

AMENDMENT NO. _____ Calendar No. _____

Purpose: To provide a complete substitute.

IN THE SENATE OF THE UNITED STATES—110th Cong., 2d Sess.

S. 3098

To amend the Internal Revenue Code of 1986 to extend certain expiring provisions, and for other purposes.

Referred to the Committee on _____ and
ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT IN THE NATURE OF A SUBSTITUTE intended
to be proposed by Mr. McCONNELL (for himself, Mr.
GRASSLEY, Mr. KYL, and Mr. HATCH)

Viz:

1 Strike all after the enacting clause and insert the fol-
2 lowing:

3 **SECTION 1. SHORT TITLE; AMENDMENT OF 1986 CODE;**

4 **TABLE OF CONTENTS.**

5 (a) **SHORT TITLE.**—This Act may be cited as the
6 “Tax Extenders and Alternative Minimum Tax Relief Act
7 of 2008”.

8 (b) **AMENDMENT OF 1986 CODE.**—Except as other-
9 wise expressly provided, whenever in this Act an amend-

1 ment or repeal is expressed in terms of an amendment
2 to, or repeal of, a section or other provision, the reference
3 shall be considered to be made to a section or other provi-
4 sion of the Internal Revenue Code of 1986.

5 (c) TABLE OF CONTENTS.—The table of contents of
6 this Act is as follows:

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

TITLE I—ALTERNATIVE MINIMUM TAX RELIEF

Sec. 101. Extension of alternative minimum tax relief for nonrefundable personal credits.

Sec. 102. Extension of increased alternative minimum tax exemption amount.

Sec. 103. Increase of AMT refundable credit amount for individuals with long-term unused credits for prior year minimum tax liability, etc.

TITLE II—EXTENSION OF INDIVIDUAL TAX PROVISIONS

Sec. 201. Deduction for State and local sales taxes.

Sec. 202. Deduction of qualified tuition and related expenses.

Sec. 203. Deduction for certain expenses of elementary and secondary school teachers.

Sec. 204. Tax-free distributions from individual retirement plans for charitable purposes.

Sec. 205. Treatment of certain dividends of regulated investment companies.

Sec. 206. Stock in RIC for purposes of determining estates of nonresidents not citizens.

Sec. 207. Qualified investment entities.

TITLE III—EXTENSION OF BUSINESS TAX PROVISIONS

Sec. 301. Extension and modification of research credit.

Sec. 302. New markets tax credit.

Sec. 303. Subpart F exception for active financing income.

Sec. 304. Extension of look-thru rule for related controlled foreign corporations.

Sec. 305. Extension 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.

Sec. 306. Modification of tax treatment of certain payments to controlling exempt organizations.

Sec. 307. Basis adjustment to stock of S corporations making charitable contributions of property.

Sec. 308. Increase in limit on cover over of rum excise tax to Puerto Rico and the Virgin Islands.

Sec. 309. Extension of economic development credit for American Samoa.

Sec. 310. Extension of mine rescue team training credit.

Sec. 311. Extension of election to expense advanced mine safety equipment.

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- Sec. 312. Extension of expensing rules for qualified film and television productions.
- Sec. 313. Deduction allowable with respect to income attributable to domestic production activities in Puerto Rico.
- Sec. 314. Extension of qualified zone academy bonds.
- Sec. 315. Indian employment credit.
- Sec. 316. Accelerated depreciation for business property on Indian reservation.
- Sec. 317. Railroad track maintenance.
- Sec. 318. Seven-year cost recovery period for motorsports racing track facility.
- Sec. 319. Expensing of environmental remediation costs.
- Sec. 320. Extension of work opportunity tax credit for Hurricane Katrina employees.
- Sec. 321. Extension of increased rehabilitation credit for structures in the Gulf Opportunity Zone.
- Sec. 322. Enhanced deduction for qualified computer contributions.

TITLE IV—EXTENSION OF TAX ADMINISTRATION PROVISIONS

- Sec. 401. Permanent authority for undercover operations.
- Sec. 402. Disclosure of information relating to terrorist activities.

