' in the heading and inserting ''**TAX RETURN PREPARERS**'', and

(II) by striking ''an income tax return preparer'' and inserting ''a tax return preparer''.

(ii) The item relating to section 7427 in the table of sections for subchapter B of chapter 76 is amended to read as follows:

''Sec. 7427. Tax return preparers.''.

(b) MODIFICATION OF PENALTY FOR UNDERSTATEMENT OF TAXPAYER'S LIABILITY BY TAX RETURN PREPARER.—Subsections (a) and (b) of section 6694 are amended to read as follows:

''(a) UNDERSTATEMENT DUE TO UNREASONABLE POSITIONS.—

''(1) IN GENERAL.—Any tax return preparer who prepares any return or claim for refund with respect to which any part of an understatement of liability is due to a position described in paragraph (2) shall pay a penalty with respect to each such return or claim in an amount equal to the greater of—

''(A) $1,000, or

''(B) 50 percent of the income derived (or to be derived) by the tax return preparer with respect to the return or claim.

''(2) UNREASONABLE POSITION.—A position is described in this paragraph if—

''(A) the tax return preparer knew (or reasonably should have known) of the position,

''(B) there was not a reasonable belief that the position would more likely than not be sustained on its merits, and

''(C)(i) the position was not disclosed as provided in section 6662(d)(2)(B)(ii), or

''(ii) there was no reasonable basis for the position.

''(3) REASONABLE CAUSE EXCEPTION.—No penalty shall be imposed under this subsection if it is shown that there is reasonable cause for the understatement and the tax return preparer acted in good faith.

''(b) UNDERSTATEMENT DUE TO WILLFUL OR RECKLESS CONDUCT.—

''(1) IN GENERAL.—Any tax return preparer who prepares any return or claim for refund with respect to which any part of an understatement of liability is due to a conduct described in paragraph (2) shall pay a penalty with respect to each such return or claim in an amount equal to the greater of—

''(A) $5,000, or

''(B) 50 percent of the income derived (or to be derived) by the tax return preparer with respect to the return or claim.

''(2) WILLFUL OR RECKLESS CONDUCT.—Conduct described in this paragraph is conduct by the tax return preparer which is—

''(A) a willful attempt in any manner to understate the liability for tax on the return or claim, or

''(B) a reckless or intentional disregard of rules or regulations.

''(3) REDUCTION IN PENALTY.—The amount of any penalty payable by any person by reason of this subsection for any return or claim for refund shall be reduced by the amount of the penalty paid by such person by reason of subsection (a).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to returns prepared after the date of the enactment of this Act.

SEC. 551. PENALTY FOR FILING ERRONEOUS REFUND CLAIMS.

(a) IN GENERAL.—Part I of subchapter B of chapter 68 (relating to assessable penalties) is amended by inserting after section 6675 the following new section:

''SEC. 6676. ERRONEOUS CLAIM FOR REFUND OR CREDIT.

''(a) CIVIL PENALTY.—If a claim for refund or credit with respect to income tax (other than a claim for a refund or credit relating to the earned income credit under section 32) is made for an excessive amount, unless it is shown that the claim for such excessive amount has a reasonable basis, the person making such claim shall be liable for a penalty in an amount equal to 20 percent of the excessive amount.

''(b) EXCESSIVE AMOUNT.—For purposes of this section, the term 'excessive amount' means in the case of any person the amount by which the amount of the claim for refund or credit for any taxable year exceeds the amount of such claim allowable under this title for such taxable year.

''(c) COORDINATION WITH OTHER PENALTIES.—This section shall not apply to any portion of the excessive amount of a claim for refund or credit on which a penalty is imposed under part II of subchapter A of chapter 68.''.

(b) CONFORMING AMENDMENT.—The table of sections for part I of subchapter B of chapter 68 is amended by inserting after the item relating to section 6675 the following new item:

''Sec. 6676. Erroneous claim for refund or credit.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to any claim—

(1) filed or submitted after the date of the enactment of this Act, or

(2) filed or submitted prior to such date but not withdrawn before the date which is 30 days after such date of enactment.

SEC. 552. SUSPENSION OF CERTAIN PENALTIES AND INTEREST.

(a) IN GENERAL.—Paragraphs (1)(A) and (3)(A) of section 6404(g) are each amended by striking ''18-month period'' and inserting ''36-month period''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to notices provided by the Secretary of the Treasury, or his delegate after the date which is 6 months after the date of the enactment of this Act.

(2) EXCEPTION FOR CERTAIN TAXPAYERS.—The amendments made by this section shall not apply to any taxpayer with respect to whom a suspension of any interest, penalty, addition to tax, or other amount is in effect on the date which is 6 months after the date of the enactment of this Act.

SEC. 553. ADDITIONAL REASONS FOR SECRETARY TO TERMINATE 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 new subparagraphs:

''(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 paragraph (4) of section 6159(b) 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. 554. 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, with his reasons therefor'' 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, with the reasons therefor''.

(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. 555. AUTHORIZATION FOR FINANCIAL MANAGEMENT SERVICE RETENTION OF TRANSACTION FEES FROM LEVIED AMOUNTS.

(a) IN GENERAL.—Subsection (h) of section 6331 (relating to continuing levy on certain payments) is amended by adding at the end the following new paragraph:

''(4) IMPOSITION OF FINANCIAL MANAGEMENT SERVICES TRANSACTION FEES.—If the Secretary approves a levy under this subsection, the Secretary may impose on the taxpayer a transaction fee sufficient to cover the full cost of implementing the levy under this subsection. Such fee—

''(A) shall be treated as an expense under section 6341,

''(B) may be collected through a levy under this subsection, and

''(C) shall be in addition to the amount of tax liability with respect to which such levy was approved.''.

(b) RETENTION OF FEES BY FINANCIAL MANAGEMENT SERVICE.—The Financial Management Service may retain the amount of any transaction fee imposed under section 6331(h)(4) of the Internal Revenue Code of 1986. Any amount retained by the Financial Management Service under that section shall be deposited into the account of the Department of the Treasury under section 3711(g)(7) of title 31, United States Code.

(c) EFFECTIVE DATE.—The amendment made by this section shall apply to amounts levied after the date of the enactment of this Act.

SEC. 556. AUTHORITY FOR UNDERCOVER OPERATIONS.

Paragraph (6) of section 7608(c) (relating to application of section) is amended by striking ''2007'' both places it appears and inserting ''2008''.

SEC. 557. INCREASE IN PENALTY EXCISE TAXES ON THE POLITICAL AND EXCESS LOBBYING ACTIVITIES OF SECTION 501(c)(3) ORGANIZATIONS.

(a) TAXES ON DISQUALIFYING LOBBYING EXPENDITURES OF CERTAIN ORGANIZATIONS.—

(1) IN GENERAL.—Section 4912(a) (relating to tax on organization) is amended by striking ''5 percent'' and inserting ''10 percent''.

(2) TAX ON MANAGEMENT.—Section 4912(b) is amended by striking ''5 percent'' and inserting ''10 percent''.

(b) TAXES ON POLITICAL EXPENDITURES OF SECTION 501(c)(3) ORGANIZATIONS.—

(1) IN GENERAL.—Section 4955(a) (relating to initial taxes) is amended—

(A) in paragraph (1), by striking ''10 percent'' and inserting ''20 percent'', and

(B) in paragraph (2), by striking ''2½ percent'' and inserting ''5 percent''.

(2) INCREASED LIMITATION FOR MANAGERS.—Section 4955(c)(2) is amended—

(A) by striking ''$5,000'' and inserting ''$10,000'', and

(B) by striking ''$10,000'' and inserting ''$20,000''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 558. INCREASED PENALTY FOR FAILURE TO FILE FOR EXEMPT ORGANIZATIONS.

(a) IN GENERAL.—Subparagraph (A) of section 6652(c)(1) (relating to annual returns under section 6033(a)(1) or 6012(a)(6)) is amended by adding at the end the following new sentence: ''In the case of an organization having gross receipts exceeding $25,000,000 for any year, with respect to the return so required, the first sentence of this subparagraph shall be applied by substituting '$250' for '$20' and, in lieu of applying the second sentence of this subparagraph, the maximum penalty under this subparagraph shall not exceed $125,000.''.

(b) CONFORMING AMENDMENT.—The third sentence of section 6652(c)(1)(A) is amended by inserting ''but not exceeding $25,000,000'' after ''$1,000,000''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to returns required to be filed on or after January 1, 2008.

SEC. 559. PENALTIES FOR FAILURE TO FILE CERTAIN RETURNS ELECTRONICALLY.

(a) IN GENERAL.—Part I of subchapter A of chapter 68 (relating to additions to the tax, additional amounts, and assessable penalties) is amended by inserting after section 6652 the following new section:

''SEC. 6652A. FAILURE TO FILE CERTAIN RETURNS ELECTRONICALLY.

''(a) IN GENERAL.—If a person fails to file a return described in section 6651 or 6652(c)(1) in electronic form as required under section 6011(e)—

''(1) such failure shall be treated as a failure to file such return (even if filed in a form other than electronic form), and

''(2) the penalty imposed under section 6651 or 6652(c), whichever is appropriate, shall be equal to the greater of—

''(A) the amount of the penalty under such section, determined without regard to this section, or

''(B) the amount determined under subsection (b).

''(b) AMOUNT OF PENALTY.—

''(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), the penalty determined under this subsection is equal to $40 for each day during which a failure described under subsection (a) continues. The maximum penalty under this paragraph on failures with respect to any 1 return shall not exceed the lesser of $20,000 or 10 percent of the gross receipts of the taxpayer for the year.

''(2) INCREASED PENALTIES FOR TAXPAYERS WITH GROSS RECEIPTS BETWEEN $1,000,000 AND $100,000,000.—

''(A) TAXPAYERS WITH GROSS RECEIPTS BETWEEN $1,000,000 AND $25,000,000.—In the case of a taxpayer having gross receipts exceeding $1,000,000 but not exceeding $25,000,000 for any year—

''(i) the first sentence of paragraph (1) shall be applied by substituting '$200' for '$40', and

''(ii) in lieu of applying the second sentence of paragraph (1), the maximum penalty under paragraph (1) shall not exceed $100,000.

''(B) TAXPAYERS WITH GROSS RECEIPTS OVER $25,000,000.—Except as provided in paragraph (3), in the case of a taxpayer having gross receipts exceeding $25,000,000 for any year—

''(i) the first sentence of paragraph (1) shall be applied by substituting '$500' for '$40', and

''(ii) in lieu of applying the second sentence of paragraph (1), the maximum penalty under paragraph (1) shall not exceed $250,000.

''(3) INCREASED PENALTIES FOR CERTAIN TAXPAYERS WITH GROSS RECEIPTS EXCEEDING $100,000,000.—In the case of a return described in section 6651—

''(A) TAXPAYERS WITH GROSS RECEIPTS BETWEEN $100,000,000 AND $250,000,000.—In the case of a taxpayer having gross receipts exceeding $100,000,000 but not exceeding $250,000,000 for any year—

''(i) the amount of the penalty determined under this subsection shall equal the sum of—

''(I) $50,000, plus

''(II) $1,000 for each day during which such failure continues (twice such amount for each day such failure continues after the first such 60 days), and

''(ii) the maximum amount under clause (i)(II) on failures with respect to any 1 return shall not exceed $200,000.

''(B) TAXPAYERS WITH GROSS RECEIPTS OVER $250,000,000.—In the case of a taxpayer having gross receipts exceeding $250,000,000 for any year—

''(i) the amount of the penalty determined under this subsection shall equal the sum of—

''(I) $250,000, plus

''(II) $2,500 for each day during which such failure continues (twice such amount for each day such failure continues after the first such 60 days), and

''(ii) the maximum amount under clause (i)(II) on failures with respect to any 1 return shall not exceed $250,000.

''(C) EXCEPTION FOR CERTAIN RETURNS.—Subparagraphs (A) and (B) shall not apply to any return of tax imposed under section 511.''.

(b) CLERICAL AMENDMENT.—The table of sections for part I of subchapter A of chapter 68 is amended by inserting after the item relating to section 6652 the following new item:

''Sec. 6652A. Failure to file certain returns electronically.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to returns required to be filed on or after January 1, 2008.

PART III—GENERAL PROVISIONS

SEC. 561. ENHANCED COMPLIANCE ASSISTANCE FOR SMALL BUSINESSES.

(a) IN GENERAL.—Section 212 of the Small Business Regulatory Enforcement Fairness Act of 1996 (5 U.S.C. 601 note) is amended by striking subsection (a) and inserting the following:

''(a) COMPLIANCE GUIDE.—

''(1) IN GENERAL.—For each rule or group of related rules for which an agency is required to prepare a final regulatory flexibility analysis under section 605(b) of title 5, United States Code, the agency shall publish 1 or more guides to assist small entities in complying with the rule and shall entitle such publications 'small entity compliance guides'.

''(2) PUBLICATION OF GUIDES.—The publication of each guide under this subsection shall include—

''(A) the posting of the guide in an easily identified location on the website of the agency; and

''(B) distribution of the guide to known industry contacts, such as small entities, associations, or industry leaders affected by the rule.

''(3) PUBLICATION DATE.—An agency shall publish each guide (including the posting and distribution of the guide as described under paragraph (2))—

''(A) on the same date as the date of publication of the final rule (or as soon as possible after that date); and

''(B) not later than the date on which the requirements of that rule become effective.

''(4) COMPLIANCE ACTIONS.—

''(A) IN GENERAL.—Each guide shall explain the actions a small entity is required to take to comply with a rule.

''(B) EXPLANATION.—The explanation under subparagraph (A)—

''(i) shall include a description of actions needed to meet the requirements of a rule, to enable a small entity to know when such requirements are met; and

''(ii) if determined appropriate by the agency, may include a description of possible procedures, such as conducting tests, that may assist a small entity in meeting such requirements, except that, compliance with any procedures described pursuant to this section does not establish compliance with the rule, or establish a presumption or inference of such compliance.

