

1 **SECTION 1. SHORT TITLE; AMENDMENT OF 1986 CODE;**
2 **TABLE OF CONTENTS.**

3 (a) **SHORT TITLE.**—This Act may be cited as the
4 “Working Families Tax Relief Act of 2004”.

5 (b) **AMENDMENT OF 1986 CODE.**—Except as other-
6 wise expressly provided, whenever in this Act an amend-
7 ment or repeal is expressed in terms of an amendment
8 to, or repeal of, a section or other provision, the reference
9 shall be considered to be made to a section or other provi-
10 sion of the Internal Revenue Code of 1986.

11 (c) **TABLE OF CONTENTS.**—The table of contents for
12 this Act is as follows:

Sec. 1. Short title; amendment of 1986 Code; table of contents.

TITLE I—EXTENSION OF FAMILY TAX PROVISIONS

- Sec. 101. Repeal of scheduled reductions in child tax credit, marriage penalty relief, and 10-percent rate bracket.
- Sec. 102. Acceleration of increase in refundability of the child tax credit.
- Sec. 103. 1-year extension of minimum tax relief to individuals.
- Sec. 104. Earned income includes combat pay.
- Sec. 105. Application of EGTRRA sunset to this title.

TITLE II—UNIFORM DEFINITION OF CHILD

- Sec. 201. Uniform definition of child, etc.
- Sec. 202. Modifications of definition of head of household.
- Sec. 203. Modifications of dependent care credit.
- Sec. 204. Modifications of child tax credit.
- Sec. 205. Modifications of earned income credit.
- Sec. 206. Modifications of deduction for personal exemption for dependents.
- Sec. 207. Technical and conforming amendments.
- Sec. 208. Effective date.

TITLE III—EXTENSIONS OF CERTAIN EXPIRING PROVISIONS

- Sec. 301. Research credit.
- Sec. 302. Parity in the application of certain limits to mental health benefits.
- Sec. 303. Work opportunity credit and welfare-to-work credit.
- Sec. 304. Qualified zone academy bonds.
- Sec. 305. Cover over of tax on distilled spirits.
- Sec. 306. Deduction for corporate donations of scientific property and computer technology.

- Sec. 307. Deduction for certain expenses of school teachers.
- Sec. 308. Expensing of environmental remediation costs.
- Sec. 309. Certain New York Liberty Zone benefits.
- Sec. 310. Tax incentives for investment in the District of Columbia.
- Sec. 311. Disclosure of tax information to facilitate combined employment tax reporting.
- Sec. 312. Allowance of nonrefundable personal credits against regular and minimum tax liability.
- Sec. 313. Credit for electricity produced from certain renewable resources.
- Sec. 314. Taxable income limit on percentage depletion for oil and natural gas produced from marginal properties.
- Sec. 315. Indian employment tax credit.
- Sec. 316. Accelerated depreciation for business property on Indian reservation.
- Sec. 317. Disclosure of return information relating to student loans.
- Sec. 318. Elimination of phaseout of credit for qualified electric vehicles for 2004 and 2005.
- Sec. 319. Elimination of phaseout for deduction for clean-fuel vehicle property for 2004 and 2005.
- Sec. 320. Disclosures relating to terrorist activities.
- Sec. 321. Joint review of strategic plans and budget for the Internal Revenue Service.
- Sec. 322. Availability of medical savings accounts.

TITLE IV—TAX TECHNICAL CORRECTIONS

- Sec. 401. Amendments related to Medicare Prescription Drug, Improvement, and Modernization Act of 2003.
- Sec. 402. Amendments related to Jobs and Growth Tax Relief Reconciliation Act of 2003.
- Sec. 403. Amendments related to Job Creation and Worker Assistance Act of 2002.
- Sec. 404. Amendments related to Economic Growth and Tax Relief Reconciliation Act of 2001.
- Sec. 405. Amendments related to Community Renewal Tax Relief Act of 2000.
- Sec. 406. Amendments related to Taxpayer Relief Act of 1997.
- Sec. 407. Amendments related to Small Business Job Protection Act of 1996.
- Sec. 408. Clerical amendments.

1 **TITLE I—EXTENSION OF FAMILY**
 2 **TAX PROVISIONS**

3 **SEC. 101. REPEAL OF SCHEDULED REDUCTIONS IN CHILD**
 4 **TAX CREDIT, MARRIAGE PENALTY RELIEF,**
 5 **AND 10-PERCENT RATE BRACKET.**

6 (a) CHILD TAX CREDIT.—Subsection (a) of section
 7 24 (relating to child tax credit) is amended to read as fol-
 8 lows:

1 “(a) ALLOWANCE OF CREDIT.—There shall be al-
2 lowed as a credit against the tax imposed by this chapter
3 for the taxable year with respect to each qualifying child
4 of the taxpayer an amount equal to \$1,000.”.

5 (b) MARRIAGE PENALTY RELIEF IN STANDARD DE-
6 DUCTION.—

7 (1) IN GENERAL.—Paragraph (2) of section
8 63(c) (relating to basic standard deduction) is
9 amended to read as follows:

10 “(2) BASIC STANDARD DEDUCTION.—For pur-
11 poses of paragraph (1), the basic standard deduction
12 is—

13 “(A) 200 percent of the dollar amount in
14 effect under subparagraph (C) for the taxable
15 year in the case of—

16 “(i) a joint return, or

17 “(ii) a surviving spouse (as defined in
18 section 2(a)),

19 “(B) \$4,400 in the case of a head of
20 household (as defined in section 2(b)), or

21 “(C) \$3,000 in any other case.”.

22 (2) CONFORMING AMENDMENTS.—

23 (A) Section 63(c)(4) is amended by strik-
24 ing “(2)(D)” each place it occurs and inserting
25 “(2)(C)”.

1 (B) Section 63(c) is amended by striking
2 paragraph (7).

3 (c) MARRIAGE PENALTY RELIEF IN 15-PERCENT IN-
4 COME TAX BRACKET.—Paragraph (8) of section 1(f) is
5 amended to read as follows:

6 “(8) ELIMINATION OF MARRIAGE PENALTY IN
7 15-PERCENT BRACKET.—With respect to taxable
8 years beginning after December 31, 2003, in pre-
9 scribing the tables under paragraph (1)—

10 “(A) the maximum taxable income in the
11 15-percent rate bracket in the table contained
12 in subsection (a) (and the minimum taxable in-
13 come in the next higher taxable income bracket
14 in such table) shall be 200 percent of the max-
15 imum taxable income in the 15-percent rate
16 bracket in the table contained in subsection (c)
17 (after any other adjustment under this sub-
18 section), and

19 “(B) the comparable taxable income
20 amounts in the table contained in subsection
21 (d) shall be $\frac{1}{2}$ of the amounts determined
22 under subparagraph (A).”.

23 (d) 10-PERCENT RATE BRACKET.—

24 (1) IN GENERAL.—Clause (i) of section
25 1(i)(1)(B) is amended by striking “(\$12,000 in the

1 case of taxable years beginning after December 31,
2 2004, and before January 1, 2008”).

3 (2) INFLATION ADJUSTMENT.—Subparagraph
4 (C) of section 1(i)(1) is amended to read as follows:

5 “(C) INFLATION ADJUSTMENT.—In pre-
6 scribing the tables under subsection (f) which
7 apply with respect to taxable years beginning in
8 calendar years after 2003—

9 “(i) the cost-of-living adjustment shall
10 be determined under subsection (f)(3) by
11 substituting ‘2002’ for ‘1992’ in subpara-
12 graph (B) thereof, and

13 “(ii) the adjustments under clause (i)
14 shall not apply to the amount referred to
15 in subparagraph (B)(iii).

16 If any amount after adjustment under the pre-
17 ceding sentence is not a multiple of \$50, such
18 amount shall be rounded to the next lowest
19 multiple of \$50.”.

20 (e) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to taxable years beginning after
22 December 31, 2003.

1 **SEC. 102. ACCELERATION OF INCREASE IN REFUNDABILITY**
2 **OF THE CHILD TAX CREDIT.**

3 (a) ACCELERATION OF REFUNDABILITY.—Section
4 24(d)(1)(B)(i) (relating to portion of credit refundable) is
5 amended by striking “(10 percent in the case of taxable
6 years beginning before January 1, 2005)”.

7 (b) EFFECTIVE DATE.—The amendment made by
8 this section shall apply to taxable years beginning after
9 December 31, 2003.

10 **SEC. 103. EXTENSION OF MINIMUM TAX RELIEF TO INDI-**
11 **VIDUALS.**

12 (a) IN GENERAL.—Subparagraphs (A) and (B) of
13 section 55(d)(1) of the Internal Revenue Code of 1986 (re-
14 lating to exemption amount for taxpayers other than cor-
15 porations) are each amended by striking “2003 and 2004”
16 and inserting “2003, 2004, and 2005”.

17 (b) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to taxable years beginning after
19 December 31, 2004.

20 **SEC. 104. EARNED INCOME INCLUDES COMBAT PAY.**

21 (a) CHILD TAX CREDIT.—Section 24(d)(1) (relating
22 to portion of credit refundable) is amended by adding at
23 the end the following new sentence: “For purposes of sub-
24 paragraph (B), any amount excluded from gross income
25 by reason of section 112 shall be treated as earned income

1 which is taken into account in computing taxable income
2 for the taxable year.”.

3 (b) EARNED INCOME CREDIT.—Subparagraph (B) of
4 section 32(c)(2) (relating to earned income) is amended—

5 (1) by striking “and” at the end of clause (iv),

6 (2) by striking the period at the end of clause

7 (v) and inserting “, and”, and

8 (3) by adding at the end the following:

9 “(vi) in the case of any taxable year
10 ending—

11 “(I) after the date of the enact-
12 ment of this clause, and

13 “(II) before January 1, 2006,
14 a taxpayer may elect to treat amounts ex-
15 cluded from gross income by reason of sec-
16 tion 112 as earned income.”.

17 (c) EFFECTIVE DATE.—

18 (1) CHILD TAX CREDIT.—The amendment
19 made by subsection (a) shall apply to taxable years
20 beginning after December 31, 2003.

21 (2) EARNED INCOME CREDIT.—The amend-
22 ments made by subsection (b) shall apply to taxable
23 years ending after the date of the enactment of this
24 Act.

1 **SEC. 105. APPLICATION OF EGTRRA SUNSET TO THIS TITLE.**

2 Each amendment made by this title shall be subject
3 to title IX of the Economic Growth and Tax Relief Rec-
4 onciliation Act of 2001 to the same extent and in the same
5 manner as the provision of such Act to which such amend-
6 ment relates.