TITLE V—EXTENSION OF CLEAN ENERGY PRODUCTION
INCENTIVES

- Sec. 501. Extension and modification of renewable energy production tax credit.
- Sec. 502. Extension and modification of solar energy and fuel cell investment tax credit.
- Sec. 503. Extension and modification of residential energy efficient property credit.
- Sec. 504. Extension and modification of credit for clean renewable energy bonds.
- Sec. 505. Extension of special rule to implement FERC restructuring policy.

TITLE VI—EXTENSION OF INCENTIVES TO IMPROVE ENERGY
EFFICIENCY

- Sec. 601. Extension and modification of credit for energy efficiency improvements to existing homes.
- Sec. 602. Extension and modification of tax credit for energy efficient new homes.
- Sec. 603. Extension and modification of energy efficient commercial buildings deduction.
- Sec. 604. Modification and extension of energy efficient appliance credit for appliances produced after 2007.

TITLE VII—CARBON MITIGATION PROVISIONS

- Sec. 701. Expansion and modification of advanced coal project investment credit.
- Sec. 702. Expansion and modification of coal gasification investment credit.
- Sec. 703. Temporary increase in coal excise tax.
- Sec. 704. Special rules for refund of the coal excise tax to certain coal producers and exporters.

TITLE VIII—TRANSPORTATION AND FUEL PROVISIONS

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- Sec. 801. Inclusion of cellulosic biofuel in bonus depreciation for biomass ethanol plant property.
- Sec. 802. Credits for biodiesel and renewable diesel.
- Sec. 803. Clarification that credits for fuel are designed to provide an incentive for United States production.
- Sec. 804. Credit for alternative fuels.
- Sec. 805. Credit for alternative jet fuel.
- Sec. 806. Credit for new qualified plug-in electric drive motor vehicles.
- Sec. 807. Exclusion from heavy truck tax for idling reduction units and advanced insulation.
- Sec. 808. Alternative fuel vehicle refueling property credit.
- Sec. 809. Percentage depletion for marginal well production.
- Sec. 810. Extension and modification of election to expense certain refineries.
- Sec. 811. Treatment of qualified alcohol fuel mixtures and qualified biodiesel fuel mixtures as taxable fuels.
- Sec. 812. Certain income and gains relating to alcohol fuels and mixtures, biodiesel fuels and mixtures, and alternative fuels and mixtures treated as qualifying income for publicly traded partnerships.

TITLE IX—ADDITIONAL TAX RELIEF AND OTHER TAX
PROVISIONS

- Sec. 901. Income averaging for amounts received in connection with the Exxon Valdez litigation.
- Sec. 902. Modification to exclusion for gain from certain small business stock.
- Sec. 903. Modification of additional standard deduction for real property taxes.
- Sec. 904. Certain farming business machinery and equipment treated as 5-year property.
- Sec. 905. Modification of penalty on understatement of taxpayer's liability by tax return preparer.

TITLE X—OTHER PROVISIONS

- Sec. 1001. Secure rural schools and community self-determination program.
- Sec. 1002. Transfer of interest earned by abandoned mine reclamation fund.

TITLE XI—MIDWESTERN DISASTER RELIEF

- Sec. 1101. Short title.
- Sec. 1102. Temporary tax relief for areas damaged by 2008 Midwestern severe storms, tornados, and flooding.
- Sec. 1103. Enhanced charitable deductions for contributions of food inventory.
- Sec. 1104. Extension of enhanced charitable deduction for contributions of book inventory.
- Sec. 1105. Reporting requirements relating to disaster relief contributions.

TITLE XII—SPENDING REDUCTIONS AND APPROPRIATE
REVENUE RAISERS FOR NEW TAX RELIEF POLICY

- Sec. 1201. Reserved.

1 **TITLE I—ALTERNATIVE**
2 **MINIMUM TAX RELIEF**

3 **SEC. 101. EXTENSION OF ALTERNATIVE MINIMUM TAX RE-**
4 **LIEF FOR NONREFUNDABLE PERSONAL**
5 **CREDITS.**

6 (a) IN GENERAL.—Paragraph (2) of section 26(a)
7 (relating to special rule for taxable years 2000 through
8 2007) is amended—

9 (1) by striking “or 2007” and inserting “2007,
10 or 2008”, and

11 (2) by striking “2007” in the heading thereof
12 and inserting “2008”.

13 (b) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to taxable years beginning after
15 December 31, 2007.