''(C) PROCEDURES.—Procedures described under subparagraph (B)(ii)—

''(i) shall be suggestions to assist small entities; and

''(ii) shall not be additional requirements, or diminish requirements, relating to the rule.

''(5) AGENCY PREPARATION OF GUIDES.—The agency shall, in its sole discretion, taking into account the subject matter of the rule and the language of relevant statutes, ensure that the guide is written using sufficiently plain language likely to be understood by affected small entities. Agencies may prepare separate guides covering groups or classes of similarly affected small entities and may cooperate with associations of small entities to develop and distribute such guides. An agency may prepare guides and apply this section with respect to a rule or a group of related rules.

''(6) REPORTING.—Not later than 1 year after the date of enactment of the Fair Minimum Wage Act of 2007, and annually thereafter, the head of each agency shall submit a report to the Committee on Small Business and Entrepreneurship of the Senate, the Committee on Small Business of the House of Representatives, and any other committee of relevant jurisdiction describing the status of the agency's compliance with paragraphs (1) through (5).''.

(b) TECHNICAL AND CONFORMING AMENDMENT.—Section 211(3) of the Small Business Regulatory Enforcement Fairness Act of 1996 (5 U.S.C. 601 note) is amended by inserting ''and entitled'' after ''designated''.

SEC. 562. SMALL BUSINESS CHILD CARE GRANT PROGRAM.

(a) ESTABLISHMENT.—The Secretary of Health and Human Services (referred to in this section as the ''Secretary'') shall establish a program to award grants to States, on a competitive basis, to assist States in providing funds to encourage the establishment and operation of employer-operated child care programs.

(b) APPLICATION.—To be eligible to receive a grant under this section, a State shall prepare and submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary may require, including an assurance that the funds required under subsection (e) will be provided.

(c) AMOUNT AND PERIOD OF GRANT.—The Secretary shall determine the amount of a grant to a State under this section based on the population of the State as compared to the population of all States receiving grants under this section. The Secretary shall make the grant for a period of 3 years.

(d) USE OF FUNDS.—

(1) IN GENERAL.—A State shall use amounts provided under a grant awarded under this section to provide assistance to small businesses (or consortia formed in accordance with paragraph (3)) located in the State to enable the small businesses (or consortia) to establish and operate child care programs. Such assistance may include—

(A) technical assistance in the establishment of a child care program;

(B) assistance for the startup costs related to a child care program;

(C) assistance for the training of child care providers;

(D) scholarships for low-income wage earners;

(E) the provision of services to care for sick children or to provide care to school-aged children;

(F) the entering into of contracts with local resource and referral organizations or local health departments;

(G) assistance for care for children with disabilities;

(H) payment of expenses for renovation or operation of a child care facility; or

(I) assistance for any other activity determined appropriate by the State.

(2) APPLICATION.—In order for a small business or consortium to be eligible to receive assistance from a State under this section, the small business involved shall prepare and submit to the State an application at such time, in such manner, and containing such information as the State may require.

(3) PREFERENCE.—

(A) IN GENERAL.—In providing assistance under this section, a State shall give priority to an applicant that desires to form a consortium to provide child care in a geographic area within the State where such care is not generally available or accessible.

(B) CONSORTIUM.—For purposes of subparagraph (A), a consortium shall be made up of 2 or more entities that shall include small businesses and that may include large businesses, nonprofit agencies or organizations, local governments, or other appropriate entities.

(4) LIMITATIONS.—With respect to grant funds received under this section, a State may not provide in excess of $500,000 in assistance from such funds to any single applicant.

(e) MATCHING REQUIREMENT.—To be eligible to receive a grant under this section, a State shall provide assurances to the Secretary

that, with respect to the costs to be incurred by a covered entity receiving assistance in carrying out activities under this section, the covered entity will make available (directly or through donations from public or private entities) non-Federal contributions to such costs in an amount equal to—

(1) for the first fiscal year in which the covered entity receives such assistance, not less than 50 percent of such costs ($1 for each $1 of assistance provided to the covered entity under the grant);

(2) for the second fiscal year in which the covered entity receives such assistance, not less than 66⅔ percent of such costs ($2 for each $1 of assistance provided to the covered entity under the grant); and

(3) for the third fiscal year in which the covered entity receives such assistance, not less than 75 percent of such costs ($3 for each $1 of assistance provided to the covered entity under the grant).

(f) REQUIREMENTS OF PROVIDERS.—To be eligible to receive assistance under a grant awarded under this section, a child care provider—

(1) who receives assistance from a State shall comply with all applicable State and local licensing and regulatory requirements and all applicable health and safety standards in effect in the State; and

(2) who receives assistance from an Indian tribe or tribal organization shall comply with all applicable regulatory standards.

(g) STATE-LEVEL ACTIVITIES.—A State may not retain more than 3 percent of the amount described in subsection (c) for State administration and other State-level activities.

(h) ADMINISTRATION.—

(1) STATE RESPONSIBILITY.—A State shall have responsibility for administering a grant awarded for the State under this section and for monitoring covered entities that receive assistance under such grant.

(2) AUDITS.—A State shall require each covered entity receiving assistance under the grant awarded under this section to conduct an annual audit with respect to the activities of the covered entity. Such audits shall be submitted to the State.

(3) MISUSE OF FUNDS.—

(A) REPAYMENT.—If the State determines, through an audit or otherwise, that a covered entity receiving assistance under a grant awarded under this section has misused the assistance, the State shall notify the Secretary of the misuse. The Secretary, upon such a notification, may seek from such a covered entity the repayment of an amount equal to the amount of any such misused assistance plus interest.

(B) APPEALS PROCESS.—The Secretary shall by regulation provide for an appeals process with respect to repayments under this paragraph.

(i) REPORTING REQUIREMENTS.—

(1) 2-YEAR STUDY.—

(A) IN GENERAL.—Not later than 2 years after the date on which the Secretary first awards grants under this section, the Secretary shall conduct a study to determine—

(i) the capacity of covered entities to meet the child care needs of communities within States;

(ii) the kinds of consortia that are being formed with respect to child care at the local level to carry out programs funded under this section; and

(iii) who is using the programs funded under this section and the income levels of such individuals.

(B) REPORT.—Not later than 28 months after the date on which the Secretary first awards grants under this section, the Secretary shall prepare and submit to the appropriate committees of Congress a report on the results of the study conducted in accordance with subparagraph (A).

(2) 4-YEAR STUDY.—

(A) IN GENERAL.—Not later than 4 years after the date on which the Secretary first awards grants under this section, the Secretary shall conduct a study to determine the number of child care facilities that are funded through covered entities that received assistance through a grant awarded under this section and that remain in operation, and the extent to which such facilities are meeting the child care needs of the individuals served by such facilities.

(B) REPORT.—Not later than 52 months after the date on which the Secretary first awards grants under this section, the Secretary shall prepare and submit to the appropriate committees of Congress a report on the results of the study conducted in accordance with subparagraph (A).

(j) DEFINITIONS.—In this section:

(1) COVERED ENTITY.—The term ''covered entity'' means a small business or a consortium formed in accordance with subsection (d)(3).

(2) INDIAN COMMUNITY.—The term ''Indian community'' means a community served by an Indian tribe or tribal organization.

(3) INDIAN TRIBE; TRIBAL ORGANIZATION.—The terms ''Indian tribe'' and ''tribal organization'' have the meanings given the terms in section 658P of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858n).

(4) SMALL BUSINESS.—The term ''small business'' means an employer who employed an average of at least 2 but not more than 50 employees on the business days during the preceding calendar year.

(5) STATE.—The term ''State'' has the meaning given the term in section 658P of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858n).

(k) APPLICATION TO INDIAN TRIBES AND TRIBAL ORGANIZATIONS.—In this section:

(1) IN GENERAL.—Except as provided in subsection (f)(1), and in paragraphs (2) and (3), the term ''State'' includes an Indian tribe or tribal organization.

(2) GEOGRAPHIC REFERENCES.—The term ''State'' includes an Indian community in subsections (c) (the second and third place the term appears), (d)(1) (the second place the term appears), (d)(3)(A) (the second place the term appears), and (i)(1)(A)(i).

(3) STATE-LEVEL ACTIVITIES.—The term ''State-level activities'' includes activities at the tribal level.

(l) AUTHORIZATION OF APPROPRIATIONS.—

(1) IN GENERAL.—There is authorized to be appropriated to carry out this section, $50,000,000 for the period of fiscal years 2008 through 2012.

(2) STUDIES AND ADMINISTRATION.—With respect to the total amount appropriated for such period in accordance with this subsection, not more than $2,500,000 of that amount may be used for expenditures related to conducting studies required under, and the administration of, this section.

(m) TERMINATION OF PROGRAM.—The program established under subsection (a) shall terminate on September 30, 2012.

SEC. 563. STUDY OF UNIVERSAL USE OF ADVANCE PAYMENT OF EARNED INCOME CREDIT.

Not later than 180 days after the date of the enactment of this Act, the Secretary of the Treasury shall report to Congress on a study of the benefits, costs, risks, and barriers to workers and to businesses (with a special emphasis on small businesses) if the advance earned income tax credit program (under section 3507 of the Internal Revenue Code of 1986) included all recipients of the earned income tax credit (under section 32 of such Code) and what steps would be necessary to implement such inclusion.

SEC. 564. SENSE OF THE SENATE CONCERNING PERSONAL SAVINGS.

(a) FINDINGS.—The Senate finds that—

(1) the personal saving rate in the United States is at its lowest point since the Great Depression, with the rate having fallen into negative territory;

(2) the United States ranks at the bottom of the Group of Twenty (G–20) nations in terms of net national saving rate;

(3) approximately half of all the working people of the United States work for an employer that does not offer any kind of retirement plan;

(4) existing savings policies enacted by Congress provide limited incentives to save for low- and moderate-income families; and

(5) the Social Security program was enacted to serve as the safest component of a retirement system that also includes employer-sponsored retirement plans and personal savings.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that—

(1) Congress should enact policies that promote savings vehicles for retirement that are simple, easily accessible and provide adequate financial security for all the people of the United States;

(2) it is important to begin retirement saving as early as possible to take full advantage of the power of compound interest; and

(3) regularly contributing money to a financially-sound investment account is one important method for helping to achieve one's retirement goals.

SEC. 565. RENEWAL GRANTS FOR WOMEN'S BUSINESS CENTERS.

(a) IN GENERAL.—Section 29 of the Small Business Act (15 U.S.C. 656) is amended by adding at the end the following:

''(m) CONTINUED FUNDING FOR CENTERS.—

''(1) IN GENERAL.—A nonprofit organization described in paragraph (2) shall be eligible to receive, subject to paragraph (3), a 3-year grant under this subsection.

''(2) APPLICABILITY.—A nonprofit organization described in this paragraph is a nonprofit organization that has received funding under subsection (b) or (l).

''(3) APPLICATION AND APPROVAL CRITERIA.—

''(A) CRITERIA.—Subject to subparagraph (B), the Administrator shall develop and publish criteria for the consideration and approval of applications by nonprofit organizations under this subsection.

''(B) CONTENTS.—Except as otherwise provided in this subsection, the conditions for participation in the grant program under this subsection shall be the same as the conditions for participation in the program under subsection (l), as in effect on the date of enactment of this Act.

''(C) NOTIFICATION.—Not later than 60 days after the date of the deadline to submit applications for each fiscal year, the Administrator shall approve or deny any application under this subsection and notify the applicant for each such application.

''(4) AWARD OF GRANTS.—

''(A) IN GENERAL.—Subject to the availability of appropriations, the Administrator shall make a grant for the Federal share of the cost of activities described in the application to each applicant approved under this subsection.

''(B) AMOUNT.—A grant under this subsection shall be for not more than $150,000, for each year of that grant.

''(C) FEDERAL SHARE.—The Federal share under this subsection shall be not more than 50 percent.

''(D) PRIORITY.—In allocating funds made available for grants under this section, the Administrator shall give applications under this subsection or subsection (l) priority over first-time applications under subsection (b).

''(5) RENEWAL.—

''(A) IN GENERAL.—The Administrator may renew a grant under this subsection for additional 3-year periods, if the nonprofit organization submits an application for such renewal at such time, in such manner, and accompanied by such information as the Administrator may establish.

''(B) UNLIMITED RENEWALS.—There shall be no limitation on the number of times a grant may be renewed under subparagraph (A).

''(n) PRIVACY REQUIREMENTS.—

''(1) IN GENERAL.—A women's business center may not disclose the name, address, or telephone number of any individual or small business concern receiving assistance under this section without the consent of such individual or small business concern, unless—

''(A) the Administrator is ordered to make such a disclosure by a court in any civil or criminal enforcement action initiated by a Federal or State agency; or

''(B) the Administrator considers such a disclosure to be necessary for the purpose of conducting a financial audit of a women's business center, but a disclosure under this subparagraph shall be limited to the information necessary for such audit.

''(2) ADMINISTRATION USE OF INFORMATION.—This subsection shall not—

''(A) restrict Administration access to program activity data; or

''(B) prevent the Administration from using client information (other than the information described in subparagraph (A)) to conduct client surveys.

''(3) REGULATIONS.—The Administrator shall issue regulations to establish standards for requiring disclosures during a financial audit under paragraph (1)(B).''.

(b) REPEAL.—Section 29(l) of the Small Business Act (15 U.S.C. 656(l)) is repealed effective October 1 of the first full fiscal year after the date of enactment of this Act.

(c) TRANSITIONAL RULE.—Notwithstanding any other provision of law, a grant or cooperative agreement that was awarded under subsection (l) of section 29 of the Small Business Act (15 U.S.C. 656), on or before the day before the date described in subsection (b) of this section, shall remain in full force and effect under the terms, and for the duration, of such grant or agreement.