7 **TITLE II—UNIFORM DEFINITION**
8 **OF CHILD**

9 **SEC. 201. UNIFORM DEFINITION OF CHILD, ETC.**

10 Section 152 is amended to read as follows:

11 **“SEC. 152. DEPENDENT DEFINED.**

12 “(a) IN GENERAL.—For purposes of this subtitle, the
13 term ‘dependent’ means—

14 “(1) a qualifying child, or

15 “(2) a qualifying relative.

16 “(b) EXCEPTIONS.—For purposes of this section—

17 “(1) DEPENDENTS INELIGIBLE.—If an indi-
18 vidual is a dependent of a taxpayer for any taxable
19 year of such taxpayer beginning in a calendar year,
20 such individual shall be treated as having no depend-
21 ents for any taxable year of such individual begin-
22 ning in such calendar year.

23 “(2) MARRIED DEPENDENTS.—An individual
24 shall not be treated as a dependent of a taxpayer
25 under subsection (a) if such individual has made a
26 joint return with the individual’s spouse under sec-

1 tion 6013 for the taxable year beginning in the cal-
2 endar year in which the taxable year of the taxpayer
3 begins.

4 “(3) CITIZENS OR NATIONALS OF OTHER COUN-
5 TRIES.—

6 “(A) IN GENERAL.—The term ‘dependent’
7 does not include an individual who is not a cit-
8 izen or national of the United States unless
9 such individual is a resident of the United
10 States or a country contiguous to the United
11 States.

12 “(B) EXCEPTION FOR ADOPTED CHILD.—
13 Subparagraph (A) shall not exclude any child of
14 a taxpayer (within the meaning of subsection
15 (f)(1)(B)) from the definition of ‘dependent’
16 if—

17 “(i) for the taxable year of the tax-
18 payer, the child has the same principal
19 place of abode as the taxpayer and is a
20 member of the taxpayer’s household, and

21 “(ii) the taxpayer is a citizen or na-
22 tional of the United States.

23 “(c) QUALIFYING CHILD.—For purposes of this
24 section—

1 “(1) IN GENERAL.—The term ‘qualifying child’
2 means, with respect to any taxpayer for any taxable
3 year, an individual—

4 “(A) who bears a relationship to the tax-
5 payer described in paragraph (2),

6 “(B) who has the same principal place of
7 abode as the taxpayer for more than one-half of
8 such taxable year,

9 “(C) who meets the age requirements of
10 paragraph (3), and

11 “(D) who has not provided over one-half of
12 such individual’s own support for the calendar
13 year in which the taxable year of the taxpayer
14 begins.

15 “(2) RELATIONSHIP.—For purposes of para-
16 graph (1)(A), an individual bears a relationship to
17 the taxpayer described in this paragraph if such in-
18 dividual is—

19 “(A) a child of the taxpayer or a descend-
20 ant of such a child, or

21 “(B) a brother, sister, stepbrother, or step-
22 sister of the taxpayer or a descendant of any
23 such relative.

24 “(3) AGE REQUIREMENTS.—

1 “(A) IN GENERAL.—For purposes of para-
2 graph (1)(C), an individual meets the require-
3 ments of this paragraph if such individual—

4 “(i) has not attained the age of 19 as
5 of the close of the calendar year in which
6 the taxable year of the taxpayer begins, or

7 “(ii) is a student who has not attained
8 the age of 24 as of the close of such cal-
9 endar year.

10 “(B) SPECIAL RULE FOR DISABLED.—In
11 the case of an individual who is permanently
12 and totally disabled (as defined in section
13 22(e)(3)) at any time during such calendar
14 year, the requirements of subparagraph (A)
15 shall be treated as met with respect to such in-
16 dividual.

17 “(4) SPECIAL RULE RELATING TO 2 OR MORE
18 CLAIMING QUALIFYING CHILD.—

19 “(A) IN GENERAL.—Except as provided in
20 subparagraph (B), if (but for this paragraph)
21 an individual may be and is claimed as a quali-
22 fying child by 2 or more taxpayers for a taxable
23 year beginning in the same calendar year, such
24 individual shall be treated as the qualifying
25 child of the taxpayer who is—

1 “(i) a parent of the individual, or

2 “(ii) if clause (i) does not apply, the
3 taxpayer with the highest adjusted gross
4 income for such taxable year.

5 “(B) MORE THAN 1 PARENT CLAIMING
6 QUALIFYING CHILD.—If the parents claiming
7 any qualifying child do not file a joint return
8 together, such child shall be treated as the
9 qualifying child of—

10 “(i) the parent with whom the child
11 resided for the longest period of time dur-
12 ing the taxable year, or

13 “(ii) if the child resides with both par-
14 ents for the same amount of time during
15 such taxable year, the parent with the
16 highest adjusted gross income.

17 “(d) QUALIFYING RELATIVE.—For purposes of this
18 section—

19 “(1) IN GENERAL.—The term ‘qualifying rel-
20 ative’ means, with respect to any taxpayer for any
21 taxable year, an individual—

22 “(A) who bears a relationship to the tax-
23 payer described in paragraph (2),

24 “(B) whose gross income for the calendar
25 year in which such taxable year begins is less

1 than the exemption amount (as defined in sec-
2 tion 151(d)),

3 “(C) with respect to whom the taxpayer
4 provides over one-half of the individual’s sup-
5 port for the calendar year in which such taxable
6 year begins, and

7 “(D) who is not a qualifying child of such
8 taxpayer or of any other taxpayer for any tax-
9 able year beginning in the calendar year in
10 which such taxable year begins.

11 “(2) RELATIONSHIP.—For purposes of para-
12 graph (1)(A), an individual bears a relationship to
13 the taxpayer described in this paragraph if the indi-
14 vidual is any of the following with respect to the tax-
15 payer:

16 “(A) A child or a descendant of a child.

17 “(B) A brother, sister, stepbrother, or
18 stepsister.

19 “(C) The father or mother, or an ancestor
20 of either.

21 “(D) A stepfather or stepmother.

22 “(E) A son or daughter of a brother or sis-
23 ter of the taxpayer.

24 “(F) A brother or sister of the father or
25 mother of the taxpayer.

1 “(G) A son-in-law, daughter-in-law, father-
2 in-law, mother-in-law, brother-in-law, or sister-
3 in-law.

4 “(H) An individual (other than an indi-
5 vidual who at any time during the taxable year
6 was the spouse, determined without regard to
7 section 7703, of the taxpayer) who, for the tax-
8 able year of the taxpayer, has the same prin-
9 cipal place of abode as the taxpayer and is a
10 member of the taxpayer’s household.

11 “(3) SPECIAL RULE RELATING TO MULTIPLE
12 SUPPORT AGREEMENTS.—For purposes of paragraph
13 (1)(C), over one-half of the support of an individual
14 for a calendar year shall be treated as received from
15 the taxpayer if—

16 “(A) no one person contributed over one-
17 half of such support,

18 “(B) over one-half of such support was re-
19 ceived from 2 or more persons each of whom,
20 but for the fact that any such person alone did
21 not contribute over one-half of such support,
22 would have been entitled to claim such indi-
23 vidual as a dependent for a taxable year begin-
24 ning in such calendar year,

1 “(C) the taxpayer contributed over 10 per-
2 cent of such support, and

3 “(D) each person described in subpara-
4 graph (B) (other than the taxpayer) who con-
5 tributed over 10 percent of such support files a
6 written declaration (in such manner and form
7 as the Secretary may by regulations prescribe)
8 that such person will not claim such individual
9 as a dependent for any taxable year beginning
10 in such calendar year.

11 “(4) SPECIAL RULE RELATING TO INCOME OF
12 HANDICAPPED DEPENDENTS.—

13 “(A) IN GENERAL.—For purposes of para-
14 graph (1)(B), the gross income of an individual
15 who is permanently and totally disabled (as de-
16 fined in section 22(e)(3)) at any time during
17 the taxable year shall not include income attrib-
18 utable to services performed by the individual
19 at a sheltered workshop if—

20 “(i) the availability of medical care at
21 such workshop is the principal reason for
22 the individual’s presence there, and

23 “(ii) the income arises solely from ac-
24 tivities at such workshop which are inci-
25 dent to such medical care.

1 “(B) SHELTERED WORKSHOP DEFINED.—
2 For purposes of subparagraph (A), the term
3 ‘sheltered workshop’ means a school—

4 “(i) which provides special instruction
5 or training designed to alleviate the dis-
6 ability of the individual, and

7 “(ii) which is operated by an organi-
8 zation described in section 501(c)(3) and
9 exempt from tax under section 501(a), or
10 by a State, a possession of the United
11 States, any political subdivision of any of
12 the foregoing, the United States, or the
13 District of Columbia.

14 “(5) SPECIAL RULES FOR SUPPORT.—For pur-
15 poses of this subsection—

16 “(A) payments to a spouse which are in-
17 cludible in the gross income of such spouse
18 under section 71 or 682 shall not be treated as
19 a payment by the payor spouse for the support
20 of any dependent, and

21 “(B) in the case of the remarriage of a
22 parent, support of a child received from the
23 parent’s spouse shall be treated as received
24 from the parent.

25 “(e) SPECIAL RULE FOR DIVORCED PARENTS.—

1 “(1) IN GENERAL.—Notwithstanding subsection
2 (c)(1)(B), (c)(4), or (d)(1)(C), if—

3 “(A) a child receives over one-half of the
4 child’s support during the calendar year from
5 the child’s parents—

6 “(i) who are divorced or legally sepa-
7 rated under a decree of divorce or separate
8 maintenance,

9 “(ii) who are separated under a writ-
10 ten separation agreement, or

11 “(iii) who live apart at all times dur-
12 ing the last 6 months of the calendar year,
13 and

14 “(B) such child is in the custody of 1 or
15 both of the child’s parents for more than one-
16 half of the calendar year,

17 such child shall be treated as being the qualifying
18 child or qualifying relative of the noncustodial par-
19 ent for a calendar year if the requirements described
20 in paragraph (2) are met.

21 “(2) REQUIREMENTS.—For purposes of para-
22 graph (1), the requirements described in this para-
23 graph are met if—

24 “(A) a decree of divorce or separate main-
25 tenance or written separation agreement be-

1 tween the parents applicable to the taxable year
2 beginning in such calendar year provides that—

3 “(i) the noncustodial parent shall be
4 entitled to any deduction allowable under
5 section 151 for such child, or

6 “(ii) the custodial parent will sign a
7 written declaration (in such manner and
8 form as the Secretary may prescribe) that
9 such parent will not claim such child as a
10 dependent for such taxable year, or

11 “(B) in the case of such an agreement exe-
12 cuted before January 1, 1985, the noncustodial
13 parent provides at least \$600 for the support of
14 such child during such calendar year.