16 **SEC. 102. EXTENSION OF INCREASED ALTERNATIVE MIN-**
17 **IMUM TAX EXEMPTION AMOUNT.**

18 (a) IN GENERAL.—Paragraph (1) of section 55(d)
19 (relating to exemption amount) is amended—

20 (1) by striking “(\$66,250 in the case of taxable
21 years beginning in 2007)” in subparagraph (A) and
22 inserting “(\$69,950 in the case of taxable years be-
23 ginning in 2008)”, and

24 (2) by striking “(\$44,350 in the case of taxable
25 years beginning in 2007)” in subparagraph (B) and

1 inserting “(\$46,200 in the case of taxable years be-
2 ginning in 2008)”.

3 (b) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to taxable years beginning after
5 December 31, 2007.

6 **SEC. 103. INCREASE OF AMT REFUNDABLE CREDIT**
7 **AMOUNT FOR INDIVIDUALS WITH LONG-**
8 **TERM UNUSED CREDITS FOR PRIOR YEAR**
9 **MINIMUM TAX LIABILITY, ETC.**

10 (a) IN GENERAL.—Paragraph (2) of section 53(e) is
11 amended to read as follows:

12 “(2) AMT REFUNDABLE CREDIT AMOUNT.—
13 For purposes of paragraph (1), the term ‘AMT re-
14 fundable credit amount’ means, with respect to any
15 taxable year, the amount (not in excess of the long-
16 term unused minimum tax credit for such taxable
17 year) equal to the greater of—

18 “(A) 50 percent of the long-term unused
19 minimum tax credit for such taxable year, or

20 “(B) the amount (if any) of the AMT re-
21 fundable credit amount determined under this
22 paragraph for the taxpayer’s preceding taxable
23 year.”.

24 (b) TREATMENT OF CERTAIN UNDERPAYMENTS, IN-
25 TEREST, AND PENALTIES ATTRIBUTABLE TO THE TREAT-

1 MENT OF INCENTIVE STOCK OPTIONS.—Section 53 is
2 amended by adding at the end the following new sub-
3 section:

4 “(f) TREATMENT OF CERTAIN UNDERPAYMENTS, IN-
5 TEREST, AND PENALTIES ATTRIBUTABLE TO THE TREAT-
6 MENT OF INCENTIVE STOCK OPTIONS.—

7 “(1) ABATEMENT.—Any underpayment of tax
8 outstanding on the date of the enactment of this
9 subsection which is attributable to the application of
10 section 56(b)(3) for any taxable year ending before
11 January 1, 2008 (and any interest or penalty with
12 respect to such underpayment which is outstanding
13 on such date of enactment), is hereby abated. No
14 credit shall be allowed under this section with re-
15 spect to any amount abated under this paragraph.

16 “(2) INCREASE IN CREDIT FOR CERTAIN INTER-
17 EST AND PENALTIES ALREADY PAID.—Any interest
18 or penalty paid before the date of the enactment of
19 this subsection which would (but for such payment)
20 have been abated under paragraph (1) shall be treat-
21 ed for purposes of this section as an amount of ad-
22 justed net minimum tax imposed for the taxable
23 year of the underpayment to which such interest or
24 penalty relates.”.

25 (c) EFFECTIVE DATE.—

1 (1) IN GENERAL.—Except as provided in para-
2 graph (2), the amendment made by this section shall
3 apply to taxable years beginning after December 31,
4 2007.

5 (2) ABATEMENT.—Section 53(f)(1) of the In-
6 ternal Revenue Code of 1986, as added by sub-
7 section (b), shall take effect on the date of the en-
8 actment of this Act.

9 **TITLE II—EXTENSION OF**
10 **INDIVIDUAL TAX PROVISIONS**

11 **SEC. 201. DEDUCTION FOR STATE AND LOCAL SALES**
12 **TAXES.**

13 (a) IN GENERAL.—Subparagraph (I) of section
14 164(b)(5) is amended by striking “January 1, 2008” and
15 inserting “January 1, 2010”.

16 (b) EFFECTIVE DATE.—The amendment made by
17 this section shall apply to taxable years beginning after
18 December 31, 2007.