SEC. 566. REPORTS ON ACQUISITIONS OF ARTICLES, MATERIALS, AND SUPPLIES MANUFACTURED OUTSIDE THE UNITED STATES.

Section 2 of the Buy American Act (41 U.S.C. 10a) is amended—

(1) by striking ''Notwithstanding'' and inserting the following:

''(a) IN GENERAL.—Notwithstanding''; and

(2) by adding at the end the following:

''(b) REPORTS.—

''(1) IN GENERAL.—Not later than 180 days after the end of each of fiscal years 2007 through 2011, the head of each Federal agency shall submit to the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Oversight and Government Reform of the House of Representatives a report on the amount of the acquisitions made by the agency in that fiscal year of articles, materials, or supplies purchased from entities that manufacture the articles, materials, or supplies outside of the United States.

''(2) CONTENTS OF REPORT.—The report required by paragraph (1) shall separately include, for the fiscal year covered by such report—

''(A) the dollar value of any articles, materials, or supplies that were manufactured outside the United States;

''(B) an itemized list of all waivers granted with respect to such articles, materials, or supplies under this Act, and a citation to the treaty, international agreement, or other law under which each waiver was granted;

''(C) if any articles, materials, or supplies were acquired from entities that manufacture articles, materials, or supplies outside the United States, the specific exception under this section that was used to purchase such articles, materials, or supplies; and

''(D) a summary of—

''(i) the total procurement funds expended on articles, materials, and supplies manufactured inside the United States; and

''(ii) the total procurement funds expended on articles, materials, and supplies manufactured outside the United States.

''(3) PUBLIC AVAILABILITY.—The head of each Federal agency submitting a report under paragraph (1) shall make the report publicly available to the maximum extent practicable.

''(4) EXCEPTION FOR INTELLIGENCE COMMUNITY.—This subsection shall not apply to acquisitions made by an agency, or component thereof, that is an element of the intelligence community as specified in, or designated under, section 3(4) of the National Security Act of 1947 (50 U.S.C. 401a(4)).''.

SEC. 567. SENSE OF THE SENATE REGARDING REPEAL OF 1993 INCOME TAX INCREASE ON SOCIAL SECURITY BENEFITS.

It is the sense of the Senate that Congress should repeal the 1993 tax increase on Social Security benefits and eliminate wasteful spending, such as spending on unnecessary tax loopholes, in order to fully offset the cost of such repeal and avoid forcing taxpayers to pay substantially more interest to foreign creditors.

SEC. 568. SENSE OF THE SENATE REGARDING PERMANENT TAX INCENTIVES TO MAKE EDUCATION MORE AFFORDABLE AND MORE ACCESSIBLE FOR AMERICAN FAMILIES.

It is the sense of the Senate that Congress should make permanent the tax incentives to make education more affordable and more accessible for American families and eliminate wasteful spending, such as spending on unnecessary tax loopholes, in order to fully offset the cost of such incentives and avoid forcing taxpayers to pay substantially more interest to foreign creditors.

SEC. 569. RESPONSIBLE GOVERNMENT CONTRACTOR REQUIREMENTS.

Section 274A(e) of the Immigration and Nationality Act (8 U.S.C. 1324a(e)) is amended by adding at the end the following new paragraph:

''(10) PROHIBITION ON AWARD OF GOVERNMENT CONTRACTS, GRANTS, AND AGREEMENTS.—

''(A) EMPLOYERS WITH NO CONTRACTS, GRANTS, OR AGREEMENTS.—

''(i) IN GENERAL.—Subject to clause (iii) and subparagraph (C), if an employer who does not hold a Federal contract, grant, or cooperative agreement is determined to have violated this section, the employer shall be debarred from the receipt of a Federal contract, grant, or cooperative agreement for a period of 7 years.

''(ii) PLACEMENT ON EXCLUDED LIST.—The Secretary of Homeland Security or the Attorney General shall advise the Administrator of General Services of the debarment of an employer under clause (i) and the Administrator of General Services shall list the employer on the List of Parties Excluded from Federal Procurement and Nonprocurement Programs for a period of 7 years.

''(iii) WAIVER.—

''(I) AUTHORITY.—The Administrator of General Services, in consultation with the Secretary of Homeland Security and the Attorney General, may waive operation of clause (i) or may limit the duration or scope of a debarment under clause (i) if such waiver or limitation is necessary to national defense or in the interest of national security.

''(II) NOTIFICATION TO CONGRESS.—If the Administrator grants a waiver or limitation described in subclause (I), the Administrator shall submit to each member of the Committee on the Judiciary of the Senate and of the Committee on the Judiciary of the House of Representatives immediate notice of such waiver or limitation.

''(III) PROHIBITION ON JUDICIAL REVIEW.—The decision of whether to debar or take alternative action under this clause shall not be judicially reviewed.

''(B) EMPLOYERS WITH CONTRACTS, GRANTS, OR AGREEMENTS.—

''(i) IN GENERAL.—Subject to clause (iii) and subclause (C), an employer who holds a Federal contract, grant, or cooperative agreement and is determined to have violated this section shall be debarred from the receipt of new Federal contracts, grants, or cooperative agreements for a period of 10 years.

''(ii) NOTICE TO AGENCIES.—Prior to debarring the employer under clause (i), the Secretary of Homeland Security, in cooperation with the Administrator of General Services, shall advise any agency or department holding a contract, grant, or cooperative agreement with the employer of the Government's intention to debar the employer from the receipt of new Federal contracts, grants, or cooperative agreements for a period of 10 years.

''(iii) WAIVER.—

''(I) AUTHORITY.—After consideration of the views of any agency or department that holds a contract, grant, or cooperative agreement with the employer, the Administrator of General Services, in consultation with the Secretary of Homeland Security and the Attorney General, may waive operation of clause (i) or may limit the duration or scope of the debarment under clause (i) if such waiver or limitation is necessary to the national defense or in the interest of national security.

''(II) NOTIFICATION TO CONGRESS.—If the Administrator grants a waiver or limitation described in subclause (I), the Administrator shall submit to each member of the Committee on the Judiciary of the Senate and of the Committee on the Judiciary of the House of Representatives immediate notice of such waiver or limitation.

''(III) PROHIBITION ON JUDICIAL REVIEW.—The decision of whether to debar or take alternate action under this clause shall not be judicially reviewed.

''(C) EXEMPTION FROM PENALTY FOR EMPLOYERS PARTICIPATING IN THE BASIC PILOT PROGRAM.—In the case of imposition on an employer of a debarment from the receipt of a Federal contract, grant, or cooperative agreement under subparagraph (A) or (B), that penalty shall be waived if the employer establishes that the employer was voluntarily participating in the basic pilot program under section 403(a) of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (8 U.S.C. 1324a note) at the time of the violations of this section that resulted in the debarment.''.

SEC. 570. DISABILITY PREFERENCE PROGRAM FOR TAX COLLECTION CONTRACTS.

(a) IN GENERAL.—Section 6306 (relating to qualified tax collection contracts) is amended—

(1) by striking ''Nothing'' in subsection (a) and inserting ''Except as provided in subsection (c), nothing'',

(2) by redesignating subsections (c), (d), (e), and (f) as subsections (d), (e), (f), and (g), respectively, and

(3) by inserting after subsection (b) the following new subsection:

''(c) DISABILITY PREFERENCE PROGRAM FOR TAX COLLECTION CONTRACTS.—

''(1) IN GENERAL.—The Secretary shall provide a qualifying disability preference to any

program under which any qualified tax collection contract is awarded on or after the effective date of this subsection and shall ensure compliance with the requirements of paragraph (3).

''(2) QUALIFYING DISABILITY PREFERENCE.—

''(A) IN GENERAL.—For purposes of this subsection, the term 'qualifying disability preference' means a preference pursuant to which at least 10 percent (in both number and aggregate dollar amount) of the accounts covered by qualified tax collection contracts are awarded to persons satisfying the following criteria:

''(i) Such person employs within the United States at least 50 severely disabled individuals.

''(ii) Such person shall agree as an enforceable condition of its bid for a qualified tax collection contract that within 90 days after the date such contract is awarded, not less than 35 percent of the employees of such person employed in connection with providing services under such contract shall—

''(I) be hired after the date such contract is awarded, and

''(II) be severely disabled individuals.

''(B) DETERMINATION OF SATISFACTION OF CRITERIA.—Within 60 days after the end of the period specified in subparagraph (A)(ii), the Secretary shall determine whether such person has met the 35 percent requirement specified in such subparagraph, and if such requirement has not been met, shall terminate the contract for nonperformance. For purposes of determining whether such 35 percent requirement has been satisfied, severely disabled individuals providing services under such contract shall not include any severely disabled individuals who were counted toward satisfaction of the 50-employee requirement specified in subparagraph (A)(i), unless such person replaced such individuals by hiring additional severely disabled individuals who do not perform services under such contract.

''(3) PROGRAM-WIDE EMPLOYMENT OF SEVERELY DISABLED INDIVIDUALS.—Not less than 15 percent of all individuals hired by all persons to whom tax collection contracts are issued by the Secretary under this section, to perform work under such tax collection contracts, shall qualify as severely disabled individuals.

''(4) SEVERELY DISABLED INDIVIDUAL.—For purposes of this subsection, the term 'severely disabled individual' means any one of the following:

''(A) Any veteran of the United States Armed Forces with—

''(i) a disability determined by the Secretary of Veterans Affairs to be service-connected, or

''(ii) a disability deemed by statute to be service-connected.

''(B) Any individual who is a disabled beneficiary (as defined in section 1148(k)(2) of the Social Security Act (42 U.S.C. 1320b–19(k)(2)) or who would be considered to be such a disabled beneficiary but for having income or assets in excess of the income or asset eligibility limits established under title II or XVI of the Social Security Act, respectively.''.

(b) REPORT BY GOVERNMENT ACCOUNTABILITY OFFICE.—

(1) IN GENERAL.—The Comptroller General of the United States shall conduct a study of the effectiveness and efficiency of the use of private contractors for Internal Revenue Service debt collection. The study required by this paragraph shall be completed in time to be taken into account by Congress before any new contracting is carried out under section 6306 of the Internal Revenue Code of 1986 in years following 2008.

(2) STUDY OF COMPARABLE EFFORTS.—As part of the study required under paragraph (1), the Comptroller General shall—

(A) make every effort to determine the relative effectiveness and efficiency of debt collection contracting by Federal staff compared to private contractors, using a cost calculation for both Federal staff and private contractors which includes all benefits and overhead costs,

(B) compare the cost effectiveness of the contracting approach of the Department of the Treasury to that of the Department of Education's Office of Student Financial Assistance, and

(C) survey State tax debt collection experiences for lessons that may be applicable to the Internal Revenue Service collection efforts.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to any tax collection contract awarded on or after the date of the enactment of ths Act.

SA 799. Mr. LUGAR (for himself, Mr. BOND, and Mr. COLEMAN) submitted an amendment intended to be proposed by him to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ___. SPECIAL IMMIGRANT STATUS FOR CERTAIN ALIENS SERVING AS TRANSLATORS OR INTERPRETERS WITH FEDERAL AGENCIES.

(a) INCREASE IN NUMBERS ADMITTED.—Section 1059 of the National Defense Authorization Act for Fiscal Year 2006 (8 U.S.C. 1101 note) is amended—

(1) in subsection (b)(1)—

(A) in subparagraph (B), by striking ''as a translator'' and inserting '', or under Chief of Mission authority, as a translator or interpreter'';

(B) in subparagraph (C), by inserting ''the Chief of Mission or'' after ''recommendation from''; and

(C) in subparagraph (D), by inserting ''the Chief of Mission or'' after ''as determined by''; and

(2) in subsection (c)(1), by striking ''50'' and inserting ''300''.

(b) EXCLUSION FROM NUMERICAL LIMITATION.—Section 1059(c)(2) of such Act is amended—

(1) in the subsection header, by striking ''COUNTING AGAINST'' and inserting ''EXCLUSION FROM''; and

(2) by striking ''.'' at the end and inserting ''and shall not be counted against the numerical limitations under sections 201(d), 202(a) and 203(b)(4) of the Immigration and Nationality Act (8 U.S.C. 1151(d), 1152(a) and 1153(b)(4)).''.

(c) ADJUSTMENT OF STATUS.—Section 1059 of such Act is further amended—

(1) by redesignating subsection (d) as subsection (e); and

(2) by inserting after subsection (c) the following:

''(d) ADJUSTMENT OF STATUS.—Notwithstanding paragraphs (2), (7) and (8) of section 245(c) of the Immigration and Nationality Act (8 U.S.C. 1255(c)), the Secretary of Homeland Security may adjust the status of an alien to that of a lawful permanent resident under section 245(a) of such Act if the alien—

''(1) was paroled or admitted as a nonimmigrant into the United States; and

''(2) is otherwise eligible for special immigrant status under this section and under the Immigration and Nationality Act.''.

(d) SUNSET PROVISION.—Section 1059 of such Act is further amended by adding at the end the following:

''(f) SUNSET PROVISION.—

''(1) IN GENERAL.—This section is repealed on the date that is 3 years after the date of the enactment of this subsection.

''(2) APPLICABILITY.—Notwithstanding paragraph (1), the Secretary of Homeland Security may provide an alien with the status of a special immigrant under this section if—

''(A) the alien's petition for such status was pending before the date described in paragraph (1); and

''(B) the alien was eligible for such status at the time the petition was filed.''.

SA 800. Mrs. LINCOLN (for himself, Mr. SMITH, and Ms. CANTWELL) submitted an amendment intended to be proposed to amendment SA 680 submitted by Mr. KENNEDY (for himself, Mr. ENZI, Mr. BAUCUS, and Mr. GRASSLEY) to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the end of title V, add the following:

SEC. _____. DEDUCTION FOR QUALIFIED TIMBER GAIN.