15 For purposes of subparagraph (B), amounts ex-
16 pended for the support of a child or children shall
17 be treated as received from the noncustodial parent
18 to the extent that such parent provided amounts for
19 such support.

20 “(3) CUSTODIAL PARENT AND NONCUSTODIAL
21 PARENT.—For purposes of this subsection—

22 “(A) CUSTODIAL PARENT.—The term ‘cus-
23 todial parent’ means the parent with whom a
24 child shared the same principal place of abode
25 for the greater portion of the calendar year.

1 “(B) NONCUSTODIAL PARENT.—The term
2 ‘noncustodial parent’ means the parent who is
3 not the custodial parent.

4 “(4) EXCEPTION FOR MULTIPLE-SUPPORT
5 AGREEMENTS.—This subsection shall not apply in
6 any case where over one-half of the support of the
7 child is treated as having been received from a tax-
8 payer under the provision of subsection (d)(3).

9 “(f) OTHER DEFINITIONS AND RULES.—For pur-
10 poses of this section—

11 “(1) CHILD DEFINED.—

12 “(A) IN GENERAL.—The term ‘child’
13 means an individual who is—

14 “(i) a son, daughter, stepson, or step-
15 daughter of the taxpayer, or

16 “(ii) an eligible foster child of the tax-
17 payer.

18 “(B) ADOPTED CHILD.—In determining
19 whether any of the relationships specified in
20 subparagraph (A)(i) or paragraph (4) exists, a
21 legally adopted individual of the taxpayer, or an
22 individual who is lawfully placed with the tax-
23 payer for legal adoption by the taxpayer, shall
24 be treated as a child of such individual by
25 blood.

1 “(C) ELIGIBLE FOSTER CHILD.—For pur-
2 poses of subparagraph (A)(ii), the term ‘eligible
3 foster child’ means an individual who is placed
4 with the taxpayer by an authorized placement
5 agency or by judgment, decree, or other order
6 of any court of competent jurisdiction.

7 “(2) STUDENT DEFINED.—The term ‘student’
8 means an individual who during each of 5 calendar
9 months during the calendar year in which the tax-
10 able year of the taxpayer begins—

11 “(A) is a full-time student at an edu-
12 cational organization described in section
13 170(b)(1)(A)(ii), or

14 “(B) is pursuing a full-time course of insti-
15 tutional on-farm training under the supervision
16 of an accredited agent of an educational organi-
17 zation described in section 170(b)(1)(A)(ii) or
18 of a State or political subdivision of a State.

19 “(3) DETERMINATION OF HOUSEHOLD STA-
20 TUS.—An individual shall not be treated as a mem-
21 ber of the taxpayer’s household if at any time during
22 the taxable year of the taxpayer the relationship be-
23 tween such individual and the taxpayer is in viola-
24 tion of local law.

1 “(4) BROTHER AND SISTER.—The terms
2 ‘brother’ and ‘sister’ include a brother or sister by
3 the half blood.

4 “(5) SPECIAL SUPPORT TEST IN CASE OF STU-
5 DENTS.—For purposes of subsections (e)(1)(D) and
6 (d)(1)(C), in the case of an individual who is—

7 “(A) a child of the taxpayer, and

8 “(B) a student,

9 amounts received as scholarships for study at an
10 educational organization described in section
11 170(b)(1)(A)(ii) shall not be taken into account.

12 “(6) TREATMENT OF MISSING CHILDREN.—

13 “(A) IN GENERAL.—Solely for the pur-
14 poses referred to in subparagraph (B), a child
15 of the taxpayer—

16 “(i) who is presumed by law enforce-
17 ment authorities to have been kidnapped
18 by someone who is not a member of the
19 family of such child or the taxpayer, and

20 “(ii) who had, for the taxable year in
21 which the kidnapping occurred, the same
22 principal place of abode as the taxpayer for
23 more than one-half of the portion of such
24 year before the date of the kidnapping,

1 shall be treated as meeting the requirement of
2 subsection (c)(1)(B) with respect to a taxpayer
3 for all taxable years ending during the period
4 that the child is kidnapped.

5 “(B) PURPOSES.—Subparagraph (A) shall
6 apply solely for purposes of determining—

7 “(i) the deduction under section
8 151(c),

9 “(ii) the credit under section 24 (re-
10 lating to child tax credit),

11 “(iii) whether an individual is a sur-
12 viving spouse or a head of a household (as
13 such terms are defined in section 2), and

14 “(iv) the earned income credit under
15 section 32.

16 “(C) COMPARABLE TREATMENT OF CER-
17 TAIN QUALIFYING RELATIVES.—For purposes
18 of this section, a child of the taxpayer—

19 “(i) who is presumed by law enforce-
20 ment authorities to have been kidnapped
21 by someone who is not a member of the
22 family of such child or the taxpayer, and

23 “(ii) who was (without regard to this
24 paragraph) a qualifying relative of the tax-

1 payer for the portion of the taxable year
2 before the date of the kidnapping,
3 shall be treated as a qualifying relative of the
4 taxpayer for all taxable years ending during the
5 period that the child is kidnapped.

6 “(D) TERMINATION OF TREATMENT.—
7 Subparagraphs (A) and (C) shall cease to apply
8 as of the first taxable year of the taxpayer be-
9 ginning after the calendar year in which there
10 is a determination that the child is dead (or, if
11 earlier, in which the child would have attained
12 age 18).

13 “(7) CROSS REFERENCES.—

**“For provision treating child as dependent of both
 parents for purposes of certain provisions, see sec-
 tions 105(b), 132(h)(2)(B), and 213(d)(5).”**

14 **SEC. 202. MODIFICATIONS OF DEFINITION OF HEAD OF**
15 **HOUSEHOLD.**

16 (a) HEAD OF HOUSEHOLD.—Clause (i) of section
17 2(b)(1)(A) is amended to read as follows:

18 “(i) a qualifying child of the indi-
19 vidual (as defined in section 152(c), deter-
20 mined without regard to section 152(e)),
21 but not if such child—

22 “(I) is married at the close of the
23 taxpayer’s taxable year, and

1 “(II) is not a dependent of such
2 individual by reason of section
3 152(b)(2) or 152(b)(3), or both, or”.

4 (b) CONFORMING AMENDMENTS.—

5 (1) Section 2(b)(2) is amended by striking sub-
6 paragraph (A) and by redesignating subparagraphs
7 (B), (C), and (D) as subparagraphs (A), (B), and
8 (C), respectively.

9 (2) Clauses (i) and (ii) of section 2(b)(3)(B) are
10 amended to read as follows:

11 “(i) subparagraph (H) of section
12 152(d)(2), or

13 “(ii) paragraph (3) of section
14 152(d).”.

15 **SEC. 203. MODIFICATIONS OF DEPENDENT CARE CREDIT.**

16 (a) IN GENERAL.—Section 21(a)(1) is amended by
17 striking “In the case of an individual who maintains a
18 household which includes as a member one or more quali-
19 fying individuals (as defined in subsection (b)(1))” and in-
20 serting “In the case of an individual for which there are
21 1 or more qualifying individuals (as defined in subsection
22 (b)(1)) with respect to such individual”.

23 (b) QUALIFYING INDIVIDUAL.—Paragraph (1) of sec-
24 tion 21(b) is amended to read as follows:

1 “(1) QUALIFYING INDIVIDUAL.—The term
2 ‘qualifying individual’ means—

3 “(A) a dependent of the taxpayer (as de-
4 fined in section 152(a)(1)) who has not attained
5 age 13,

6 “(B) a dependent of the taxpayer who is
7 physically or mentally incapable of caring for
8 himself or herself and who has the same prin-
9 cipal place of abode as the taxpayer for more
10 than one-half of such taxable year, or

11 “(C) the spouse of the taxpayer, if the
12 spouse is physically or mentally incapable of
13 caring for himself or herself and who has the
14 same principal place of abode as the taxpayer
15 for more than one-half of such taxable year.”.

16 (c) CONFORMING AMENDMENT.—Paragraph (1) of
17 section 21(e) is amended to read as follows:

18 “(1) PLACE OF ABODE.—An individual shall
19 not be treated as having the same principal place of
20 abode of the taxpayer if at any time during the tax-
21 able year of the taxpayer the relationship between
22 the individual and the taxpayer is in violation of
23 local law.”.

1 **SEC. 204. MODIFICATIONS OF CHILD TAX CREDIT.**

2 (a) IN GENERAL.—Paragraph (1) of section 24(c) is
3 amended to read as follows:

4 “(1) IN GENERAL.—The term ‘qualifying child’
5 means a qualifying child of the taxpayer (as defined
6 in section 152(c)) who has not attained age 17.”.

7 (b) CONFORMING AMENDMENT.—Section 24(c)(2) is
8 amended by striking “the first sentence of section
9 152(b)(3)” and inserting “subparagraph (A) of section
10 152(b)(3)”.

11 **SEC. 205. MODIFICATIONS OF EARNED INCOME CREDIT.**

12 (a) QUALIFYING CHILD.—Paragraph (3) of section
13 32(c) is amended to read as follows:

14 “(3) QUALIFYING CHILD.—

15 “(A) IN GENERAL.—The term ‘qualifying
16 child’ means a qualifying child of the taxpayer
17 (as defined in section 152(c), determined with-
18 out regard to paragraph (1)(D) thereof and sec-
19 tion 152(e)).

20 “(B) MARRIED INDIVIDUAL.—The term
21 ‘qualifying child’ shall not include an individual
22 who is married as of the close of the taxpayer’s
23 taxable year unless the taxpayer is entitled to
24 a deduction under section 151 for such taxable
25 year with respect to such individual (or would
26 be so entitled but for section 152(e)).

1 “(C) PLACE OF ABODE.—For purposes of
2 subparagraph (A), the requirements of section
3 152(c)(1)(B) shall be met only if the principal
4 place of abode is in the United States.

5 “(D) IDENTIFICATION REQUIREMENTS.—

6 “(i) IN GENERAL.—A qualifying child
7 shall not be taken into account under sub-
8 section (b) unless the taxpayer includes the
9 name, age, and TIN of the qualifying child
10 on the return of tax for the taxable year.

11 “(ii) OTHER METHODS.—The Sec-
12 retary may prescribe other methods for
13 providing the information described in
14 clause (i).”

15 (b) CONFORMING AMENDMENTS.—

16 (1) Section 32(c)(1) is amended by striking
17 subparagraph (C) and by redesignating subpara-
18 graphs (D), (E), (F), and (G) as subparagraphs (C),
19 (D), (E), and (F), respectively.

20 (2) Section 32(c)(4) is amended by striking
21 “(3)(E)” and inserting “(3)(C)”.