19 **SEC. 202. DEDUCTION OF QUALIFIED TUITION AND RE-**
20 **LATED EXPENSES.**

21 (a) IN GENERAL.—Subsection (e) of section 222 (re-
22 lating to termination) is amended by striking “December
23 31, 2007” and inserting “December 31, 2009”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to taxable years beginning after
3 December 31, 2007.

4 **SEC. 203. DEDUCTION FOR CERTAIN EXPENSES OF ELE-**
5 **MENTARY AND SECONDARY SCHOOL TEACH-**
6 **ERS.**

7 (a) IN GENERAL.—Subparagraph (D) of section
8 62(a)(2) (relating to certain expenses of elementary and
9 secondary school teachers) is amended by striking “or
10 2007” and inserting “2007, 2008, or 2009”.

11 (b) EFFECTIVE DATE.—The amendment made by
12 subsection (a) shall apply to taxable years beginning after
13 December 31, 2007.

14 **SEC. 204. TAX-FREE DISTRIBUTIONS FROM INDIVIDUAL RE-**
15 **TIREMENT PLANS FOR CHARITABLE PUR-**
16 **POSES.**

17 (a) IN GENERAL.—Subparagraph (F) of section
18 408(d)(8) (relating to termination) is amended by striking
19 “December 31, 2007” and inserting “December 31,
20 2009”.

21 (b) EFFECTIVE DATE.—The amendment made by
22 this section shall apply to distributions made in taxable
23 years beginning after December 31, 2007.

1 **SEC. 205. TREATMENT OF CERTAIN DIVIDENDS OF REGU-**
2 **LATED INVESTMENT COMPANIES.**

3 (a) INTEREST-RELATED DIVIDENDS.—Subpara-
4 graph (C) of section 871(k)(1) (defining interest-related
5 dividend) is amended by striking “December 31, 2007”
6 and inserting “December 31, 2009”.

7 (b) SHORT-TERM CAPITAL GAIN DIVIDENDS.—Sub-
8 paragraph (C) of section 871(k)(2) (defining short-term
9 capital gain dividend) is amended by striking “December
10 31, 2007” and inserting “December 31, 2009”.

11 (c) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to dividends with respect to taxable
13 years of regulated investment companies beginning after
14 December 31, 2007.

15 **SEC. 206. STOCK IN RIC FOR PURPOSES OF DETERMINING**
16 **ESTATES OF NONRESIDENTS NOT CITIZENS.**

17 (a) IN GENERAL.—Paragraph (3) of section 2105(d)
18 (relating to stock in a RIC) is amended by striking “De-
19 cember 31, 2007” and inserting “December 31, 2009”.

20 (b) EFFECTIVE DATE.—The amendment made by
21 this section shall apply to decedents dying after December
22 31, 2007.

23 **SEC. 207. QUALIFIED INVESTMENT ENTITIES.**

24 (a) IN GENERAL.—Clause (ii) of section
25 897(h)(4)(A) (relating to termination) is amended by

1 striking “December 31, 2007” and inserting “December
2 31, 2009”.

3 (b) EFFECTIVE DATE.—The amendment made by
4 subsection (a) shall take effect on January 1, 2008.

5 **TITLE III—EXTENSION OF**
6 **BUSINESS TAX PROVISIONS**

7 **SEC. 301. EXTENSION AND MODIFICATION OF RESEARCH**
8 **CREDIT.**

9 (a) EXTENSION.—Section 41(h) (relating to termi-
10 nation) is amended—

11 (1) by striking “December 31, 2007” and in-
12 serting “December 31, 2009” in paragraph (1)(B),

13 (2) by redesignating paragraph (2) as para-
14 graph (3), and

15 (3) by inserting after paragraph (1) the fol-
16 lowing new paragraph:

17 “(2) TERMINATION OF ALTERNATIVE INCRE-
18 MENTAL CREDIT.—No election under subsection
19 (c)(4) shall apply to amounts paid or incurred after
20 December 31, 2007.”.

21 (b) MODIFICATION OF ALTERNATIVE SIMPLIFIED
22 CREDIT.—Paragraph (5)(A) of section 41(c) (relating to
23 election of alternative simplified credit) is amended to read
24 as follows:

25 “(A) IN GENERAL.—

1 “(i) CALCULATION OF CREDIT.—At
2 the election of the taxpayer, the credit de-
3 termined under subsection (a)(1) shall be
4 equal to the applicable percentage (as de-
5 fined in clause (ii)) of so much of the
6 qualified research expenses for the taxable
7 year as exceeds 50 percent of the average
8 qualified research expenses for the 3 tax-
9 able years preceding the taxable year for
10 which the credit is being determined.