(a) IN GENERAL.—Part I of subchapter P of chapter 1 is amended by adding at the end the following new section:

''SEC. 1203. DEDUCTION FOR QUALIFIED TIMBER GAIN.

''(a) IN GENERAL.—In the case of a taxpayer which elects the application of this section for a taxable year, there shall be allowed a deduction against gross income equal to 60 percent of the lesser of—

''(1) the taxpayer's qualified timber gain for such year, or

''(2) the taxpayer's net capital gain for such year.

''(b) QUALIFIED TIMBER GAIN.—For purposes of this section, the term 'qualified timber gain' means, with respect to any taxpayer for any taxable year, the excess (if any) of—

''(1) the sum of the taxpayer's gains described in subsections (a) and (b) of section 631 for such year, over

''(2) the sum of the taxpayer's losses described in such subsections for such year.

''(c) SPECIAL RULES FOR PASS-THRU ENTITIES.—In the case of any qualified timber gain of a pass-thru entity (as defined in section 1(h)(10)), the election under this section shall be made separately by each taxpayer subject to tax on such gain.''.

(b) COORDINATION WITH MAXIMUM CAPITAL GAINS RATES.—

(1) TAXPAYERS OTHER THAN CORPORATIONS.—Paragraph (2) of section 1(h) is amended to read as follows:

''(2) REDUCTION OF NET CAPITAL GAIN.—For purposes of this subsection, the net capital gain for any taxable year shall be reduced (but not below zero) by the sum of—

''(A) the amount which the taxpayer takes into account as investment income under section 163(d)(4)(B)(iii), and

''(B) the lesser of—

''(i) the amount described in paragraph (1) of section 1203(a), or

''(ii) the amount described in paragraph (2) of such section.''.

(2) CORPORATIONS.—Section 1201 is amended by redesignating subsection (b) as subsection (c) and inserting after subsection (a) the following new subsection:

''(b) QUALIFIED TIMBER GAIN NOT TAKEN INTO ACCOUNT.—For purposes of this section, in the case of a corporation with respect to which an election is in effect under section 1203, the net capital gain for any taxable year shall be reduced (but not below zero) by the corporation's qualified timber gain (as defined in section 1203(b)).''.

(c) DEDUCTION ALLOWED WHETHER OR NOT INDIVIDUAL ITEMIZES OTHER DEDUCTIONS.—

Subsection (a) of section 62 is amended by inserting before the last sentence the following new paragraph:

''(21) QUALIFIED TIMBER GAINS.—The deduction allowed by section 1203.''.

(d) DEDUCTION ALLOWED IN COMPUTING ADJUSTED CURRENT EARNINGS.—Subparagraph (C) of section 56(g)(4) is amended by adding at the end the following new clause:

''(vii) DEDUCTION FOR QUALIFIED TIMBER GAIN.—Clause (i) shall not apply to any deduction allowed under section 1203.''.

(e) DEDUCTION ALLOWED IN COMPUTING TAXABLE INCOME OF ELECTING SMALL BUSINESS TRUSTS.—Subparagraph (C) of section 641(c)(2) is amended by inserting after clause (iii) the following new clause:

''(iv) The deduction allowed under section 1203.''.

(f) CONFORMING AMENDMENTS.—

(1) Subparagraph (B) of section 172(d)(2) is amended to read as follows:

''(B) the exclusion under section 1202 and the deduction under section 1203 shall not be allowed.''.

(2) Paragraph (4) of section 642(c) is amended by striking the first sentence and inserting the following: ''To the extent that the amount otherwise allowable as a deduction under this subsection consists of gain described in section 1202(a) or qualified timber gain (as defined in section 1203(b)), proper adjustment shall be made for any exclusion allowable to the estate or trust under section 1202 and for any deduction allowable to the estate or trust under section 1203.''

(3) Paragraph (3) of section 643(a) is amended by striking the last sentence and inserting the following: ''The exclusion under section 1202 and the deduction under section 1203 shall not be taken into account.''

(4) Subparagraph (C) of section 643(a)(6) is amended to read as follows:

''(C) Paragraph (3) shall not apply to a foreign trust. In the case of such a trust—

''(i) there shall be included gains from the sale or exchange of capital assets, reduced by losses from such sales or exchanges to the extent such losses do not exceed gains from such sales or exchanges, and

''(ii) the deduction under section 1203 shall not be taken into account.''.

(5) Paragraph (4) of section 691(c) is amended by inserting ''1203,'' after ''1202,''.

(6) Paragraph (2) of section 871(a) is amended by inserting ''and 1203'' after ''section 1202''.

(7) The table of sections for part I of subchapter P of chapter 1 is amended by adding at the end the following new item:

''Sec. 1203. Deduction for qualified timber gain.''.

(g) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years ending after the date of the enactment of this Act and before January 1, 2009.

(2) TAXABLE YEARS WHICH INCLUDE DATE OF ENACTMENT.—In the case of any taxable year which includes the date of the enactment of this Act, for purposes of the Internal Revenue Code of 1986, the taxpayer's qualified timber gain shall not exceed the excess that would be described in section 1203(b) of such Code, as added by this section, if only dispositions of timber after such date were taken into account.

SA 801. Mrs. LINCOLN (for herself, Mr. SMITH, and Ms. CANTWELL) submitted an amendment intended to be proposed to amendment SA 658 submitted by Mr. GRASSLEY (for himself and Mr. BAUCUS) and intended to be proposed to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the end of title V, add the following:

SEC. _____. DEDUCTION FOR QUALIFIED TIMBER GAIN.

(a) IN GENERAL.—Part I of subchapter P of chapter 1 is amended by adding at the end the following new section:

''SEC. 1203. DEDUCTION FOR QUALIFIED TIMBER GAIN.

''(a) IN GENERAL.—In the case of a taxpayer which elects the application of this section for a taxable year, there shall be allowed a deduction against gross income equal to 60 percent of the lesser of—

''(1) the taxpayer's qualified timber gain for such year, or

''(2) the taxpayer's net capital gain for such year.

''(b) QUALIFIED TIMBER GAIN.—For purposes of this section, the term 'qualified timber gain' means, with respect to any taxpayer for any taxable year, the excess (if any) of—

''(1) the sum of the taxpayer's gains described in subsections (a) and (b) of section 631 for such year, over

''(2) the sum of the taxpayer's losses described in such subsections for such year.

''(c) SPECIAL RULES FOR PASS-THRU ENTITIES.—In the case of any qualified timber gain of a pass-thru entity (as defined in section 1(h)(10)), the election under this section shall be made separately by each taxpayer subject to tax on such gain.''.

(b) COORDINATION WITH MAXIMUM CAPITAL GAINS RATES.—

(1) TAXPAYERS OTHER THAN CORPORATIONS.—Paragraph (2) of section 1(h) is amended to read as follows:

''(2) REDUCTION OF NET CAPITAL GAIN.—For purposes of this subsection, the net capital gain for any taxable year shall be reduced (but not below zero) by the sum of—

''(A) the amount which the taxpayer takes into account as investment income under section 163(d)(4)(B)(iii), and

''(B) the lesser of—

''(i) the amount described in paragraph (1) of section 1203(a), or

''(ii) the amount described in paragraph (2) of such section.''.

(2) CORPORATIONS.—Section 1201 is amended by redesignating subsection (b) as subsection (c) and inserting after subsection (a) the following new subsection:

''(b) QUALIFIED TIMBER GAIN NOT TAKEN INTO ACCOUNT.—For purposes of this section, in the case of a corporation with respect to which an election is in effect under section 1203, the net capital gain for any taxable year shall be reduced (but not below zero) by the corporation's qualified timber gain (as defined in section 1203(b)).''.

(c) DEDUCTION ALLOWED WHETHER OR NOT INDIVIDUAL ITEMIZES OTHER DEDUCTIONS.—Subsection (a) of section 62 is amended by inserting before the last sentence the following new paragraph:

''(21) QUALIFIED TIMBER GAINS.—The deduction allowed by section 1203.''.

(d) DEDUCTION ALLOWED IN COMPUTING ADJUSTED CURRENT EARNINGS.—Subparagraph (C) of section 56(g)(4) is amended by adding at the end the following new clause:

''(vii) DEDUCTION FOR QUALIFIED TIMBER GAIN.—Clause (i) shall not apply to any deduction allowed under section 1203.''.

(e) DEDUCTION ALLOWED IN COMPUTING TAXABLE INCOME OF ELECTING SMALL BUSINESS TRUSTS.—Subparagraph (C) of section 641(c)(2) is amended by inserting after clause (iii) the following new clause:

''(iv) The deduction allowed under section 1203.''.

(f) CONFORMING AMENDMENTS.—

(1) Subparagraph (B) of section 172(d)(2) is amended to read as follows:

''(B) the exclusion under section 1202 and the deduction under section 1203 shall not be allowed.''.

(2) Paragraph (4) of section 642(c) is amended by striking the first sentence and inserting the following: ''To the extent that the amount otherwise allowable as a deduction under this subsection consists of gain described in section 1202(a) or qualified timber gain (as defined in section 1203(b)), proper adjustment shall be made for any exclusion allowable to the estate or trust under section 1202 and for any deduction allowable to the estate or trust under section 1203.''

(3) Paragraph (3) of section 643(a) is amended by striking the last sentence and inserting the following: ''The exclusion under section 1202 and the deduction under section 1203 shall not be taken into account.''

(4) Subparagraph (C) of section 643(a)(6) is amended to read as follows:

''(C) Paragraph (3) shall not apply to a foreign trust. In the case of such a trust—

''(i) there shall be included gains from the sale or exchange of capital assets, reduced by losses from such sales or exchanges to the extent such losses do not exceed gains from such sales or exchanges, and

''(ii) the deduction under section 1203 shall not be taken into account.''.

(5) Paragraph (4) of section 691(c) is amended by inserting ''1203,'' after ''1202,''.

(6) Paragraph (2) of section 871(a) is amended by inserting ''and 1203'' after ''section 1202''.

(7) The table of sections for part I of subchapter P of chapter 1 is amended by adding at the end the following new item:

''Sec. 1203. Deduction for qualified timber gain.''.

(g) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years ending after the date of the enactment of this Act and before January 1, 2009.

(2) TAXABLE YEARS WHICH INCLUDE DATE OF ENACTMENT.—In the case of any taxable year which includes the date of the enactment of this Act, for purposes of the Internal Revenue Code of 1986, the taxpayer's qualified timber gain shall not exceed the excess that would be described in section 1203(b) of such Code, as added by this section, if only dispositions of timber after such date were taken into account.

SA 802. Mrs. LINCOLN submitted an amendment intended to be proposed to amendment SA 658 submitted by Mr. GRASSLEY (for himself and Mr. BAUCUS) and intended to be proposed to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the end of title V, add the following:

SEC. _____. SPECIAL PERIOD OF LIMITATION WHEN UNIFORMED SERVICES RETIRED PAY IS REDUCED AS A RESULT OF AWARD OF DISABILITY COMPENSATION.

(a) IN GENERAL.—Subsection (d) of section 6511 (relating to special rules applicable to income taxes) is amended by adding at the end the following new paragraph:

''(8) SPECIAL RULES WHEN UNIFORMED SERVICES RETIRED PAY IS REDUCED AS A RESULT OF AWARD OF DISABILITY COMPENSATION.—

''(A) PERIOD OF LIMITATION ON FILING CLAIM.—If the claim for credit or refund relates to an overpayment of tax imposed by subtitle A on account of—

''(i) the reduction of uniformed services retired pay computed under section 1406 or 1407 of title 10, United States Code, or

''(ii) the waiver of such pay under section 5305 of title 38 of such Code,

as a result of an award of compensation under title 38 of such Code pursuant to a determination by the Secretary of Veterans Affairs, the 3-year period of limitation prescribed in subsection (a) shall be extended, for purposes of permitting a credit or refund based upon the amount of such reduction or waiver, until the end of the 1-year period beginning on the date of such determination.

''(B) LIMITATION TO 5 TAXABLE YEARS.—Subparagraph (A) shall not apply with respect to any taxable year which began more than 5 years before the date of such determination.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to claims for credit or refund filed after the date of the enactment of this Act.

(c) TRANSITION RULES.—In the case of a determination described in paragraph (8) of section 6511(d) of the Internal Revenue Code of 1986 (as added by this section) which is made by the Secretary of Veterans Affairs after December 31, 2000, and before the date of the enactment of this Act, such paragraph—

(1) shall not apply with respect to any taxable year which began before January 1, 2001, and

(2) shall be applied by substituting ''the date of the enactment of this paragraph'' for ''the date of such determination'' in subparagraph (A) thereof.

(d) PENALTY FOR FILING ERRONEOUS REFUND CLAIMS.—

(1) IN GENERAL.—Part I of subchapter B of chapter 68 (relating to assessable penalties) is amended by inserting after section 6675 the following new section:

''SEC. 6676. ERRONEOUS CLAIM FOR REFUND OR CREDIT.

''(a) CIVIL PENALTY.—If a claim for refund or credit with respect to income tax (other than a claim for a refund or credit relating to the earned income credit under section 32) is made for an excessive amount, unless it is shown that the claim for such excessive amount has a reasonable basis, the person making such claim shall be liable for a penalty in an amount equal to 20 percent of the excessive amount.

''(b) EXCESSIVE AMOUNT.—For purposes of this section, the term 'excessive amount' means in the case of any person the amount by which the amount of the claim for refund or credit for any taxable year exceeds the amount of such claim allowable under this title for such taxable year.

''(c) COORDINATION WITH OTHER PENALTIES.—This section shall not apply to any portion of the excessive amount of a claim for refund or credit on which a penalty is imposed under part II of subchapter A of chapter 68.''.

(2) CONFORMING AMENDMENT.—The table of sections for part I of subchapter B of chapter 68 is amended by inserting after the item relating to section 6675 the following new item:

''Sec. 6676. Erroneous claim for refund or credit.''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to any return filed on or after January 1, 2008.