22 (3) Section 32(m) is amended by striking “sub-
23 sections (c)(1)(F)” and inserting “subsections
24 (c)(1)(E)”.

1 **SEC. 206. MODIFICATIONS OF DEDUCTION FOR PERSONAL**
2 **EXEMPTION FOR DEPENDENTS.**

3 Subsection (c) of section 151 is amended to read as
4 follows:

5 “(c) **ADDITIONAL EXEMPTION FOR DEPENDENTS.**—
6 An exemption of the exemption amount for each individual
7 who is a dependent (as defined in section 152) of the tax-
8 payer for the taxable year.”.

9 **SEC. 207. TECHNICAL AND CONFORMING AMENDMENTS.**

10 (1) Section 2(a)(1)(B)(i) is amended by insert-
11 ing “, determined without regard to subsections
12 (b)(1), (b)(2), and (d)(1)(B) thereof” after “section
13 152”.

14 (2) Section 21(e)(5) is amended—

15 (A) by striking “paragraph (2) or (4) of”
16 in subparagraph (A), and

17 (B) by striking “within the meaning of sec-
18 tion 152(e)(1)” and inserting “as defined in
19 section 152(e)(3)(A)”.

20 (3) Section 21(e)(6)(B) is amended by striking
21 “section 151(c)(3)” and inserting “section
22 152(f)(1)”.

23 (4) Section 25B(c)(2)(B) is amended by strik-
24 ing “151(c)(4)” and inserting “152(f)(2)”.

25 (5)(A) Subparagraphs (A) and (B) of section
26 51(i)(1) are each amended by striking “paragraphs

1 (1) through (8) of section 152(a)” both places it ap-
2 pears and inserting “subparagraphs (A) through (G)
3 of section 152(d)(2)”.

4 (B) Section 51(i)(1)(C) is amended by striking
5 “152(a)(9)” and inserting “152(d)(2)(H)”.

6 (6) Section 72(t)(2)(D)(i)(III) is amended by
7 inserting “, determined without regard to sub-
8 sections (b)(1), (b)(2), and (d)(1)(B) thereof” after
9 “section 152”.

10 (7) Section 72(t)(7)(A)(iii) is amended by strik-
11 ing “151(c)(3)” and inserting “152(f)(1)”.

12 (8) Section 42(i)(3)(D)(ii)(I) is amended by in-
13 sserting “, determined without regard to subsections
14 (b)(1), (b)(2), and (d)(1)(B) thereof” after “section
15 152”.

16 (9) Subsections (b) and (c)(1) of section 105
17 are amended by inserting “, determined without re-
18 gard to subsections (b)(1), (b)(2), and (d)(1)(B)
19 thereof” after “section 152”.

20 (10) Section 120(d)(4) is amended by inserting
21 “(determined without regard to subsections (b)(1),
22 (b)(2), and (d)(1)(B) thereof)” after “section 152”.

23 (11) Section 125(e)(1)(D) is amended by in-
24 sserting “, determined without regard to subsections

1 (b)(1), (b)(2), and (d)(1)(B) thereof” after “section
2 152”.

3 (12) Section 129(c)(2) is amended by striking
4 “151(e)(3)” and inserting “152(f)(1)”.

5 (13) The first sentence of section 132(h)(2)(B)
6 is amended by striking “151(e)(3)” and inserting
7 “152(f)(1)”.

8 (14) Section 153 is amended by striking para-
9 graph (1) and by redesignating paragraphs (2), (3),
10 and (4) as paragraphs (1), (2), and (3), respectively.

11 (15) Section 170(g)(1) is amended by inserting
12 “(determined without regard to subsections (b)(1),
13 (b)(2), and (d)(1)(B) thereof)” after “section 152”.

14 (16) Section 170(g)(3) is amended by striking
15 “paragraphs (1) through (8) of section 152(a)” and
16 inserting “subparagraphs (A) through (G) of section
17 152(d)(2)”.

18 (17) Section 213(a) is amended by inserting “,
19 determined without regard to subsections (b)(1),
20 (b)(2), and (d)(1)(B) thereof” after “section 152”.

21 (18) The second sentence of section 213(d)(11)
22 is amended by striking “paragraphs (1) through (8)
23 of section 152(a)” and inserting “subparagraphs (A)
24 through (G) of section 152(d)(2)”.

1 (19) Section 220(d)(2)(A) is amended by in-
2 serting “, determined without regard to subsections
3 (b)(1), (b)(2), and (d)(1)(B) thereof” after “section
4 152”.

5 (20) Section 221(d)(4) is amended by inserting
6 “(determined without regard to subsections (b)(1),
7 (b)(2), and (d)(1)(B) thereof)” after “section 152”.

8 (21) Section 529(e)(2)(B) is amended by strik-
9 ing “paragraphs (1) through (8) of section 152(a)”
10 and inserting “subparagraphs (A) through (G) of
11 section 152(d)(2)”.

12 (22) Section 2032A(c)(7)(D) is amended by
13 striking “section 151(c)(4)” and inserting “section
14 152(f)(2)”.

15 (23) Section 2057(d)(2)(B) is amended by in-
16 serting “, determined without regard to subsections
17 (b)(1), (b)(2), and (d)(1)(B) thereof” after “section
18 152”.

19 (24) Section 7701(a)(17) is amended by strik-
20 ing “152(b)(4), 682,” and inserting “682”.

21 (25) Section 7702B(f)(2)(C)(iii) is amended by
22 striking “paragraphs (1) through (8) of section
23 152(a)” and inserting “subparagraphs (A) through
24 (G) of section 152(d)(2)”.

25 (26) Section 7703(b)(1) is amended—

1 (A) by striking “151(c)(3)” and inserting
2 “152(f)(1)”, and
3 (B) by striking “paragraph (2) or (4) of”.

4 **SEC. 208. EFFECTIVE DATE.**

5 The amendments made by this title shall apply to tax-
6 able years beginning after December 31, 2004.

7 **TITLE III—EXTENSIONS OF**
8 **CERTAIN EXPIRING PROVISIONS**

9 **SEC. 301. RESEARCH CREDIT.**

10 (a) EXTENSION.—

11 (1) IN GENERAL.—Section 41(h)(1)(B) (relat-
12 ing to termination) is amended by striking “June
13 30, 2004” and inserting “December 31, 2005”.

14 (2) CONFORMING AMENDMENT.—Section
15 45C(b)(1)(D) is amended by striking “June 30,
16 2004” and inserting “December 31, 2005”.

17 (b) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to amounts paid or incurred after
19 June 30, 2004.

20 **SEC. 302. PARITY IN THE APPLICATION OF CERTAIN LIMITS**
21 **TO MENTAL HEALTH BENEFITS.**

22 (a) IN GENERAL.—Section 9812(f) is amended—

23 (1) by striking “and” at the end of paragraph
24 (1), and

1 (2) by striking paragraph (2) and inserting the
2 following new paragraphs:

3 “(2) on or after January 1, 2004, and before
4 the date of the enactment of the Working Families
5 Tax Relief Act of 2004, and

6 “(3) after December 31, 2005.”.

7 (b) ERISA.—Section 712(f) of the Employee Retire-
8 ment Income Security Act of 1974 (29 U.S.C. 1185a(f))
9 is amended by striking “on or after December 31, 2004”
10 and inserting “after December 31, 2005”.

11 (c) PHSA.—Section 2705(f) of the Public Health
12 Service Act (42 U.S.C. 300gg-5(f)) is amended by striking
13 “on or after December 31, 2004” and inserting “after De-
14 cember 31, 2005”.

15 (d) EFFECTIVE DATES.—The amendments made by
16 this section shall take effect on the date of the enactment
17 of this Act.

18 **SEC. 303. WORK OPPORTUNITY CREDIT AND WELFARE-TO-**
19 **WORK CREDIT.**

20 (a) EXTENSION OF CREDIT.—

21 (1) IN GENERAL.—Section 51(c)(4) is amended
22 by striking “December 31, 2003” and inserting
23 “December 31, 2005”.

24 (2) LONG-TERM FAMILY ASSISTANCE RECIPI-
25 ENTS.—Section 51A(f) is amended by striking “De-

1 cember 31, 2003” and inserting “December 31,
2 2005”.

3 (b) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to individuals who begin work for
5 the employer after December 31, 2003.

6 **SEC. 304. QUALIFIED ZONE ACADEMY BONDS.**

7 (a) IN GENERAL.—Paragraph (1) of section
8 1397E(e) is amended by striking “and 2003” and insert-
9 ing “2003, 2004, and 2005”.

10 (b) EFFECTIVE DATE.—The amendment made by
11 this section shall apply to obligations issued after Decem-
12 ber 31, 2003.

13 **SEC. 305. COVER OVER OF TAX ON DISTILLED SPIRITS.**

14 (a) IN GENERAL.—Paragraph (1) of section 7652(f)
15 is amended by striking “January 1, 2004” and inserting
16 “January 1, 2006”.

17 (b) EFFECTIVE DATE.—The amendment made by
18 this section shall apply to articles brought into the United
19 States after December 31, 2003.

20 **SEC. 306. DEDUCTION FOR CORPORATE DONATIONS OF**
21 **SCIENTIFIC PROPERTY AND COMPUTER**
22 **TECHNOLOGY.**

23 (a) IN GENERAL.—Section 170(e)(6)(G) is amended
24 by striking “2003” and inserting “2005”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to contributions made in taxable
3 years beginning after December 31, 2003.

4 **SEC. 307. DEDUCTION FOR CERTAIN EXPENSES OF SCHOOL**
5 **TEACHERS.**

6 (a) IN GENERAL.—Subparagraph (D) of section
7 62(a)(2) is amended by striking “or 2003” and inserting
8 “, 2003, 2004, or 2005”.

9 (b) EFFECTIVE DATE.—The amendment made by
10 subsection (a) shall apply to expenses paid or incurred in
11 taxable years beginning after December 31, 2003.

12 **SEC. 308. EXPENSING OF ENVIRONMENTAL REMEDIATION**
13 **COSTS.**

14 (a) EXTENSION OF TERMINATION DATE.—Sub-
15 section (h) of section 198 is amended by striking “Decem-
16 ber 31, 2003” and inserting “December 31, 2005”.

17 (b) EFFECTIVE DATE.—The amendment made by
18 subsection (a) shall apply to expenditures paid or incurred
19 after December 31, 2003.

20 **SEC. 309. CERTAIN NEW YORK LIBERTY ZONE BENEFITS.**

21 (a) EXTENSION OF TAX-EXEMPT BOND FINANC-
22 ING.—Subparagraph (D) of section 1400L(d)(2) is
23 amended by striking “2005” and inserting “2010”.

