To amend the Panama Canal Act of 1979 to authorize quarters allowances for certain employees of the Department of Defense serving in the area formerly known as the Canal Zone.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) subchapter II of chapter 2 of title I of the Panama Canal Act of 1979 is amended by adding after section 1217 the following new section:

"QUARTERS ALLOWANCES

"Sec. 1217a. (a) Notwithstanding paragraphs (2) and (3) of section 1211 of this Act, as used in this section—
"(1) 'position' means a civilian position; and
"(2) 'employee' means an individual serving in a position in the Department of Defense whose permanent duty station is in the area which, before October 1, 1979, was known as the Canal Zone.

"(b) Under regulations prescribed by or under authority of the President, the Department of Defense may grant a quarters allowance in the case of—
"(1) any employee who is a citizen of the United States and who, before October 1, 1979, was employed by the Panama Canal Company, the Canal Zone Government, or any other agency, in the area then known as the Canal Zone; and
"(2) any other employee who is a citizen of the United States and who (before, on, or after the effective date of this section) is or was recruited within the United States; for whom adequate Government owned or leased quarters are not made available.

"(c) The amount of any quarters allowance granted to an employee under this section shall be determined in accordance with the regulations prescribed under subsection (b) of this section, except that such allowance for any period may not exceed the amount, if any, by which—
"(1) the lesser of—
"(A) the actual expenses for rent and utilities incurred by the employee during such period while occupying quarters other than Government owned or leased quarters; or
"(B) the maximum amount which would be authorized for such employee with respect to such period under the Department of State Standardized Regulations (Government Civilians, Foreign Areas) if such employee were covered by those regulations; exceeds
"(2) the estimated total cost of rent and utilities which the employee would have been charged if Government owned or leased quarters had been provided on a rental basis during such period.
“(d) The provisions of this section shall apply without regard to whether any election by the Department of Defense under section 1212(b) of this Act is then in effect.”.

(b) The table of contents for the Panama Canal Act of 1979 is amended by inserting after the item relating to section 1217 the following new item:

“1217a. Quarters allowances.”.

SEC. 2. The amendments made by this Act shall take effect on October 1, 1984, and shall apply with respect to utility costs incurred, and rent payable for any period beginning, on or after that date.