SA 803. Mrs. LINCOLN submitted an amendment intended to be proposed to amendment SA 680 submitted by Mr. KENNEDY (for himself, Mr. ENZI, Mr. BAUCUS, and Mr. GRASSLEY) to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the end of title V, add the following:

SEC. _____. SPECIAL PERIOD OF LIMITATION WHEN UNIFORMED SERVICES RETIRED PAY IS REDUCED AS A RESULT OF AWARD OF DISABILITY COMPENSATION.

(a) IN GENERAL.—Subsection (d) of section 6511 (relating to special rules applicable to income taxes) is amended by adding at the end the following new paragraph:

''(8) SPECIAL RULES WHEN UNIFORMED SERVICES RETIRED PAY IS REDUCED AS A RESULT OF AWARD OF DISABILITY COMPENSATION.—

''(A) PERIOD OF LIMITATION ON FILING CLAIM.—If the claim for credit or refund relates to an overpayment of tax imposed by subtitle A on account of—

''(i) the reduction of uniformed services retired pay computed under section 1406 or 1407 of title 10, United States Code, or

''(ii) the waiver of such pay under section 5305 of title 38 of such Code,

as a result of an award of compensation under title 38 of such Code pursuant to a determination by the Secretary of Veterans Affairs, the 3-year period of limitation prescribed in subsection (a) shall be extended, for purposes of permitting a credit or refund based upon the amount of such reduction or waiver, until the end of the 1-year period beginning on the date of such determination.

''(B) LIMITATION TO 5 TAXABLE YEARS.—Subparagraph (A) shall not apply with respect to any taxable year which began more than 5 years before the date of such determination.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to claims for credit or refund filed after the date of the enactment of this Act.

(c) TRANSITION RULES.—In the case of a determination described in paragraph (8) of section 6511(d) of the Internal Revenue Code of 1986 (as added by this section) which is made by the Secretary of Veterans Affairs after December 31, 2000, and before the date of the enactment of this Act, such paragraph—

(1) shall not apply with respect to any taxable year which began before January 1, 2001, and

(2) shall be applied by substituting ''the date of the enactment of this paragraph'' for ''the date of such determination'' in subparagraph (A) thereof.

(d) PENALTY FOR FILING ERRONEOUS REFUND CLAIMS.—

(1) IN GENERAL.—Part I of subchapter B of chapter 68 (relating to assessable penalties) is amended by inserting after section 6675 the following new section:

''SEC. 6676. ERRONEOUS CLAIM FOR REFUND OR CREDIT.

''(a) CIVIL PENALTY.—If a claim for refund or credit with respect to income tax (other than a claim for a refund or credit relating to the earned income credit under section 32) is made for an excessive amount, unless it is shown that the claim for such excessive amount has a reasonable basis, the person making such claim shall be liable for a penalty in an amount equal to 20 percent of the excessive amount.

''(b) EXCESSIVE AMOUNT.—For purposes of this section, the term 'excessive amount' means in the case of any person the amount by which the amount of the claim for refund or credit for any taxable year exceeds the amount of such claim allowable under this title for such taxable year.

''(c) COORDINATION WITH OTHER PENALTIES.—This section shall not apply to any portion of the excessive amount of a claim for refund or credit on which a penalty is imposed under part II of subchapter A of chapter 68.''.

(2) CONFORMING AMENDMENT.—The table of sections for part I of subchapter B of chapter 68 is amended by inserting after the item relating to section 6675 the following new item:

''Sec. 6676. Erroneous claim for refund or credit.''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to any return filed on or after January 1, 2008.

SA 804. Mrs. LINCOLN submitted an amendment intended to be proposed to amendment SA 780 submitted by Mr. GRASSLEY (for himself and Mr. BAUCUS) and intended to be proposed to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the end of title V, add the following:

SEC. _____. SPECIAL PERIOD OF LIMITATION WHEN UNIFORMED SERVICES RETIRED PAY IS REDUCED AS A RESULT OF AWARD OF DISABILITY COMPENSATION.

(a) IN GENERAL.—Subsection (d) of section 6511 (relating to special rules applicable to income taxes) is amended by adding at the end the following new paragraph:

''(8) SPECIAL RULES WHEN UNIFORMED SERVICES RETIRED PAY IS REDUCED AS A RESULT OF AWARD OF DISABILITY COMPENSATION.—

''(A) PERIOD OF LIMITATION ON FILING CLAIM.—If the claim for credit or refund relates to an overpayment of tax imposed by subtitle A on account of—

''(i) the reduction of uniformed services retired pay computed under section 1406 or 1407 of title 10, United States Code, or

''(ii) the waiver of such pay under section 5305 of title 38 of such Code,

as a result of an award of compensation under title 38 of such Code pursuant to a determination by the Secretary of Veterans Affairs, the 3-year period of limitation prescribed in subsection (a) shall be extended, for purposes of permitting a credit or refund based upon the amount of such reduction or waiver, until the end of the 1-year period beginning on the date of such determination.

''(B) LIMITATION TO 5 TAXABLE YEARS.—Subparagraph (A) shall not apply with respect to any taxable year which began more than 5 years before the date of such determination.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to claims for credit or refund filed after the date of the enactment of this Act.

(c) TRANSITION RULES.—In the case of a determination described in paragraph (8) of section 6511(d) of the Internal Revenue Code of 1986 (as added by this section) which is made by the Secretary of Veterans Affairs after December 31, 2000, and before the date of the enactment of this Act, such paragraph—

(1) shall not apply with respect to any taxable year which began before January 1, 2001, and

(2) shall be applied by substituting ''the date of the enactment of this paragraph'' for ''the date of such determination'' in subparagraph (A) thereof.

(d) PENALTY FOR FILING ERRONEOUS REFUND CLAIMS.—

(1) IN GENERAL.—Part I of subchapter B of chapter 68 (relating to assessable penalties) is amended by inserting after section 6675 the following new section:

''SEC. 6676. ERRONEOUS CLAIM FOR REFUND OR CREDIT.

''(a) CIVIL PENALTY.—If a claim for refund or credit with respect to income tax (other than a claim for a refund or credit relating to the earned income credit under section 32) is made for an excessive amount, unless it is

shown that the claim for such excessive amount has a reasonable basis, the person making such claim shall be liable for a penalty in an amount equal to 20 percent of the excessive amount.

''(b) EXCESSIVE AMOUNT.—For purposes of this section, the term 'excessive amount' means in the case of any person the amount by which the amount of the claim for refund or credit for any taxable year exceeds the amount of such claim allowable under this title for such taxable year.

''(c) COORDINATION WITH OTHER PENALTIES.—This section shall not apply to any portion of the excessive amount of a claim for refund or credit on which a penalty is imposed under part II of subchapter A of chapter 68.''.

(2) CONFORMING AMENDMENT.—The table of sections for part I of subchapter B of chapter 68 is amended by inserting after the item relating to section 6675 the following new item:

''Sec. 6676. Erroneous claim for refund or credit.''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to any return filed on or after January 1, 2008.

SA 805. Mrs. LINCOLN submitted an amendment intended to be proposed to amendment SA 78D submitted by Mr. GRASSLEY (for himself and Mr. BAUCUS) and intended to be proposed to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

At the end of title V, add the following:

SEC. _____. DEDUCTION FOR QUALIFIED TIMBER GAIN.

(a) IN GENERAL.—Part I of subchapter P of chapter 1 is amended by adding at the end the following new section:

''SEC. 1203. DEDUCTION FOR QUALIFIED TIMBER GAIN.

''(a) IN GENERAL.—In the case of a taxpayer which elects the application of this section for a taxable year, there shall be allowed a deduction against gross income equal to 60 percent of the lesser of—

''(1) the taxpayer's qualified timber gain for such year, or

''(2) the taxpayer's net capital gain for such year.

''(b) QUALIFIED TIMBER GAIN.—For purposes of this section, the term 'qualified timber gain' means, with respect to any taxpayer for any taxable year, the excess (if any) of—

''(1) the sum of the taxpayer's gains described in subsections (a) and (b) of section 631 for such year, over

''(2) the sum of the taxpayer's losses described in such subsections for such year.

''(c) SPECIAL RULES FOR PASS-THRU ENTITIES.—In the case of any qualified timber gain of a pass-thru entity (as defined in section 1(h)(10)), the election under this section shall be made separately by each taxpayer subject to tax on such gain.''.

(b) COORDINATION WITH MAXIMUM CAPITAL GAINS RATES.—

(1) TAXPAYERS OTHER THAN CORPORATIONS.—Paragraph (2) of section 1(h) is amended to read as follows:

''(2) REDUCTION OF NET CAPITAL GAIN.—For purposes of this subsection, the net capital gain for any taxable year shall be reduced (but not below zero) by the sum of—

''(A) the amount which the taxpayer takes into account as investment income under section 163(d)(4)(B)(iii), and

''(B) the lesser of—

''(i) the amount described in paragraph (1) of section 1203(a), or

''(ii) the amount described in paragraph (2) of such section.''.

(2) CORPORATIONS.—Section 1201 is amended by redesignating subsection (b) as subsection (c) and inserting after subsection (a) the following new subsection:

''(b) QUALIFIED TIMBER GAIN NOT TAKEN INTO ACCOUNT.—For purposes of this section, in the case of a corporation with respect to which an election is in effect under section 1203, the net capital gain for any taxable year shall be reduced (but not below zero) by the corporation's qualified timber gain (as defined in section 1203(b)).''.

(c) DEDUCTION ALLOWED WHETHER OR NOT INDIVIDUAL ITEMIZES OTHER DEDUCTIONS.—Subsection (a) of section 62 is amended by inserting before the last sentence the following new paragraph:

''(21) QUALIFIED TIMBER GAINS.—The deduction allowed by section 1203.''.

(d) DEDUCTION ALLOWED IN COMPUTING ADJUSTED CURRENT EARNINGS.—Subparagraph (C) of section 56(g)(4) is amended by adding at the end the following new clause:

''(vii) DEDUCTION FOR QUALIFIED TIMBER GAIN.—Clause (i) shall not apply to any deduction allowed under section 1203.''.

(e) DEDUCTION ALLOWED IN COMPUTING TAXABLE INCOME OF ELECTING SMALL BUSINESS TRUSTS.—Subparagraph (C) of section 641(c)(2) is amended by inserting after clause (iii) the following new clause:

''(iv) The deduction allowed under section 1203.''.

(f) CONFORMING AMENDMENTS.—

(1) Subparagraph (B) of section 172(d)(2) is amended to read as follows:

''(B) the exclusion under section 1202 and the deduction under section 1203 shall not be allowed.''.

(2) Paragraph (4) of section 642(c) is amended by striking the first sentence and inserting the following: ''To the extent that the amount otherwise allowable as a deduction under this subsection consists of gain described in section 1202(a) or qualified timber gain (as defined in section 1203(b)), proper adjustment shall be made for any exclusion allowable to the estate or trust under section 1202 and for any deduction allowable to the estate or trust under section 1203.''

(3) Paragraph (3) of section 643(a) is amended by striking the last sentence and inserting the following: ''The exclusion under section 1202 and the deduction under section 1203 shall not be taken into account.''

(4) Subparagraph (C) of section 643(a)(6) is amended to read as follows:

''(C) Paragraph (3) shall not apply to a foreign trust. In the case of such a trust—

''(i) there shall be included gains from the sale or exchange of capital assets, reduced by losses from such sales or exchanges to the extent such losses do not exceed gains from such sales or exchanges, and

''(ii) the deduction under section 1203 shall not be taken into account.''.

(5) Paragraph (4) of section 691(c) is amended by inserting ''1203,'' after ''1202,''.

(6) Paragraph (2) of section 871(a) is amended by inserting ''and 1203'' after ''section 1202''.

(7) The table of sections for part I of subchapter P of chapter 1 is amended by adding at the end the following new item:

''Sec. 1203. Deduction for qualified timber gain.''.

(g) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years ending after the date of the enactment of this Act and before January 1, 2009.

(2) TAXABLE YEARS WHICH INCLUDE DATE OF ENACTMENT.—In the case of any taxable year which includes the date of the enactment of this Act, for purposes of the Internal Revenue Code of 1986, the taxpayer's qualified timber gain shall not exceed the excess that would be described in section 1203(b) of such Code, as added by this section, if only dispositions of timber after such date were taken into account.

SA 806. Mr. THOMAS submitted an amendment intended to be proposed to amendment SA 675 submitted by Mr. THOMAS and intended to be proposed to the bill H.R. 1591, making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes; which was ordered to lie on the table; as follows:

On page 1, line 2, strike ''any other provision'' and all that follows and insert the following: ''any other provision of this Act, the following amounts provided in this Act are rescinded and shall be null and void:

''(1) $24,000,000 for funding sugar beets.

''(2) $3,000,000 for funding for sugar cane.

''(3) $20,000,000 for insect infestation damage reimbursements in Nevada, Idaho, and Utah.

''(4) $2,100,000,000 for crop production losses.

''(5) $1,500,000,000 for livestock production losses.

''(6) $100,000,000 for Dairy Production losses.

''(7) $13,000,000 for Ewe Lamb Replacement and Retention program.

''(8) $32,000,000 for Livestock Indemnity program.

''(9) $40,000,000 for the Tree Assistance program.

''(10) $100,000,000 million for Small Agricultural Dependent Businesses.

''(11) $6,000,000 for North Dakota flooded crop land.

''(12) $35,000,000 for emergency conservation program.

''(13) $50,000,000 for the emergency watershed program.

''(14) $115,000,000 for the conservation security program.

''(15) $18,000,000 for drought assistance in upper Great Plains/South West.

''(16) Provisions that extend the availability by a year $3,500,000 in funding for guided tours of the Capitol. Also a provision allows transfer of funds from holiday ornament sales in the Senate gift shop.

''(17) $165,900,000 for fisheries disaster relief, funded through NOAA.