1 (b) EXTENSION OF ADVANCE REFUNDINGS.—Sec-
2 tion 1400L(e)(1) is amended by striking “2005” and in-
3 serting “2006”.

4 (c) CLARIFICATION OF BONDS ELIGIBLE FOR AD-
5 VANCE REFUNDING.—Section 1400L(e)(2)(B) (relating to
6 bonds described) is amended by striking “, or” and insert-
7 ing “or the Municipal Assistance Corporation, or”.

8 (d) EFFECTIVE DATE.—The amendment made by
9 subsection (c) shall take effect as if included in the amend-
10 ments made by section 301 of the Job Creation and Work-
11 er Assistance Act of 2002.

12 **SEC. 310. TAX INCENTIVES FOR INVESTMENT IN THE DIS-**
13 **TRICT OF COLUMBIA.**

14 (a) DESIGNATION OF ZONE.—Subsection (f) of sec-
15 tion 1400 is amended by striking “December 31, 2003”
16 both places it appears and inserting “December 31,
17 2005”.

18 (b) TAX-EXEMPT ECONOMIC DEVELOPMENT
19 BONDS.—Subsection (b) of section 1400A is amended by
20 striking “December 31, 2003” and inserting “December
21 31, 2005”.

22 (c) ZERO PERCENT CAPITAL GAINS RATE.—

23 (1) IN GENERAL.—Subsection (b) of section
24 1400B is amended by striking “January 1, 2004”

1 each place it appears and inserting “January 1,
2 2006”.

3 (2) CONFORMING AMENDMENTS.—

4 (A) Section 1400B(e)(2) is amended—

5 (i) by striking “December 31, 2008”
6 and inserting “December 31, 2010”, and

7 (ii) by striking “2008” in the heading
8 and inserting “2010”.

9 (B) Section 1400B(g)(2) is amended by
10 striking “December 31, 2008” and inserting
11 “December 31, 2010”.

12 (C) Section 1400F(d) is amended by strik-
13 ing “December 31, 2008” and inserting “De-
14 cember 31, 2010”.

15 (d) FIRST-TIME HOMEBUYER CREDIT.—Subsection
16 (i) of section 1400C is amended by striking “January 1,
17 2004” and inserting “January 1, 2006”.

18 (e) EFFECTIVE DATES.—

19 (1) IN GENERAL.—Except as provided in para-
20 graph (2), the amendments made by this section
21 shall take effect on January 1, 2004.

22 (2) TAX-EXEMPT ECONOMIC DEVELOPMENT
23 BONDS.—The amendment made by subsection (b)
24 shall apply to obligations issued after the date of the
25 enactment of this Act.

1 **SEC. 311. DISCLOSURE OF TAX INFORMATION TO FACILI-**
2 **TATE COMBINED EMPLOYMENT TAX REPORT-**
3 **ING.**

4 (a) IN GENERAL.—Paragraph (5) of section 6103(d)
5 (relating to disclosure to State tax officials and State and
6 local law enforcement agencies) is amended to read as fol-
7 lows:

8 “(5) DISCLOSURE FOR COMBINED EMPLOY-
9 MENT TAX REPORTING.—

10 “(A) IN GENERAL.—The Secretary may
11 disclose taxpayer identity information and sig-
12 natures to any agency, body, or commission of
13 any State for the purpose of carrying out with
14 such agency, body, or commission a combined
15 Federal and State employment tax reporting
16 program approved by the Secretary. Sub-
17 sections (a)(2) and (p)(4) and sections 7213
18 and 7213A shall not apply with respect to dis-
19 closures or inspections made pursuant to this
20 paragraph.

21 “(B) TERMINATION.—The Secretary may
22 not make any disclosure under this paragraph
23 after December 31, 2005.”.

24 (b) EFFECTIVE DATE.—The amendment made by
25 this section shall take effect on the date of the enactment
26 of this Act.

1 **SEC. 312. ALLOWANCE OF NONREFUNDABLE PERSONAL**
2 **CREDITS AGAINST REGULAR AND MINIMUM**
3 **TAX LIABILITY.**

4 (a) IN GENERAL.—Paragraph (2) of section 26(a) is
5 amended—

6 (1) by striking “RULE FOR 2000, 2001, 2002, AND
7 2003.—” and inserting “RULE FOR TAXABLE YEARS
8 2000 THROUGH 2005.—”, and

9 (2) by striking “or 2003” and inserting “2003,
10 2004, or 2005”.

11 (b) CONFORMING PROVISIONS.—

12 (1) Section 904(h) is amended by striking “or
13 2003” and inserting “2003, 2004, or 2005”.

14 (2) The amendments made by sections 201(b),
15 202(f), and 618(b) of the Economic Growth and Tax
16 Relief Reconciliation Act of 2001 shall not apply to
17 taxable years beginning during 2004 or 2005.

18 (c) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to taxable years beginning after
20 December 31, 2003.

21 **SEC. 313. CREDIT FOR ELECTRICITY PRODUCED FROM**
22 **CERTAIN RENEWABLE RESOURCES.**

23 (a) IN GENERAL.—Subparagraphs (A), (B), and (C)
24 of section 45(c)(3) are each amended by striking “January
25 1, 2004” and inserting “January 1, 2006”.

1 (b) EFFECTIVE DATE.—The amendments made by
2 subsection (a) shall apply to facilities placed in service
3 after December 31, 2003.

4 **SEC. 314. TAXABLE INCOME LIMIT ON PERCENTAGE DEPLE-**
5 **TION FOR OIL AND NATURAL GAS PRODUCED**
6 **FROM MARGINAL PROPERTIES.**

7 (a) IN GENERAL.—Subparagraph (H) of section
8 613A(c)(6) is amended by striking “January 1, 2004” and
9 inserting “January 1, 2006”.

10 (b) EFFECTIVE DATE.—The amendment made by
11 subsection (a) shall apply to taxable years beginning after
12 December 31, 2003.

13 **SEC. 315. INDIAN EMPLOYMENT TAX CREDIT.**

14 Section 45A(f) (relating to termination) is amended
15 by striking “December 31, 2004” and inserting “Decem-
16 ber 31, 2005”.

17 **SEC. 316. ACCELERATED DEPRECIATION FOR BUSINESS**
18 **PROPERTY ON INDIAN RESERVATION.**

19 Section 168(j)(8) (relating to termination) is amend-
20 ed by striking “December 31, 2004” and inserting “De-
21 cember 31, 2005”.

1 **SEC. 317. DISCLOSURE OF RETURN INFORMATION RELAT-**
2 **ING TO STUDENT LOANS.**

3 Section 6103(l)(13)(D) (relating to termination) is
4 amended by striking “December 31, 2004” and inserting
5 “December 31, 2005”.

6 **SEC. 318. ELIMINATION OF PHASEOUT OF CREDIT FOR**
7 **QUALIFIED ELECTRIC VEHICLES FOR 2004**
8 **AND 2005.**

9 (a) **IN GENERAL.**—Paragraph (2) of section 30(b) is
10 amended to read as follows:

11 “(2) **PHASEOUT.**—In the case of any qualified
12 electric vehicle placed in service after December 31,
13 2005, the credit otherwise allowable under sub-
14 section (a) (determined after the application of para-
15 graph (1)) shall be reduced by 75 percent.”.

16 (b) **EFFECTIVE DATE.**—The amendments made by
17 this section shall apply to property placed in service after
18 December 31, 2003.

19 **SEC. 319. ELIMINATION OF PHASEOUT FOR DEDUCTION**
20 **FOR CLEAN-FUEL VEHICLE PROPERTY FOR**
21 **2004 AND 2005.**

22 (a) **IN GENERAL.**—Subparagraph (B) of section
23 179A(b)(1) is amended to read as follows:

24 “(B) **PHASEOUT.**—In the case of any
25 qualified clean-fuel vehicle property placed in
26 service after December 31, 2005, the limit oth-

1 otherwise allowable under subparagraph (A) shall
2 be reduced by 75 percent.”.

3 (b) EFFECTIVE DATE.—The amendment made by
4 subsection (a) shall apply to property placed in service
5 after December 31, 2003.

6 **SEC. 320. DISCLOSURES RELATING TO TERRORIST ACTIVI-**
7 **TIES.**

8 (a) IN GENERAL.—Clause (iv) of section
9 6103(i)(3)(C) and subparagraph (E) of section 6103(i)(7)
10 are both amended by striking “December 31, 2003” and
11 inserting “December 31, 2005”.

12 (b) DISCLOSURE OF TAXPAYER IDENTITY TO LAW
13 ENFORCEMENT AGENCIES INVESTIGATING TERRORISM.—
14 Subparagraph (A) of section 6103(i)(7) is amended by
15 adding at the end the following new clause:

16 “(v) TAXPAYER IDENTITY.—For pur-
17 poses of this subparagraph, a taxpayer’s
18 identity shall not be treated as taxpayer
19 return information.”.

20 (c) EFFECTIVE DATES.—

21 (1) IN GENERAL.—The amendments made by
22 subsection (a) shall apply to disclosures on or after
23 the date of the enactment of this Act.

24 (2) SUBSECTION (b).—The amendment made
25 by subsection (b) shall take effect as if included in

1 section 201 of the Victims of Terrorism Tax Relief
2 Act of 2001.

3 **SEC. 321. JOINT REVIEW OF STRATEGIC PLANS AND BUDG-**
4 **ET FOR THE INTERNAL REVENUE SERVICE.**

5 (a) IN GENERAL.—Paragraph (2) of section 8021(f)
6 (relating to joint reviews) is amended by striking “2004”
7 and inserting “2005”.

8 (b) REPORT.—Subparagraph (C) of section 8022(3)
9 (regarding reports) is amended—

10 (1) by striking “2004” and inserting “2005”,
11 and

12 (2) by striking “with respect to—” and all that
13 follows and inserting “with respect to the matters
14 addressed in the joint review referred to in section
15 8021(f)(2).”.

16 (c) TIME FOR JOINT REVIEW.—The joint review re-
17 quired by section 8021(f)(2) of the Internal Revenue Code
18 of 1986 to be made before June 1, 2004, shall be treated
19 as timely if made before June 1, 2005.

20 **SEC. 322. AVAILABILITY OF MEDICAL SAVINGS ACCOUNTS.**

21 (a) IN GENERAL.—Paragraphs (2) and (3)(B) of sec-
22 tion 220(i) (defining cut-off year) are each amended by
23 striking “2003” each place it appears in the text and
24 headings and inserting “2005”.