11 “(ii) APPLICABLE PERCENTAGE.—For
12 purposes of the calculation under clause
13 (i), the applicable percentage is—

14 “(I) 14 percent, in the case of
15 taxable years ending before January
16 1, 2009, and

17 “(II) 16 percent, in the case of
18 taxable years beginning after Decem-
19 ber 31, 2008.”.

20 (c) CONFORMING AMENDMENT.—Subparagraph (D)
21 of section 45C(b)(1) (relating to special rule) is amended
22 by striking “December 31, 2007” and inserting “Decem-
23 ber 31, 2009”.

24 (d) TECHNICAL CORRECTION.—Paragraph (3) of sec-
25 tion 41(h) is amended to read as follows:

1 “(2) COMPUTATION FOR TAXABLE YEAR IN
2 WHICH CREDIT TERMINATES.—In the case of any
3 taxable year with respect to which this section ap-
4 plies to a number of days which is less than the total
5 number of days in such taxable year—

6 “(A) the amount determined under sub-
7 section (c)(1)(B) with respect to such taxable
8 year shall be the amount which bears the same
9 ratio to such amount (determined without re-
10 gard to this paragraph) as the number of days
11 in such taxable year to which this section ap-
12 plies bears to the total number of days in such
13 taxable year, and

14 “(B) for purposes of subsection (c)(5), the
15 average qualified research expenses for the pre-
16 ceding 3 taxable years shall be the amount
17 which bears the same ratio to such average
18 qualified research expenses (determined without
19 regard to this paragraph) as the number of
20 days in such taxable year to which this section
21 applies bears to the total number of days in
22 such taxable year.”.

23 (e) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to amounts paid or incurred after
25 December 31, 2007.

1 **SEC. 302. NEW MARKETS TAX CREDIT.**

2 Subparagraph (D) of section 45D(f)(1) (relating to
3 national limitation on amount of investments designated)
4 is amended by striking “and 2008” and inserting “2008,
5 and 2009”.

6 **SEC. 303. SUBPART F EXCEPTION FOR ACTIVE FINANCING**
7 **INCOME.**

8 (a) EXEMPT INSURANCE INCOME.—Paragraph (10)
9 of section 953(e) (relating to application) is amended—

10 (1) by striking “January 1, 2009” and insert-
11 ing “January 1, 2010”, and

12 (2) by striking “December 31, 2008” and in-
13 serting “December 31, 2009”.

14 (b) EXCEPTION TO TREATMENT AS FOREIGN PER-
15 SONAL HOLDING COMPANY INCOME.—Paragraph (9) of
16 section 954(h) (relating to application) is amended by
17 striking “January 1, 2009” and inserting “January 1,
18 2010”.

19 **SEC. 304. EXTENSION OF LOOK-THRU RULE FOR RELATED**
20 **CONTROLLED FOREIGN CORPORATIONS.**

21 (a) IN GENERAL.—Subparagraph (B) of section
22 954(c)(6) (relating to application) is amended by striking
23 “January 1, 2009” and inserting “January 1, 2010”.

24 (b) EFFECTIVE DATE.—The amendment made by
25 this section shall apply to taxable years of foreign corpora-
26 tions beginning after December 31, 2007, and to taxable

1 years of United States shareholders with or within which
2 such taxable years of foreign corporations end.

3 **SEC. 305. EXTENSION OF 15-YEAR STRAIGHT-LINE COST RE-**
4 **COVERY FOR QUALIFIED LEASEHOLD IM-**
5 **PROVEMENTS AND QUALIFIED RESTAURANT**
6 **IMPROVEMENTS; 15-YEAR STRAIGHT-LINE**
7 **COST RECOVERY FOR CERTAIN IMPROVE-**
8 **MENTS TO RETAIL SPACE.**

9 (a) EXTENSION OF LEASEHOLD AND RESTAURANT
10 IMPROVEMENTS.—

11 (1) IN GENERAL.—Clauses (iv) and (v) of sec-
12 tion 168(e)(3)(E) (relating to 15-year property) are
13 each amended by striking “January 1, 2008” and
14 inserting “January 1, 2010”.