''(18) $12,000,000 for forest service money (requested by the President in the non-emergency fiscal year 2008 budget).

''(19) $425,000,000 for education grants for rural areas-(Secure Rural Schools program).

''(20) $640,000,000 for LIHEAP.

''(21) $25,000,000 for asbestos abatement at the Capitol Power Plant.

''(22) $388,900,000 for funding for backlog of old Department of Transportation projects.

''(23) $22,800,000 for geothermal research and development.

''(24) $500,000,000 for wildland fire management.

''(25) $13,000,000 for mine safety technology research.

''(26) $31,000,000 for 1 month extension of Milk Income Loss Contract program (MILC).

''(27) $50,000,000 for fisheries disaster mitigation fund.

''(28) Subsections (a) and (b) of section 1315 (Iraq withdraw).

''(29) Any provision relating to Hurricane Katrina, Hurricane Rita, Hurricane Wilma, or Hurricane Dennis emergency assistance.

''(30) $100,000,000 for the 2008 Presidential Candidate Nominating Conventions.

''(31) $660,000,000 for Aviation Security for procurement and installation related to baggage systems and air cargo security.

''(32) $850,000,000 for State and Local Programs for regional grants and technical assistance.

''(33) $15,000,000 for Research, Development, Acquisition, and Operations for air cargo research.

''(34) $39,000,000 for Research, Development, and Operations for non-container, rail, aviation and intermodal radiation detection activities.

''(35) $820,000,000 for Public Health and Social Services Emergency Fund for influenza pandemic.

''(36) $170,000,000 for State and Local Law Enforcement Assistance for discretionary grants.

''(b) Notwithstanding any other provision of this Act, the following provisions of this Act shall be null and void:

''(1) Any provision relating to the Federal minimum wage and any related changes to the Internal Revenue Code of 1986.

''(2) Sections 2704, 2705, and 2706, relating to SCHIP funding.''.

NOTICES OF HEARINGS/MEETINGS

COMMITTEE ON SMALL BUSINESS AND ENTREPRENEURSHIP

Mr. KERRY. Mr. President, the Chair wishes to inform Members that the Committee on Small business and Entrepreneurship will hold a public markup entitled, ''Small Business Disaster Response and Loan Improvements Act of 2007'' on Thursday, March 29, 2007, at 9:30 a.m., in room 428A Russell Senate Office Building.

The Chair urges every Member to attend.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON ARMED SERVICES

Mr. REID. Mr. President, I ask unanimous consent that the committee on armed services be authorized to meet during the session of the Senate on March 27, 2007, at 9:30 a.m., in open and possibly executive session, to consider the following nominations: Claude M. Kicklighter to be Inspector General, Department of Defense; James R. Clapper, Jr., to be Under Secretary of Defense for Intelligence; S. Ward Casscells, MD, to be Assistant Secretary of Defense for Health Affairs; and William C. Ostendorff to be Principal Deputy Administrator, National Nuclear Security Administration.

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

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

Mr. REID. Mr. President, I ask unanimous consent that the Committee on Commerce, Science, and Transportation be authorized to hold a hearing during the session of the Senate on Tuesday, March 27, 2007, at 10 a.m., in room 253 of the Russell Senate Office Building.

The purpose of this hearing is to examining competition and consumer choice in sports programming.

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

COMMITTEE ON FINANCE

Mr. REID. Mr. President, I ask unanimous consent the Committee on Finance be authorized to meet during the session on Finance on Tuesday, March 27, 2007, at 10 a.m., in 215 Dirksen Senate Office Building, to hear testimony on ''Opportunities and Challenges in the U.S.-China Economic Relationship.''

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

COMMITTEE ON FINANCE

Mr. REID. Mr. President, I ask unanimous consent that the Committee on Finance be authorized to meet during the session of the Senate on Tuesday, March 27, 2007, at a time to be determined as soon as a quorum is obtained during the scheduled Committee Hearing, in 215 Dirksen Senate Office Building, to consider Subcommittee Assignments for the 110th Congress.

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

COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS

Mr. REID. Mr. President, I ask unanimous consent that the Committee on Health, Education, Labor, and Pensions be authorized to hold a hearing on the Employee Free Choice Act during the session of the Senate on Tuesday, March 27, 2007, at 9:30 a.m. in SD–430.

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

COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS

Mr. REID. Mr. President, I ask unanimous consent that the Committee on Health, Education, Labor, and Pensions be authorized to hold a hearing on ensuring safe medicines and medical devices for children during the session of the Senate on Tuesday, March 27, 2007 at 1 p.m. in SD–430.

PRESIDING OFFICER. without objection, it is so ordered.

COMMITTEE ON VETERANS' AFFAIRS

Mr. REID. Mr. President, I ask unanimous consent that the Committee on Veterans' Affairs be authorized to meet during the session of the Senate on Tuesday, March 27, 2007, at 9:30 a.m. in room 418 of the Russell Building to conduct an oversight hearing on VA-DOD Cooperation and Collaboration on Health Care Issues.

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

COMMITTEE ON THE JUDICIARY

Mr. REID. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet to conduct a hearing on ''oversight of the Federal Bureau of Investigation'' on Tuesday, March 27, 2007 at 9:30 a.m. in the Dirksen Senate Office Building, room 106.

The Honorable Robert S. Mueller III, Director, Federal Bureau of Investigation, United States Department of Justice, Washington, DC.

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

SELECT COMMITTEE ON INTELLIGENCE

Mr. REID. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to meet during the session of the Senate on March 27, 2007, at 2:30 p.m. to hold a closed hearing.

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

COMMITTEE ON EMERGING THREATS AND CAPABILITIES

Mr. REID. Mr. President, I ask unanimous consent that the Subcommittee on Emerging Threats and Capabilities be authorized to meet during the session of the Senate on Tuesday, March 27, 2007, at 3:30 p.m., to receive a briefing on special operations command's global operations.

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

PRIVILEGES OF THE FLOOR

The PRESIDING OFFICER. The Senator from Washington.

Mrs. MURRAY. Madam President, I ask unanimous consent that Fay Peng, a detailee with the Defense Appropriations Subcommittee, and Gary Reese of the Appropriations Committee staff be granted floor privileges during consideration of H.R. 1591, the emergency supplemental appropriations bill.

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

Mrs. MURRAY. Madam President, I ask unanimous consent that Jeremy Weirich, a detailee to the Senate Appropriations Subcommittee on Commerce, Justice, Science, and Related Agencies, be granted floor access for the duration of the Senate debate on the 2007 emergency supplemental appropriations bill.

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

NOTICE: REGISTRATION OF MASS MAILINGS

The filing date for 2007 first quarter Mass Mailings is Wednesday, April 25, 2007. If your office did no mass mailings during this period, please submit a form that states ''none.''

Mass mailing registrations, or negative reports, should be submitted to the Senate Office of Public Records, 232 Hart Building, Washington, DC 20510–7116.

The Public Records office will be open from 9 a.m. to 5:30 p.m. on the filing date to accept these filings. For further information, please contact the Public Records office on (202) 224–0322.

ORDER OF PROCEDURE

Mr. REID. Mr. President, I ask unanimous consent that with respect to the agreement entered in regard to debate on Wednesday, the phrase ''without intervening action or debate'' be deleted.

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

MEASURES READ THE FIRST TIME—S. 997 AND S. 1001

Mr. REID. Mr. President, it is my understanding there are two bills at the

desk, and I ask for their first reading en bloc.

The PRESIDING OFFICER. The clerk will read the titles of the bills for the first time en bloc.

The legislative clerk read as follows:

A bill (S. 997) to amend the Public Health Service Act to provide for human embryonic stem cell research.

A bill (S. 1001) to restore Second Amendment rights in the District of Columbia.

Mr. REID. Mr. President, I ask for a second reading en bloc, and I object to my own request en bloc.

The PRESIDING OFFICER. Objection is heard.

The bills will be read a second time on the next legislative day.

FINANCIAL LITERACY MONTH

Mr. REID. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of S. Res. 126.

The PRESIDING OFFICER. The clerk will report the resolution by title.

The legislative clerk read as follows:

A resolution (S. Res. 126) designating April 2007 as ''Financial Literacy Month.''

There being no objection, the Senate proceeded to consider the resolution.

Mr. AKAKA. Mr. President, I am pleased I have submited a resolution designating April of this year as Financial Literacy Month. I thank my cosponsors, Senators DODD, CLINTON, COCHRAN, DURBIN, KOHL, KENNEDY, MENENDEZ, SCHUMER, INOUYE, STABENOW, CARDIN, LEVIN, CRAPO, DEMINT, FEINSTEIN, BAUCUS, THOMAS, LINCOLN, ALLARD, and ENZI. I am glad to work once again with my colleagues in a bipartisan manner to advance financial and economic literacy for all Americans.

As we enter into the month of April, I wish to recognize those organizations that released information last April shedding light on financial literacy in our country. This includes Junior Achievement's annual poll of teenagers on issues of personal finance, the Jumpstart Coalition for Personal Financial Literacy's survey of the financial literacy of high school seniors, and the Employee Benefit Research Institute's Retirement Confidence Survey. These surveys present deeply troubling figures that underscore the need for increased financial literacy. For instance, while 84 percent of teens with credit cards reported paying off their balance in full each month, 16 percent admitted that they were just making the minimum payments according to the Junior Achievement poll. Further, the Jumpstart survey found that most high school seniors failed a test about credit cards, retirement funds, insurance, and other personal finance basics, and the Employee Benefit Research Institute found that despite modest savings, over two-thirds of Americans are confident in their retirement. In addition to these valuable surveys, I would like to acknowledge the biennial Survey of the States published by the National Council on Economic Education. It was last released in 2005 and provided a useful update on the status of financial and economic education nationwide.

The resolution I have submitted today designates April 2007 as Financial Literacy Month, and highlights the need to promote financial literacy. To this extent, I would like to mention a few efforts that give a sense of the variety of approaches being taken to highlight financial and economic education. Here in Washington, the National Foundation for Credit Counseling will award a winner for its national poster contest later in the month. With a theme of ''Plant the Seed of Saving to Grow Your Future,'' the contest encourages first through twelfth grade students to start thinking about how to best manage their finances. On public television, a new show, called ''What's up in Finance?,'' created by station WNET in New York City, will premiere this April. It will help to make financial and economic education more accessible to young adults and introduce them to the range of job opportunities in finance and economics. In Santa Barbara, California, the Money Camp, in coordination with Junior Achievement and BizWorld, will host a Financial Literacy Training Intensive program. The event is intended to be the first of an annual event to provide advanced training to professionals in the area of financial education. In New Jersey, the state departments of Education and of Banking and Insurance are coordinating with banks and credit unions to bring staff from government and financial institutions who will make presentations on budgeting, saving, and credit at high schools in the State. I applaud these and other efforts taking place in April to address the need for greater financial literacy among Americans.

Increased financial and economic literacy can help people navigate around the countless pitfalls found in the marketplace. Consumers with a variety of credit histories can easily find credit in many different forms. Lenders' aggressive marketing campaigns encourage families to take on substantial debt for indulgences and luxuries, which may be harmful if families are already saddled with debt and not saving toward an education or retirement nest egg. Taking on substantial or additional debt that they cannot effectively pay back is irrational, but abusive marketing efforts have resulted in unprecedented levels of borrowing.

Although the availability of credit has grown dramatically, the understanding of financial matters has not. Consequently, we are presented with a number of worrisome statistics. During the last 2 years, Americans have on average spent more money than they make. The last year this occurred was in 1933 at the end of the Great Depression. Moreover, the household debt service ratio, which gives a sense of the proportion of disposable income people are using to pay off their debt, increased to record levels again in 2006. These findings suggest a serious problem exacerbated by the fact that most workers have not calculated how much they need to save for retirement, even if they believe they are behind schedule in their retirement.

As policymakers, we need to focus on these issues year round. However, focusing on Financial Literacy Month in April means that we have a designated part of the year when we can reassess our efforts to highlight those that worked and improve on those that have not. I urge my colleagues to support this resolution.

Mr. REID. Mr. President, I ask unanimous consent that the resolution be agreed to, the preamble be agreed to, and the motion to reconsider be laid upon the table; that any statements relating to this matter be printed in the RECORD.

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

The resolution (S. Res. 126) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 126

Whereas the personal savings rate of people in the United States declined from minus 0.5 percent in 2005 to minus 1.0 percent in 2006, making 2005 and 2006 the only years since the Great Depression years of 1932 and 1933 when the savings rate has been negative;

Whereas the 2006 Retirement Confidence Survey conducted by the Employee Benefit Research Institute found that only 42 percent of workers or their spouses calculated how much they need to save for retirement, down from 53 percent in 2000;

Whereas consumer debt exceeded $2,400,000,000,000 in 2006;

Whereas household debt reached a record $12,800,000,000,000 in 2006;

Whereas, during the second quarter of 2006, a record high of 14.5 percent of disposable personal income went to paying the interest on personal debt;

Whereas over 1,000,000 individuals in the United States filed for bankruptcy in 2006;

Whereas nearly half of adults in the United States are not aware that they can access their credit reports for free;

Whereas, in a 2006 survey, the Jump$tart Coalition for Personal Financial Literacy found that high school seniors scored an average of only 52.4 percent on an exam testing knowledge of basic personal finance;

Whereas approximately 10,000,000 households in the United States do not have accounts at mainstream financial institutions such as banks or credit unions;

Whereas expanding access to the mainstream financial system will provide individuals with less expensive and more secure options for managing their finances and building wealth;

Whereas the 2004 Survey of the States compiled by the National Council on Economic Education found that only 17 States require an economics course to be offered to high school students;

Whereas quality personal financial education is essential to ensure that individuals are prepared to manage money, credit, and debt, and to become responsible workers, heads of households, investors, entrepreneurs, business leaders, and citizens;

Whereas increased financial literacy empowers individuals to make wise financial

decisions and reduces the confusion caused by the increasingly complex economy of the United States;

Whereas a greater understanding of, and familiarity with, financial markets and institutions will lead to increased economic activity and growth;

Whereas, in 2003, Congress found it important to coordinate Federal financial literacy efforts and formulate a national strategy; and

Whereas, in light of that finding, Congress established the Financial Literacy and Education Commission and designated the Office of Financial Education of the Department of the Treasury to provide support for the Commission: Now, therefore, be it

Resolved, That the Senate—

(1) designates April 2007 as ''Financial Literacy Month'' to raise public awareness about—

(A) the importance of financial education in the United States; and

(B) the serious consequences that may result from a lack of understanding about personal finances; and

(2) calls on the Federal Government, States, localities, schools, nonprofit organizations, businesses, and the people of the United States to observe the month with appropriate programs and activities.