25 (b) CONFORMING AMENDMENTS.—

1 (1) Paragraph (2) of section 220(j) is
2 amended—

3 (A) in the text by striking “or 2002” each
4 place it appears and inserting “2002, or 2004”,
5 and

6 (B) in the heading by striking “OR 2002”
7 and inserting “2002, OR 2004”.

8 (2) Subparagraph (A) of section 220(j)(4) is
9 amended by striking “and 2002” and inserting
10 “2002, and 2004”.

11 (3) Subparagraph (C) of section 220(j)(2) is
12 amended to read as follows:

13 “(C) NO LIMITATION FOR 2000 OR 2003.—
14 The numerical limitation shall not apply for
15 2000 or 2003.”.

16 (c) EFFECTIVE DATE.—The amendments made by
17 this section shall take effect on January 1, 2004.

18 (d) TIME FOR FILING REPORTS, ETC.—

19 (1) The report required by section 220(j)(4) of
20 the Internal Revenue Code of 1986 to be made on
21 August 1, 2004, shall be treated as timely if made
22 before the close of the 90-day period beginning on
23 the date of the enactment of this Act.

24 (2) The determination and publication required
25 by section 220(j)(5) of such Code with respect to

1 calendar year 2004 shall be treated as timely if
2 made before the close of the 120-day period begin-
3 ning on the date of the enactment of this Act. If the
4 determination under the preceding sentence is that
5 2004 is a cut-off year under section 220(i) of such
6 Code, the cut-off date under such section 220(i)
7 shall be the last day of such 120-day period.

8 **TITLE IV—TAX TECHNICAL**
9 **CORRECTIONS**

10 **SEC. 401. AMENDMENTS RELATED TO MEDICARE PRE-**
11 **SCRIPTION DRUG, IMPROVEMENT, AND MOD-**
12 **ERNIZATION ACT OF 2003.**

13 (a) AMENDMENTS RELATED TO SECTION 1201 OF
14 THE ACT.—

15 (1) Paragraph (2) of section 26(b) is amended
16 by striking “and” at the end of subparagraph (Q),
17 by striking the period at the end of subparagraph
18 (R) and inserting “, and”, and by adding at the end
19 the following new subparagraph:

20 “(S) section 223(f)(4) (relating to addi-
21 tional tax on health savings account distribu-
22 tions not used for qualified medical expenses).

23 (2) Paragraph (3) of section 35(g) is amended
24 to read as follows:

1 “(3) MEDICAL AND HEALTH SAVINGS AC-
2 COUNTS.—Amounts distributed from an Archer
3 MSA (as defined in section 220(d)) or from a health
4 savings account (as defined in section 223(d)) shall
5 not be taken into account under subsection (a).”.

6 (b) EFFECTIVE DATE.—The amendments made by
7 subsection (a) shall take effect as if included in section
8 1201 of the Medicare Prescription Drug, Improvement,
9 and Modernization Act of 2003.

10 **SEC. 402. AMENDMENTS RELATED TO JOBS AND GROWTH**

11 **TAX RELIEF RECONCILIATION ACT OF 2003.**

12 (a) AMENDMENTS RELATED TO SECTION 302 OF
13 THE ACT.—

14 (1) Clause (i) of section 1(h)(1)(D) is amended
15 by inserting “(determined without regard to para-
16 graph (11))” after “net capital gain”.

17 (2) Subclause (I) of section 1(h)(11)(B)(iii) is
18 amended—

19 (A) by striking “section 246(e)(1)” and in-
20 serting “section 246(c)”,

21 (B) by striking “120-day period” and in-
22 serting “121-day period”, and

23 (C) by striking “90-day period” and insert-
24 ing “91-day period”.

1 (3) Clause (ii) of section 1(h)(11)(D) is amend-
2 ed by striking “an individual” and inserting “a tax-
3 payer to whom this section applies”.

4 (4) Paragraph (4) of section 691(c) is amended
5 by striking “of any gain”.

6 (5)(A) Subparagraph (B) of section 854(b)(1)
7 is amended—

8 (i) by striking clauses (iii) and (iv), and

9 (ii) by amending clause (i) to read as fol-
10 lows:

11 “(i) IN GENERAL.—In any case in
12 which—

13 “(I) a dividend is received from a
14 regulated investment company (other
15 than a dividend to which subsection
16 (a) applies),

17 “(II) such investment company
18 meets the requirements of section
19 852(a) for the taxable year during
20 which it paid such dividend, and

21 “(III) the qualified dividend in-
22 come of such investment company for
23 such taxable year is less than 95 per-
24 cent of its gross income,

1 then, in computing qualified dividend in-
2 come, there shall be taken into account
3 only that portion of such dividend des-
4 ignated by the regulated investment com-
5 pany.”.

6 (B) Subparagraph (C) of section 854(b)(1) is
7 amended to read as follows:

8 “(C) LIMITATIONS.—

9 “(i) SUBPARAGRAPH (A).—The aggre-
10 gate amount which may be designated as
11 dividends under subparagraph (A) shall
12 not exceed the aggregate dividends received
13 by the company for the taxable year.

14 “(ii) SUBPARAGRAPH (B).—The aggre-
15 gate amount which may be designated as
16 qualified dividend income under subpara-
17 graph (B) shall not exceed the sum of—

18 “(I) the qualified dividend in-
19 come of the company for the taxable
20 year, and

21 “(II) the amount of any earnings
22 and profits which were distributed by
23 the company for such taxable year
24 and accumulated in a taxable year

1 with respect to which this part did not
2 apply.”.

3 (C) Paragraph (2) of section 854(b) is amended
4 by striking “as a dividend for purposes of the maximum rate under section 1(h)(11) and” and inserting “as qualified dividend income for purposes of section 1(h)(11) and as dividends for purposes of”.

8 (D) Paragraph (5) of section 854(b) is amended to read as follows:

10 “(5) QUALIFIED DIVIDEND INCOME.—For purposes of this subsection, the term ‘qualified dividend income’ has the meaning given such term by section 1(h)(11)(B).”.

14 (E) Paragraph (2) of section 857(c) is amended to read as follows:

16 “(2) SECTION (1)(h)(11).—

17 “(A) IN GENERAL.—In any case in
18 which—

19 “(i) a dividend is received from a real
20 estate investment trust (other than a capital gain dividend), and
21

22 “(ii) such trust meets the requirements of section 856(a) for the taxable
23 year during which it paid such dividend,
24

1 then, in computing qualified dividend income,
2 there shall be taken into account only that por-
3 tion of such dividend designated by the real es-
4 tate investment trust.

5 “(B) LIMITATION.—The aggregate amount
6 which may be designated as qualified dividend
7 income under subparagraph (A) shall not ex-
8 ceed the sum of—

9 “(i) the qualified dividend income of
10 the trust for the taxable year,

11 “(ii) the excess of—

12 “(I) the sum of the real estate
13 investment trust taxable income com-
14 puted under section 857(b)(2) for the
15 preceding taxable year and the income
16 subject to tax by reason of the appli-
17 cation of the regulations under section
18 337(d) for such preceding taxable
19 year, over

20 “(II) the sum of the taxes im-
21 posed on the trust for such preceding
22 taxable year under section 857(b)(1)
23 and by reason of the application of
24 such regulations, and

1 “(iii) the amount of any earnings and
2 profits which were distributed by the trust
3 for such taxable year and accumulated in
4 a taxable year with respect to which this
5 part did not apply.

6 “(C) NOTICE TO SHAREHOLDERS.—The
7 amount of any distribution by a real estate in-
8 vestment trust which may be taken into account
9 as qualified dividend income shall not exceed
10 the amount so designated by the trust in a writ-
11 ten notice to its shareholders mailed not later
12 than 60 days after the close of its taxable year.

13 “(D) QUALIFIED DIVIDEND INCOME.—For
14 purposes of this paragraph, the term ‘qualified
15 dividend income’ has the meaning given such
16 term by section 1(h)(11)(B).”.

17 (F) With respect to any taxable year of a regu-
18 lated investment company or real estate investment
19 trust ending on or before November 30, 2003, the
20 period for providing notice of the qualified dividend
21 amount to shareholders under sections 854(b)(2)
22 and 857(c)(2)(C) of the Internal Revenue Code of
23 1986, as amended by this section, shall not expire
24 before the date on which the statement under sec-
25 tion 6042(e) of such Code is required to be fur-

1 nished with respect to the last calendar year begin-
2 ning in such taxable year.

3 (6) Paragraph (2) of section 302(f) of the Jobs
4 and Growth Tax Relief Reconciliation Act of 2003 is
5 amended to read as follows:

6 “(2) PASS-THRU ENTITIES.—In the case of a
7 pass-thru entity described in subparagraph (A), (B),
8 (C), (D), (E), or (F) of section 1(h)(10) of the In-
9 ternal Revenue Code of 1986, as amended by this
10 Act, the amendments made by this section shall
11 apply to taxable years ending after December 31,
12 2002; except that dividends received by such an enti-
13 ty on or before such date shall not be treated as
14 qualified dividend income (as defined in section
15 1(h)(11)(B) of such Code, as added by this Act).”.

16 (b) EFFECTIVE DATE.—The amendments made by
17 subsection (a) shall take effect as if included in section
18 302 of the Jobs and Growth Tax Relief Reconciliation Act
19 of 2003.

20 **SEC. 403. AMENDMENTS RELATED TO JOB CREATION AND**
21 **WORKER ASSISTANCE ACT OF 2002.**

22 (a) AMENDMENTS RELATED TO SECTION 101 OF
23 THE ACT.—

24 (1) Clause (i) of section 168(k)(2)(B) is amend-
25 ed to read as follows:

1 “(i) IN GENERAL.—The term ‘quali-
2 fied property’ includes any property if such
3 property—

4 “(I) meets the requirements of
5 clauses (i), (ii), and (iii) of subpara-
6 graph (A),

7 “(II) has a recovery period of at
8 least 10 years or is transportation
9 property,

10 “(III) is subject to section 263A,
11 and

12 “(IV) meets the requirements of
13 clause (ii) or (iii) of section
14 263A(f)(1)(B) (determined as if such
15 clauses also apply to property which
16 has a long useful life (within the
17 meaning of section 263A(f))).”.

18 (2)(A) Subparagraph (D) of section 168(k)(2)
19 is amended by adding at the end the following new
20 clauses:

21 “(iii) SYNDICATION.—For purposes of
22 subparagraph (A)(ii), if—

23 “(I) property is originally placed
24 in service after September 10, 2001,
25 by the lessor of such property,

1 “(II) such property is sold by
2 such lessor or any subsequent pur-
3 chaser within 3 months after the date
4 such property was originally placed in
5 service, and

6 “(III) the user of such property
7 after the last sale during such 3-
8 month period remains the same as
9 when such property was originally
10 placed in service,

11 such property shall be treated as originally
12 placed in service not earlier than the date
13 of such last sale.

14 “(iv) LIMITATIONS RELATED TO
15 USERS AND RELATED PARTIES.—The term
16 ‘qualified property’ shall not include any
17 property if—

18 “(I) the user of such property (as
19 of the date on which such property is
20 originally placed in service) or a per-
21 son which is related (within the mean-
22 ing of section 267(b) or 707(b)) to
23 such user or to the taxpayer had a
24 written binding contract in effect for
25 the acquisition of such property at

1 any time on or before September 10,
2 2001, or

3 “(II) in the case of property
4 manufactured, constructed, or pro-
5 duced for such user’s or person’s own
6 use, the manufacture, construction, or
7 production of such property began at
8 any time on or before September 10,
9 2001.”.

10 (B) Clause (ii) of section 168(k)(2)(D) is
11 amended by inserting “clause (iii) and” before “sub-
12 paragraph (A)(ii)”.

13 (b) AMENDMENTS RELATED TO SECTION 102 OF
14 THE ACT.—

15 (1) Subparagraph (H) of section 172(b)(1) is
16 amended by striking “a taxpayer which has”.

17 (2) In the case of a net operating loss for a tax-
18 able year ending during 2001 or 2002—

19 (A) an application under section 6411(a)
20 of the Internal Revenue Code of 1986 with re-
21 spect to such loss shall not fail to be treated as
22 timely filed if filed before November 1, 2002,

23 (B) any election made under section
24 172(b)(3) of such Code may (notwithstanding

1 such section) be revoked before November 1,
2 2002, and

3 (C) any election made under section 172(j)
4 of such Code shall (notwithstanding such sec-
5 tion) be treated as timely made if made before
6 November 1, 2002.

7 (3) Section 102(c)(2) of the Job Creation and
8 Worker Assistance Act of 2002 (Public Law 107–
9 147) is amended by striking “before January 1,
10 2003” and inserting “after December 31, 1990”.

11 (4)(A) Subclause (I) of section 56(d)(1)(A)(i) is
12 amended by striking “attributable to carryovers”.

13 (B) Subclause (I) of section 56(d)(1)(A)(ii) is
14 amended—

15 (i) by striking “for taxable years” and in-
16 serting “from taxable years”, and

17 (ii) by striking “carryforwards” and insert-
18 ing “carryovers”.

19 (c) AMENDMENTS RELATED TO SECTION 301 OF
20 THE ACT.—

21 (1) Subparagraph (D) of section 1400L(a)(2) is
22 amended—

23 (A) by striking “subchapter B” and insert-
24 ing “subchapter A”, and

1 (B) in clause (ii), by striking “subpara-
2 graph (B)” and inserting “this paragraph”.

3 (2) Subparagraph (D) of section 1400L(b)(2) is
4 amended by inserting “, and clause (iv) thereof shall
5 be applied by substituting ‘qualified New York Lib-
6 erty Zone property’ for ‘qualified property’” before
7 the period at the end.

8 (3) Subsection (c) of section 1400L is amended
9 by adding at the end the following new paragraph:

10 “(5) ELECTION OUT.—For purposes of this
11 subsection, rules similar to the rules of section
12 168(k)(2)(C)(iii) shall apply.”.

13 (4) Paragraph (2) of section 1400L(f) is
14 amended by inserting before the period “, deter-
15 mined without regard to subparagraph (C)(i) there-
16 of”.

17 (d) AMENDMENT RELATED TO SECTION 405 OF THE
18 ACT.—The last sentence of section 4006(a)(3)(E)(iii)(IV)
19 of the Employee Retirement Income Security Act of 1974
20 (29 U.S.C. 1306(a)(3)(E)(iii)(IV)) is amended—

21 (1) by inserting “or this subparagraph” after
22 “this clause” both places it appears, and

23 (2) by inserting “(other than sections 4005,
24 4010, 4011, and 4043)” after “subsections”.

1 (e) AMENDMENT RELATED TO SECTION 411 OF THE
2 ACT.—Subparagraph (B) of section 411(c)(2) of the Job
3 Creation and Worker Assistance Act of 2002 is amended
4 by striking “Paragraph (2)” and inserting “Paragraph
5 (1)”.

6 (f) EFFECTIVE DATE.—The amendments made by
7 this section shall take effect as if included in the provisions
8 of the Job Creation and Worker Assistance Act of 2002
9 to which they relate.

10 **SEC. 404. AMENDMENTS RELATED TO ECONOMIC GROWTH**
11 **AND TAX RELIEF RECONCILIATION ACT OF**
12 **2001.**

13 (a) AMENDMENT RELATED TO SECTION 401 OF THE
14 ACT.—Clause (i) of section 530(d)(2)(C) is amended by
15 striking “higher” after “qualified”.

16 (b) AMENDMENTS RELATED TO SECTION 611 OF
17 THE ACT.—

18 (1) Paragraph (3) of section 45A(e) is amended
19 by inserting “, except that the base period taken
20 into account for purposes of such adjustment shall
21 be the calendar quarter beginning October 1, 1993”
22 before the period at the end.

23 (2) Subparagraph (A) of section 415(d)(4) is
24 amended by adding at the end the following new
25 sentence: “This subparagraph shall also apply for

1 purposes of any provision of this title that provides
2 for adjustments in accordance with the method con-
3 tained in this subsection, except to the extent pro-
4 vided in such provision.”.

5 (c) AMENDMENT RELATED TO SECTION 614 OF THE
6 ACT.—Clause (ii) of section 4972(c)(6)(A) is amended to
7 read as follows:

8 “(ii) the amount of contributions de-
9 scribed in section 401(m)(4)(A), or”.

10 (d) AMENDMENT RELATED TO SECTION 637 OF THE
11 ACT.—Clause (i) of section 408(p)(6)(A) is amended by
12 adding at the end the following new sentence: “For pur-
13 poses of the preceding sentence, amounts described in sec-
14 tion 6051(a)(3) shall be determined without regard to sec-
15 tion 3401(a)(3).”.

16 (e) AMENDMENT RELATED TO SECTION 641 OF THE
17 ACT.—Subparagraph (B) of section 403(a)(4) is amended
18 to read as follows:

19 “(B) CERTAIN RULES MADE APPLICA-
20 BLE.—The rules of paragraphs (2) through (7)
21 and (9) of section 402(c) and section 402(f)
22 shall apply for purposes of subparagraph (A).”.

23 (f) EFFECTIVE DATE.—The amendments made by
24 this section shall take effect as if included in the provisions

1 of the Economic Growth and Tax Relief Reconciliation Act
2 of 2001 to which they relate.

3 **SEC. 405. AMENDMENTS RELATED TO COMMUNITY RE-**
4 **NEWAL TAX RELIEF ACT OF 2000.**

5 (a) AMENDMENTS RELATED TO SECTION 401 OF
6 THE ACT.—

7 (1) Subsection (c) of section 1234B is amended
8 by adding at the end the following new sentence:
9 “The Secretary may prescribe regulations regarding
10 the status of contracts the values of which are deter-
11 mined directly or indirectly by reference to any index
12 which becomes (or ceases to be) a narrow-based se-
13 curity index (as defined for purposes of section
14 1256(g)(6)).”.

15 (2) Paragraph (6) of section 1256(g) is amend-
16 ed by adding at the end the following new sentence:
17 “The Secretary may prescribe regulations regarding
18 the status of options the values of which are deter-
19 mined directly or indirectly by reference to any index
20 which becomes (or ceases to be) a narrow-based se-
21 curity index (as so defined).”.

22 (b) EFFECTIVE DATE.—The amendments made by
23 subsection (a) shall take effect as if included in section
24 401 of the Community Renewal Tax Relief Act of 2000.

1 **SEC. 406. AMENDMENTS RELATED TO TAXPAYER RELIEF**

2 **ACT OF 1997.**

3 (a) AMENDMENT RELATED TO SECTION 211 OF THE
4 ACT.—Subparagraph (B) of section 529(c)(5) is amended
5 to read as follows:

6 “(B) TREATMENT OF DESIGNATION OF
7 NEW BENEFICIARY.—The taxes imposed by
8 chapters 12 and 13 shall apply to a transfer by
9 reason of a change in the designated beneficiary
10 under the program (or a rollover to the account
11 of a new beneficiary) unless the new beneficiary
12 is—

13 “(i) assigned to the same generation
14 as (or a higher generation than) the old
15 beneficiary (determined in accordance with
16 section 2651), and

17 “(ii) a member of the family of the
18 old beneficiary.”.

19 (b) AMENDMENT RELATED TO SECTION 213 OF THE
20 ACT.—Clause (iii) of section 530(d)(4)(B) is amended by
21 striking “account holder” and inserting “designated bene-
22 ficiary”.

23 (c) AMENDMENT RELATED TO SECTION 226 OF THE
24 ACT.—Section 1397E is amended by adding at the end
25 the following new subsection:

1 “(i) S CORPORATIONS.—In the case of a qualified
2 zone academy bond held by an S corporation which is an
3 eligible taxpayer—

4 “(1) each shareholder shall take into account
5 such shareholder’s pro rata share of the credit, and

6 “(2) no basis adjustments to the stock of the
7 corporation shall be made under section 1367 on ac-
8 count of this section.”.

9 (d) AMENDMENT RELATED TO SECTION 311 OF THE
10 ACT.—Subparagraph (B) of section 55(b)(3) is amended
11 by striking “the amount on which a tax is determined
12 under” and inserting “an amount equal to the excess de-
13 scribed in”.

14 (e) AMENDMENTS RELATED TO SECTION 1001 OF
15 THE ACT.—

16 (1) Paragraph (2) of section 1259(c) is amend-
17 ed by striking “The term ‘constructive sale’ shall not
18 include any contract” and inserting “A taxpayer
19 shall not be treated as having made a constructive
20 sale solely because the taxpayer enters into a con-
21 tract”.

22 (2) Subparagraphs (A) and (B)(i) of section
23 1259(c)(3) are each amended by striking “be treated
24 as a constructive sale” and inserting “cause a con-
25 structive sale”.

1 (3) Clause (i) of section 1259(c)(3)(A) is
2 amended by striking “before the end of” and insert-
3 ing “on or before”.

4 (4) Clause (ii) of section 1259(c)(3)(B) is
5 amended by striking “substantially similar”.

6 (5) Subclause (I) of section 1259(c)(3)(B)(ii) is
7 amended to read as follows:

8 “(I) which would (but for this
9 subparagraph) cause the requirement
10 of subparagraph (A)(iii) not to be met
11 with respect to the transaction de-
12 scribed in clause (i) of this subpara-
13 graph,”.