NATIONAL CUSHING'S SYNDROME AWARENESS DAY

Mr. REID. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of S. Res. 127.

The PRESIDING OFFICER. The clerk will report the resolution by title.

The legislative clerk read as follows:

A resolution (S. Res. 127) designating April 8, 2007 as ''National Cushing's Syndrome Awareness Day.''

There being no objection, the Senate proceeded to consider the resolution.

Mr. INHOFE. Mr. President, I rise today to have proudly introduced a resolution designating April 8, 2007, as ''National Cushing's Syndrome Awareness Day.'' I have long been dedicated to quality health care and therefore seek to raise awareness of this debilitating disorder that affects an estimated 10 to 15 people per million.

I seek your help in raising awareness of Cushing's Syndrome, which is an endocrine or hormonal disorder caused by prolonged exposure of the body's tissue to high levels of the hormone cortisol. Though it can lead to death, Cushing's Syndrome often goes undiagnosed or misdiagnosed because the initial symptoms are shared with a number of milder ailments. These symptoms include, but are not limited to, abnormal weight gain, skin changes, fatigue, diabetes, high blood pressure, depression, and osteoporosis.

Cushing's Syndrome can take a variety of forms. Normally, the hypothalamus, a part of the brain which is about the size of a small sugar cube, stimulates the pituitary gland, the adrenal glands, and then the kidneys, which release cortisol into the bloodstream. High levels of cortisol can result from overproducing cortisol or from taking glucocorticoid hormones, which are routinely prescribed for asthma, rheumatoid arthritis, lupus, and other inflammatory diseases.

Doctors can detect Cushing's Syndrome through a series of tests, often using x-rays to examine adrenal or pituitary glands to locate tumors. However, since awareness of the syndrome is low, doctors do not always run these tests, and patients do not know to ask for them. Therefore, treatment often comes later than it should for victims of Cushing's Syndrome. Potential treatments for Cushing's Syndrome include surgery, radiation, chemotherapy, cortisol-inhibiting drugs, or reducing the dosage of glucocorticoid hormones.

The need for heightened awareness of Cushing's Syndrome was brought to my attention by constituents who suffer from this dangerous disease. For the sake of these individuals and for the benefit of sufferers in your own State and around the Nation, I ask you to join me in this effort to raise awareness of Cushing's Syndrome.

Mr. REID. Mr. President, I ask unanimous consent that 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. 127) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 127

Whereas Cushing's Syndrome annually affects an estimated 10 to 15 people per million, most of whom are currently between the ages of 20 and 50;

Whereas Cushing's Syndrome is an endocrine or hormonal disorder caused by prolonged exposure of the body's tissue to high levels of the hormone cortisol;

Whereas exposure to cortisol can occur by overproduction in the body or by taking glucocorticoid hormones, which are routinely prescribed for asthma, rheumatoid arthritis, lupus, or as an immunosuppressant following transplantation;

Whereas the syndrome may also result from pituitary adenomas, ectopic ACTH syndrome, adrenal tumors, and Familial Cushing's Syndrome;

Whereas Cushing's Syndrome can cause abnormal weight gain, skin changes, and fatigue and ultimately lead to diabetes, high blood pressure, depression, osteoporosis, and death;

Whereas Cushing's Syndrome is diagnosed through a series of tests, often requiring x-ray examinations of adrenal or pituitary glands to locate tumors;

Whereas many people who suffer from Cushing's Syndrome are misdiagnosed or go undiagnosed for years because many of the symptoms are mirrored in milder diseases, thereby delaying important treatment options;

Whereas treatments for Cushing's Syndrome include surgery, radiation, chemotherapy, cortisol-inhibiting drugs, and reducing the dosage of glucocorticoid hormones;

Whereas Cushing's Syndrome was discovered by Dr. Harvey Williams Cushing, who was born on April 8th, 1869;

Whereas the Dr. Harvey Cushing stamp was part of the United States Postal Service's ''Great American'' series, initiated in 1980 to recognize individuals for making significant contributions to the heritage and culture of the United States;

Whereas President Ronald Reagan spoke on April 8, 1987, in the Rose Garden at a White House ceremony to unveil the commemorative stamp honoring Dr. Harvey Cushing;

Whereas following the ceremony, President Reagan hosted a reception in the State Dining Room for Mrs. John Hay Whitney, Dr. Cushing's daughter, and representatives of the American Association of Neurological Surgeons; and

Whereas the Senate is an institution that can raise awareness in the general public and the medical community of Cushing's Syndrome; Now, therefore, be it

Resolved, That the Senate—

(1) designates April 8, 2007, as ''National Cushing's Syndrome Awareness Day'';

(2) recognizes that all Americans should become more informed and aware of Cushing's Syndrome;

(3) Calls upon the people of the United States to observe the date with appropriate ceremonies and activities; and

(4) directs the Secretary of the Senate to transmit a copy of this resolution to the Cushing's Understanding, Support & Help Organization.

AUTHORIZING LEGAL COUNSEL REPRESENTATION

Mr. REID. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of S. Res. 128.

The PRESIDING OFFICER. The clerk will report the resolution by title.

The legislative clerk read as follows:

A resolution (S. Res. 128) to authorize testimony, document production, and legal representation in United States v. Philip G. Balcombe, Sansi G. Coonan, John S. Dear, Jan Lustig, Michella A. Marusa, Martin J. Ryan, Eleanore M. Vouselas, and Bruno Keller.

There being no objection, the Senate proceeded to consider the resolution.

Mr. REID. Mr. President, this resolution concerns a request for testimony, documents, and representation in an action pending in Federal district court in Albuquerque, NM. In this action, antiwar protesters have been charged with failure to comply with official signs and directions for refusing repeated requests by law enforcement officials and building management to leave the office building housing Senator PETE DOMENICI's Sante Fe, NM, office on September 26, 2006. A trial of these defendants is scheduled to commence on April 12, 2007. The prosecution has requested that a member of the Senator's staff who had conversations with the defendants during the events in question testify and produce any relevant documents. Senator DOMENICI would like to cooperate by providing testimony and any relevant documents from his staff. This resolution would authorize that staff member, and any other employee of Senator DOMENICI's office from whom evidence may be required, to testify and produce documents in connection with this action, with representation by the Senate legal counsel.

Mr. President, I ask unanimous consent that the resolution be agreed to, the preamble be agreed to, the motion to reconsider be laid upon the table, and that any statements relating to this matter be printed in the RECORD, with no intervening action or debate.

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

The resolution (S. Res. 128) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 128

Whereas, in the case of *United States* v. *Philip G. Balcombe, Sani G. Coonan, John S. Dear, Jan Lustig, Michella A. Marusa, Martin J. Ryan, Eleanore M. Vouselas, and Bruno Keller*, Cr. No. 07–207, pending in federal district court in Albuquerque, New Mexico, testimony and documents have been requested from Maggie Murray, an employee in the office of Senator Pete Domenici;

Whereas, pursuant to sections 703(a) and 704(a)(2) of the Ethics in Government Act of 1978, 2 U.S.C. §§288b(a) and 288c(a)(2), the Senate may direct its counsel to represent employees of the Senate with respect to any subpoena, order, or request for testimony relating to their official responsibilities;

Whereas, by the privileges of the Senate of the United States and Rule XI of the Standing Rules of the Senate, no evidence under the control or in the possession of the Senate may, by the judicial or administrative process, be taken from such control or possession but by permission of the Senate;

Whereas, when it appears that evidence under the control or in the possession of the Senate may promote the administration of justice, the Senate will take such action as will promote the ends of justice consistent with the privileges of the Senate: Now, therefore, be it

Resolved that Maggie Murray and any other employees of Senator Domenici's office from whom testimony or the production of documents may be required are authorized to testify and produce documents in the case of *United States* v. *Philip G. Balcombe, Sansi G. Coonan, John S. Dear, Jan Lustig, Michella A. Marusa, Martin J. Ryan, Eleanore M. Vouselas, and Bruno Keller*, except concerning matters for which a privilege should be asserted.

Sec. 2. The Senate Legal Counsel is authorized to represent Maggie Murray and other employees of Senator Domenici's staff in the actions referenced in section one of this resolution.

AUTHORIZING LEGAL COUNSEL REPRESENTATION

Mr. REID. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of S. Res. 129 which was submitted earlier today.

The PRESIDING OFFICER. The clerk will report the resolution by title.

The legislative clerk read as follows:

A resolution (S. Res. 129) to authorize testimony, document production, and legal representation in State of Alaska v. Robert S. Mulford and Don G. Muller.

There being no objection, the Senate proceeded to consider the resolution.

Mr. REID. Mr. President, this resolution concerns a request for testimony, documents, and representation in actions pending in state court in Fairbanks, AK. In these actions, two antiwar protesters have been charged with criminal trespass for refusing repeated requests by building management and local police to leave Senator TED STEVENS' Fairbanks, AK office on February 20, 2007. A trial of these defendants is scheduled to commence on April 5, 2007. The prosecution has subpoenaed testimony and documents from a member of the Senator's staff who had conversations with the defendants during the events in question. Senator STEVENS would like to cooperate by providing testimony and any relevant documents from his staff. This resolution would authorize that staff member, and any other employee of Senator STEVENS' office from whom evidence may be required, to testify and produce documents in connection with this action, with representation by the Senate Legal Counsel.

Mr. REID. Mr. President, I ask unanimous consent that the resolution be agreed to, the preamble be agreed to, the motion to reconsider be laid upon the table, and any statements relating to this matter be printed in the RECORD, and that there be no intervening action or debate.

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

The resolution (S. Res. 129) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 129

Whereas, in the cases of State of Alaska v. Robert S. Mulford (Cr. No. 4FA–07–547) and Don G. Muller (Cr. No. 4FA–07–548), pending in state court in Fairbanks, Alaska, testimony and documents have been requested from Diane Hutchison, an employee in the office of Senator Ted Stevens;

Whereas, pursuant to sections 703(a) and 704(a)(2) of the Ethics in Government Act of 1978, 2 U.S.C. §§288b(a) and 288c(a)(2), the Senate may direct its counsel to represent employees of the Senate with respect to any subpoena, order, or request for testimony relating to their official responsibilities;

Whereas, by the privileges of the Senate of the United States and Rule XI of the Standing Rules of the Senate, no evidence under the control or in the possession of the Senate may, by the judicial or administrative process, be taken from such control or possession but by permission of the Senate;

Whereas, when it appears that evidence under the control or in the possession of the Senate may promote the administration of justice, the Senate will take such action as will promote the ends of justice consistent with the privileges of the Senate: Now, therefore, be it

Resolved, That Diane Hutchison and any other employees of Senator Stevens' office from whom testimony or the production of documents may be required are authorized to testify and produce documents in the cases of State of Alaska v. Robert S. Mulford and Don G. Muller, except concerning matters for which a privilege should be asserted.

SEC. 2. The Senate Legal Counsel is authorized to represent Diane Hutchison and other employees of Senator Stevens' staff in the actions referenced in section one of this resolution.

TO AWARD A CONGRESSIONAL GOLD MEDAL TO MICHAEL ELLIS DEBAKEY, M.D.

Mr. REID. Mr. President, I ask unanimous consent that the Committee on Banking, Housing and Urban Affairs be discharged from further consideration of S. 474 and that the Senate proceed to its immediate consideration.

The PRESIDING OFFICER. The clerk will report the bill by title.

The legislative clerk read as follows:

A bill (S. 474) to award a congressional gold medal to Michael Ellis DeBakey, M.D.

There being no objection, the Senate proceeded to consider the bill.

Mrs. HUTCHISON. Mr. President, today the Senate will unanimously pass S. 474, a bill I introduced to award a Congressional Gold Medal—the highest civilian award which may be bestowed by the United States Congress—to my dear friend, Dr. Michael DeBakey. I thank my colleagues for joining me in recognizing and honoring Dr. Deakey for his lifetime of medical achievement and public service. I would especially like to thank my friend and colleague from Louisiana, Senator MARY LANDRIEU. She joined me in circulating a letter to our Senate colleagues on this bill, and she was very helpful in gathering key co-sponsors needed to pass this legislation today.

Dr. DeBakey is currently in Texas recovering from the very type of heart operation he pioneered. At the age of 98, he is the oldest survivor of the operation he developed to repair a damaged aorta, the main artery from the heart. I certainly wish him well as he continues to recover from this major operation. I would also like to take this opportunity to thank him once again for his lifetime of commitment and service not only to the medical community but to the world and strongly encourage my colleagues in the House of Representatives to pass this legislation as soon as possible.

I ask unanimous consent that the text of the Dear Colleague letter for S. 474 be printed in the RECORD, and I request that Senator LANDRIEU be added as an original cosponsor of this bill because without her help, this bill would not have passed.

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

U.S. SENATE,
Washington, DC, March 6, 2007.

DEAR COLLEAGUE: Please join us in recognizing Dr. Michael DeBakey, a public servant and world-renowned cardiologist, for his many outstanding achievements in the field of medicine. We encourage you to co-sponsor S. 474, a bill to award Dr. DeBakey the Congressional Gold Medal. This is the highest award which may be bestowed by the United Stated Congress, and Dr. DeBakey is most deserving.