14 (6) Subclause (II) of such section is amended
15 by inserting “on or” before “before the 30th day”.

16 (7) The heading for subparagraph (B) of sec-
17 tion 1259(c)(3) is amended by striking “POSITIONS
18 WHICH ARE REESTABLISHED” and inserting “CERTAIN
19 CLOSED TRANSACTIONS WHERE RISK OF LOSS
20 ON APPRECIATED FINANCIAL POSITION DIMIN-
21 ISHED”.

22 (f) AMENDMENTS RELATED TO SECTION 1015 OF
23 THE ACT.—

24 (1) Section 246(c)(1)(A) is amended by striking
25 “90-day period” and inserting “91-day period”.

1 (2) Section 246(c)(2)(B) is amended—

2 (A) by striking “180-day period” and in-
3 serting “181-day period”, and

4 (B) by striking “90-day period” and in-
5 serting “91-day period”.

6 (g) AMENDMENTS RELATED TO SECTION 1053 OF
7 THE ACT.—

8 (1) Section 901(k)(1)(A)(i) is amended by
9 striking “30-day period” and inserting “31-day pe-
10 riod”.

11 (2) Section 901(k)(3)(B) is amended—

12 (A) by striking “90-day period” and in-
13 serting “91-day period”, and

14 (B) by striking “30-day period” and in-
15 serting “31-day period”.

16 (h) EFFECTIVE DATE.—The amendments made by
17 this section shall take effect as if included in the provisions
18 of the Taxpayer Relief Act of 1997 to which they relate.

19 **SEC. 407. AMENDMENTS RELATED TO SMALL BUSINESS JOB**
20 **PROTECTION ACT OF 1996.**

21 (a) AMENDMENT RELATED TO SECTION 1307 OF
22 THE ACT.—Subsection (b) of section 1377 (relating to
23 post-termination transition period) is amended by adding
24 at the end the following new paragraph:

1 “(3) SPECIAL RULES FOR AUDIT RELATED
2 POST-TERMINATION TRANSITION PERIODS.—

3 “(A) NO APPLICATION TO CARRYOVERS.—
4 Paragraph (1)(B) shall not apply for purposes
5 of section 1366(d)(3).

6 “(B) LIMITATION ON APPLICATION TO DIS-
7 TRIBUTIONS.—Paragraph (1)(B) shall apply to
8 a distribution described in section 1371(e) only
9 to the extent that the amount of such distribu-
10 tion does not exceed the aggregate increase (if
11 any) in the accumulated adjustments account
12 (within the meaning of section 1368(e)) by rea-
13 son of the adjustments referred to in such para-
14 graph.”.

15 (b) AMENDMENTS RELATED TO SECTION 1432 OF
16 THE ACT.—Paragraph (26) of section 401(a) is amended
17 by striking subparagraph (C) and by redesignating sub-
18 paragraphs (D) through (I) as subparagraphs (C) through
19 (H), respectively.

20 (c) EFFECTIVE DATE.—The amendments made by
21 this section shall take effect as if included in the provisions
22 of the Small Business Job Protection Act of 1996 to which
23 they relate.

24 **SEC. 408. CLERICAL AMENDMENTS.**

25 (a) INTERNAL REVENUE CODE OF 1986.—

1 (1) Subclause (II) of section 1(g)(7)(B)(ii) is
2 amended by striking “10 percent.” and inserting
3 “10 percent”.

4 (2) Clause (ii) of section 1(h)(6)(A) is
5 amended—

6 (A) in subclause (I), by striking “(5)(B)”
7 and inserting “(4)(B)”, and

8 (B) in subclause (II), by striking “(5)(A)”
9 and inserting “(4)(A)”.

10 (3) Subclause (I) of section 42(d)(2)(D)(iii) is
11 amended by striking “section 179(b)(7)” and insert-
12 ing “section 179(d)(7)”.

13 (4) Subsection (f) of section 72 is amended by
14 striking “Economic Growth and Tax Relief Rec-
15 onciliation Act of 2001” and inserting “Economic
16 Growth and Tax Relief Reconciliation Act of 2001”.

17 (5)(A) Section 138 and paragraph (2) of sec-
18 tion 26(b) are each amended by striking
19 “Medicare+Choice MSA” each place it appears in
20 the text and inserting “Medicare Advantage MSA”.

21 (B) The heading for section 138 is amended to
22 read as follows:

23 **“SEC. 138. MEDICARE ADVANTAGE MSA.”**

24 (C) The heading for subsection (b) of section
25 138 is amended by striking “MEDICARE+CHOICE

1 MSA” and inserting “MEDICARE ADVANTAGE
2 MSA”.

3 (D) The heading for paragraph (2) of section
4 138(c) is amended by striking “MEDICARE+CHOICE
5 MSA” and inserting “MEDICARE ADVANTAGE MSA”.

6 (E) Clause (i) of section 138(c)(2)(C) is amend-
7 ed by striking “Medicare+Choice MSAs” and insert-
8 ing “Medicare Advantage MSAs”.

9 (F) Subsection (f) of section 138 is amended by
10 striking “Medicare+Choice MSA’s” and inserting
11 “Medicare Advantage MSAs”.

12 (G) The item relating to section 138 in the
13 table of sections for part III of subchapter B of
14 chapter 1 is amended to read as follows:

“Sec. 138. Medicare Advantage MSA.”.

15 (6) Clause (ii) of section 168(k)(2)(D) is
16 amended—

17 (A) by inserting “is” after “if property”,

18 and

19 (B) by striking “is” in subclause (I).

20 (7) Each of the following provisions is amended
21 by inserting “Robert T. Stafford” before “Disaster
22 Relief and Emergency Assistance Act”:

23 (A) Section 165(i)(1).

24 (B) Section 165(k).

25 (C) Section 1033(h)(3).

1 (D) Section 5064(b)(3).

2 (E) Section 5708(a).

3 (8) The heading for subparagraph (F) of sec-
4 tion 168(k)(2) is amended by striking “MINIUMUM”
5 and inserting “MINIMUM”.

6 (9) Paragraph (1) of section 246A(b) is amend-
7 ed by striking “section 243(c)(4)” and inserting
8 “section 243(d)(4)”.

9 (10) Clause (ii) of section 263(g)(2)(B) is
10 amended by striking “1278” and inserting “1276”.

11 (11) Clause (ii) of section 403(b)(7)(A) is
12 amended by striking “section 3121(a)(1)(D)” and
13 inserting “section 3121(a)(5)(D)”.

14 (12) Paragraph (1) of section 408(a) is amend-
15 ed by striking “457(e)(16)” and inserting
16 “457(e)(16),”.

17 (13) Paragraph (2) of section 408(n) is amend-
18 ed by striking “section 101(6)” and inserting “para-
19 graph (6) or (7) of section 101”.

20 (14) The table contained in section
21 411(a)(12)(B) is amended by striking the last line
22 and inserting the following:

“6 or more 100.”.

23 (15) Paragraph (7) of section 414(q) is amend-
24 ed by striking “section” and inserting “subsection”.

1 (16) Subparagraph (A) of section 416(i)(1) is
2 amended in the matter following clause (iii) by strik-
3 ing “in the case of plan years” and inserting “In the
4 case of plan years”.

5 (17) Subparagraph (C) of section 415(c)(7) is
6 amended by striking “subparagraph (D)” and in-
7 serting “subparagraph (B)”.

8 (18) The item relating to section 1234B in the
9 table of sections for part IV of subchapter P of
10 chapter 1 is amended to read as follows:

“Sec. 1234B. Gains or losses from securities futures contracts.”.

11 (19) Subsection (h) of section 1296 is amended
12 by striking “paragraphs (2) and (3) of section
13 851(b)” and inserting “section 851(b)(2)”.

14 (20) The table of sections for part II of sub-
15 chapter A of chapter 11 is amended by inserting
16 after the item relating to section 2010 the following
17 new item:

“Sec. 2011. Credit for State death taxes.”.

18 (21) The table of sections for subchapter A of
19 chapter 13 is amended by inserting after the item
20 relating to section 2603 the following new item:

“Sec. 2604. Credit for certain State taxes.”.

21 (22) Subsection (c) of section 4973 is amended
22 by striking “subsection (a)(2)” and inserting “sub-
23 section (a)(3)”.

1 (23) Paragraph (2) of section 4978(a) is
2 amended by striking “60 percent” and inserting
3 “(60 percent”.

4 (24) Paragraph (4) of section 6103(p) is
5 amended by striking “subsection (l)(16) or (17)”
6 each place it appears and inserting “subsection
7 (l)(16) or (18)”.

8 (b) OTHER LAWS.—

9 (1) Subsection (c) of section 156 of the Com-
10 munity Renewal Tax Relief Act of 2000 (114 Stat.
11 2763A–623) is amended in the first sentence by in-
12 serting “than” after “not later”.

13 (2) Paragraph (6) of section 1(a) of Public Law
14 107–22 shall be applied by substituting “part VIII”
15 for “part VII” in such paragraph.

16 (3) Subparagraph (A) of section 1(b)(3) of
17 Public Law 107–22 shall be applied by substituting
18 “EDUCATIONAL” for “EDUCATION” in the matter
19 preceding subparagraph (A) in such section.

20 (4) Paragraph (1) of section 204(e) of the Rail-
21 road Retirement and Survivors’ Improvement Act of
22 2001 shall be applied by substituting “Section
23 24(d)(2)(A)(iii)” for “Section 24(d)(3)(A)(iii)” in
24 such paragraph.

1 (5) Paragraph (2) of section 412(b) of the Eco-
2 nomic Growth and Tax Relief Reconciliation Act of
3 2001 shall be applied by substituting “Section
4 221(f)(1)” for “Section 221(g)(1)” in such para-
5 graph.

6 (6) Subsection (b) of section 531 of the Eco-
7 nomic Growth and Tax Relief Reconciliation Act of
8 2001 shall be applied by substituting “section” for
9 “subsection” in such subsection.

10 (7) Paragraph (3) of section 619(c) of the Eco-
11 nomic Growth and Tax Relief Reconciliation Act of
12 2001 shall be applied by substituting “after the item
13 relating to section 45D” for “at the end” in such
14 paragraph.

15 (8) The table contained in section 203(a)(4)(B)
16 of the Employee Retirement Income Security Act of
17 1974 (29 U.S.C. 1053(a)(4)(B)) is amended by
18 striking the last line and inserting the following:

 “6 or more 100.”.

19 (9) Paragraph (3) of section 652(b) of the Eco-
20 nomic Growth and Tax Relief Reconciliation Act of
21 2001 shall be applied by inserting “each place it ap-
22 pears” before “in the next to last sentence” in such
23 paragraph.