Dr. Michael DeBakey, a native of Louisiana and graduate of the Tulane University School of Medicine, is a pioneer in every sense of the word. His long and distinguished career has impacted nearly every aspect of modern medicine.

When he was just 23 years old and still attending medical school, Dr. DeBakey developed a roller pump for blood transfusions—the precursor and major component of the heart-lung machine used in the first open-heart operation. During his service in World War I1, Dr. DeBakey observed soldiers dying on the battlefield who he believed could be saved. From that experience he made numerous recommendations to improve the military's medical procedures, including the development of mobile army surgical hospitals, better known as MASH units. These efforts earned him the Legion of Merit in 1945. Dr. DeBakey later helped establish the specialized medical and surgical centers system for treating military personnel returning from the war, which subsequently became the Veterans Affairs Medical Center System.

In 1948, Dr. DeBakey joined the Baylor University College of Medicine, where he started its first surgical residency program and was later elected the first President of Baylor College of Medicine. Adding to his list of accomplishments, Dr. DeBakey performed the first successful procedure to treat patients with aneurysms, performed the first successful coronary bypass surgery, and he was the first to successfully implant a partial artificial heart.

Dr. DeBakey continued to amaze the medical world when he pioneered the field of telemedicine by performing the first open-heart surgery transmitted over satellite and later when he supervised the first successful multi-organ transplant, where a heart, both kidneys and a lung were transplanted from a single donor into four separate recipients. Most recently, Dr. DeBakey worked with NASA engineers to develop the DeBakey Ventricular Assist Device, which may eliminate the need for some patients to receive heart transplants.

These accomplishments have led to national recognition. Dr. DeBakey has received both the Presidential Medal of Freedom with Distinction from President Lyndon Johnson and the National Medal of Science from President Ronald Reagan.

Dr. DeBakey's efforts and innovative surgical techniques have saved the lives of thousands, if not millions, of people. We hope you will join us in recognizing Dr. DeBakey's profound impact on the field of medicine and how we care for our veterans, by co-sponsoring legislation to award him the Congressional Gold Medal. If you wish to co-sponsor or have any questions about this legislation, please contact Chad Heflin at (202) 224–5922.

Sincerely,

KAY BAILEY HUTCHISON.
MARY LANDRIEU.

Mr. REID. Mr. President, I ask unanimous consent that the bill be read the third time and passed, the motion to reconsider be laid upon the table, and that any statements relating to this matter be printed at the appropriate place in the RECORD.

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

The bill (S. 474) was ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

S. 474

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

SECTION 1. FINDINGS.

The Congress makes the following findings:

(1) Michael Ellis DeBakey, M.D., was born on September 7, 1908, in Lake Charles, Louisiana, to Shaker and Raheeja DeBakey.

(2) Dr. DeBakey, at the age of 23 and still a medical student, reported a major invention, a roller pump for blood transfusions, which later became a major component of the heart-lung machine used in the first successful open-heart operation.

(3) Even though Dr. DeBakey had already achieved a national reputation as an authority on vascular disease and had a promising career as a surgeon and teacher, he volunteered for military service during World War II, joining the Surgeon General's staff and rising to the rank of Colonel and Chief of the Surgical Consultants Division.

(4) As a result of this first-hand knowledge of military service, Dr. DeBakey made numerous recommendations for the proper staged management of war wounds, which led to the development of mobile army surgical hospitals or ''MASH'' units, and earned Dr. DeBakey the Legion of Merit in 1945.

(5) After the war, Dr. DeBakey proposed the systematic medical follow-up of veterans and recommended the creation of specialized medical centers in different areas of the United States to treat wounded military personnel returning from war, and from this recommendation evolved the Veterans Affairs Medical Center System and the establishment of the Commission on Veterans Medical Problems of the National Research Council.

(6) In 1948, Dr. DeBakey joined the Baylor University College of Medicine, where he developed the first surgical residency program in the city of Houston, and today, guided by Dr. DeBakey's vision, the College is one of the most respected health science centers in the Nation.

(7) In 1953, Dr. DeBakey performed the first successful procedures to treat patients who suffered aneurysms leading to severe strokes, and he later developed a series of innovative surgical techniques for the treatment of aneurysms enabling thousands of lives to be saved in the years ahead.

(8) In 1964, Dr. DeBakey triggered the most explosive era in modern cardiac surgery, when he performed the first successful coronary bypass, once again paving the way for surgeons worldwide to offer hope to thousands of patients who might otherwise succumb to heart disease.

(9) Two years later, Dr. DeBakey made medical history again, when he was the first to successfully use a partial artificial heart to solve the problems of a patient who could not be weaned from a heart-lung machine following open-heart surgery.

(10) In 1968, Dr. DeBakey supervised the first successful multi-organ transplant, in which a heart, both kidneys, and lung were transplanted from a single donor into 4 separate recipients.

(11) In 1964, President Lyndon B. Johnson appointed Dr. DeBakey to the position of Chairman of the President's Commission on Heart Disease, Cancer and Stroke, leading to the creation of Regional Medical Programs established ''to encourage and assist in the establishment of regional cooperative arrangements among medical schools, research institutions, and hospitals, for research and training''.

(12) In the mid-1960s, Dr. DeBakey pioneered the field of telemedicine with the first demonstration of open-heart surgery to be transmitted overseas by satellite.

(13) In 1969, Dr. DeBakey was elected the first President of Baylor College of Medicine.

(14) In 1969, President Lyndon B. Johnson bestowed on Dr. DeBakey the Presidential Medal of Freedom with Distinction, and in 1985, President Ronald Reagan conferred on him the National Medal of Science.

(15) Working with NASA engineers, he refined existing technology to create the DeBakey Ventricular Assist Device, one-tenth the size of current versions, which may eliminate the need for heart transplantation in some patients.

SEC. 2. CONGRESSIONAL GOLD MEDAL.

(a) PRESENTATION AUTHORIZED.—The Speaker of the House of Representatives and the President Pro Tempore of the Senate shall make appropriate arrangements for the presentation, on behalf of the Congress, of a gold medal of appropriate design, to Michael Ellis DeBakey, M.D., in recognition of his many outstanding contributions to the Nation.

(b) DESIGN AND STRIKING.—For purposes of the presentation referred to in subsection (a), the Secretary of the Treasury (referred to in this Act as the ''Secretary'') shall strike a gold medal with suitable emblems, devices, and inscriptions to be determined by the Secretary.

SEC. 3. DUPLICATE MEDALS.

The Secretary may strike and sell duplicates in bronze of the gold medal struck pursuant to section 2 under such regulations as the Secretary may prescribe, at a price sufficient to cover the cost thereof, including labor, materials, dies, use of machinery, and overhead expenses, and the cost of the gold medal.

SEC. 4. STATUS OF MEDALS.

(a) NATIONAL MEDALS.—The medals struck pursuant to this Act are national medals for purposes of chapter 51 of title 31, United States Code.

(b) NUMISMATIC ITEMS.—For purposes of sections 5134 and 5136 of title 31, United States Code, all medals struck under this Act shall be considered to be numismatic items.

SEC. 5. AUTHORITY TO USE FUND AMOUNTS; PROCEEDS OF SALE.

(a) AUTHORITY TO USE FUND AMOUNTS.—There is authorized to be charged against the United States Mint Public Enterprise Fund such amounts as may be necessary to pay for the costs of the medals struck pursuant to this Act.

(b) PROCEEDS OF SALE.—Amounts received from the sale of duplicate bronze medals authorized under section 3 shall be deposited into the United States Mint Public Enterprise Fund.

OLDER AMERICANS REAUTHORIZATION TECHNICAL CORRECTIONS ACT

Mr. REID. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of S. 1002 submitted earlier today.

The PRESIDING OFFICER. The clerk will report the bill by title.

The legislative clerk read as follows:

A bill (S. 1002) to amend the Older Americans Act of 1965 to reinstate certain provisions relating to the nutrition services incentive program.

There being no objection, the Senate proceeded to consider the bill.

Mr. KENNEDY. Mr. President, the Older Americans Technical Corrections Act of 2007 that I introduced today with Senator ENZI and Senator ROBERTS will restore States' ability to obtain Department of Agriculture commodities under the Nutrition Services Incentive Program. Through this program seniors obtain their meals through organizations in the community such as Meals on Wheels.

Last year, during the Older Americans Act Reauthorization negotiations, the Department of Agriculture asked

Congress to make a change to this program. It was not made clear to us at the time that, under this change, States could not continue to receive commodities through the Department of Agriculture.

Without this correction, thousands of seniors in Massachusetts and a number of other States will be affected. Department of Agriculture commodities are much less expensive than what States can purchase on the commercial market and are of higher quality. And they're less expensive. The State distributing agency in Massachusetts has calculated that purchasing similar commodities would cost $1 million more a year which would lead to 500,000 fewer meals served.

Six States in addition to Massachusetts have been obtaining USDA commodities for several years. The program is especially important to our States, to their partners, and to the seniors who obtain their meals through this program.

I urge our colleagues in both the Senate and the House to pass this legislation without delay.

Mr. REID. Mr. President, I ask unanimous consent that the bill be read the third time and passed, the motion to reconsider be laid upon the table, and any statements relating to this matter be printed in the RECORD, with no intervening action or debate.

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

The bill (S. 1002) was ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

S. 1002

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 ''Older Americans Reauthorization Technical Corrections Act''.

SEC. 2. NUTRITION SERVICES INCENTIVE PROGRAM.

Section 311 of the Older Americans Act of 1965 (42 U.S.C. 3030a), as amended by section 309 of the Older Americans Act Amendments of 2006, is further amended—

(1) by striking subsection (b)(3);

(2) by striking subsection (d) and inserting the following:

''(d)(1) Each State agency and each title VI grantee shall be entitled to use all or any part of amounts allotted under subsection (b) to obtain, subject to paragraphs (2) and (3), from the Secretary of Agriculture commodities available through any food program of the Department of Agriculture at the rates at which such commodities are valued for purposes of such program.

''(2) The Secretary of Agriculture shall determine and report to the Secretary, by such date as the Secretary may require, the amount (if any) of its allotment under subsection (b) which each State agency and title VI grantee has elected to receive in the form of commodities. Such amount shall include an amount bearing the same ratio to the costs to the Secretary of Agriculture of providing such commodities under this subsection as the value of commodities received by such State agency or title VI grantee under this subsection bears to the total value of commodities so received.

''(3) From the allotment under subsection (b) for each State agency and title VI grantee, the Secretary shall transfer funds to the Secretary of Agriculture for the costs of commodities received by such State agency or grantee, and expenses related to the procurement of the commodities on behalf of such State agency or grantee, under this subsection, and shall then pay the balance (if any) to such State agency or grantee. The amount of funds transferred for the expenses related to the procurement of the commodities shall be mutually agreed on by the Secretary and the Secretary of Agriculture. The transfer of funds for the costs of the commodities and the related expenses shall occur in a timely manner after the Secretary of Agriculture submits the corresponding report described in paragraph (2), and shall be subject to the availability of appropriations. Amounts received by the Secretary of Agriculture pursuant to this section to make commodity purchases for a fiscal year for a State agency or title VI grantee shall remain available, only for the next fiscal year, to make commodity purchases for that State agency or grantee pursuant to this section.

''(4) Each State agency and title VI grantee shall promptly and equitably disburse amounts received under this subsection to recipients of grants and contracts. Such disbursements shall only be used by such recipients of grants or contracts to purchase domestically produced foods for their nutrition projects.

''(5) Nothing in this subsection shall be construed to require any State agency or title VI grantee to elect to receive cash payments under this subsection.''; and

(3) by striking subsection (f) and inserting the following:

''(f) In each fiscal year, the Secretary and the Secretary of Agriculture shall jointly disseminate to State agencies, title VI grantees, area agencies on aging, and providers of nutrition services assisted under this title, information concerning the foods available to such State agencies, title VI grantees, area agencies on aging, and providers under subsection (c).''.

SEC. 3. EFFECTIVE DATE.

(a) IN GENERAL.—The amendments made by section 2 shall take effect beginning with fiscal year 2008.

(b) APPLICATION PROCESS.—Effective on the date of enactment of this Act, the Secretary of Agriculture shall take such actions as will enable State agencies and title VI grantees described in section 311 of the Older Americans Act of 1965 (42 U.S.C. 3030a) to apply during fiscal year 2007 for allotments under such section for fiscal year 2008.

UNANIMOUS CONSENT AGREEMENT—SECOND-DEGREE AMENDMENTS

Mr. REID. Mr. President, I ask unanimous consent that second-degree amendments may be filed until 10:30 a.m. tomorrow morning.

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

ORDERS FOR WEDNESDAY, MARCH 28, 2007

Mr. REID. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand adjourned until 10 a.m. tomorrow morning, Wednesday, March 28; that following the prayer and the pledge, the Journal of proceedings be approved to date, the morning hour be deemed to have expired, the time for the two leaders be reserved for their use later in the day, and that the Senate then resume consideration of H.R. 1591, as provided under a previous order.

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

Mr. REID. Mr. President, I appreciate everybody's patience in getting to this point. There has been a lot of down time, but it was necessary in order to be at a point where we could proceed in an appropriate manner tomorrow.

ADJOURNMENT UNTIL 10 A.M. TOMORROW

Mr. REID. Mr. President, if there is no further business today, I ask unanimous consent that the Senate stand adjourned under the previous order.

There being no objection, the Senate, at 8:01 p.m., adjourned until Wednesday, March 28, 2007, at 10 a.m.

CONFIRMATION

Executive nomination confirmed by the Senate Tuesday, March 27, 2007:

THE JUDICIARY

GEORGE H. WU, OF CALIFORNIA, TO BE UNITED STATES DISTRICT JUDGE FOR THE CENTRAL DISTRICT OF CALIFORNIA.