15 (2) EFFECTIVE DATE.—The amendments made
16 by this subsection shall apply to property placed in
17 service after December 31, 2007.

18 (b) TREATMENT TO INCLUDE NEW CONSTRUC-
19 TION.—

20 (1) IN GENERAL.—Paragraph (7) of section
21 168(e) (relating to classification of property) is
22 amended to read as follows:

23 “(7) QUALIFIED RESTAURANT PROPERTY.—The
24 term ‘qualified restaurant property’ means any sec-
25 tion 1250 property which is a building or an im-

1 provement to a building if more than 50 percent of
2 the building’s square footage is devoted to prepara-
3 tion of, and seating for on-premises consumption of,
4 prepared meals.”.

5 (2) EFFECTIVE DATE.—The amendment made
6 by this subsection shall apply to property placed in
7 service after the date of the enactment of this Act.

8 (c) RECOVERY PERIOD FOR DEPRECIATION OF CER-
9 TAIN IMPROVEMENTS TO RETAIL SPACE.—

10 (1) 15-YEAR RECOVERY PERIOD.—Section
11 168(e)(3)(E) (relating to 15-year property) is
12 amended by striking “and” at the end of clause
13 (vii), by striking the period at the end of clause (viii)
14 and inserting “, and”, and by adding at the end the
15 following new clause:

16 “(ix) any qualified retail improvement
17 property placed in service before January
18 1, 2010.”.

19 (2) QUALIFIED RETAIL IMPROVEMENT PROP-
20 ERTY.—Section 168(e) is amended by adding at the
21 end the following new paragraph:

22 “(8) QUALIFIED RETAIL IMPROVEMENT PROP-
23 ERTY.—

24 “(A) IN GENERAL.—The term ‘qualified
25 retail improvement property’ means any im-

1 provement to an interior portion of a building
2 which is nonresidential real property if—

3 “(i) such portion is open to the gen-
4 eral public and is used in the retail trade
5 or business of selling tangible personal
6 property to the general public, and

7 “(ii) such improvement is placed in
8 service more than 3 years after the date
9 the building was first placed in service.

10 “(B) IMPROVEMENTS MADE BY OWNER.—

11 In the case of an improvement made by the
12 owner of such improvement, such improvement
13 shall be qualified retail improvement property
14 (if at all) only so long as such improvement is
15 held by such owner. Rules similar to the rules
16 under paragraph (6)(B) shall apply for pur-
17 poses of the preceding sentence.

18 “(C) CERTAIN IMPROVEMENTS NOT IN-
19 CLUDED.—Such term shall not include any im-
20 provement for which the expenditure is attrib-
21 utable to—

22 “(i) the enlargement of the building,

23 “(ii) any elevator or escalator,

24 “(iii) any structural component bene-
25 fitting a common area, or

1 “(iv) the internal structural frame-
2 work of the building.”.

3 (3) REQUIREMENT TO USE STRAIGHT LINE
4 METHOD.—Section 168(b)(3) is amended by adding
5 at the end the following new subparagraph:

6 “(I) Qualified retail improvement property
7 described in subsection (e)(8).”.

8 (4) ALTERNATIVE SYSTEM.—The table con-
9 tained in section 168(g)(3)(B) is amended by insert-
10 ing after the item relating to subparagraph (E)(viii)
11 the following new item:

“(E)(ix) 39”.

12 (5) EFFECTIVE DATE.—The amendments made
13 by this subsection shall apply to property placed in
14 service after the date of the enactment of this Act.

15 **SEC. 306. MODIFICATION OF TAX TREATMENT OF CERTAIN**
16 **PAYMENTS TO CONTROLLING EXEMPT ORGA-**
17 **NIZATIONS.**

18 (a) IN GENERAL.—Clause (iv) of section
19 512(b)(13)(E) (relating to termination) is amended by
20 striking “December 31, 2007” and inserting “December
21 31, 2009”.

22 (b) EFFECTIVE DATE.—The amendment made by
23 this section shall apply to payments received or accrued
24 after December 31, 2007.

1 **SEC. 307. BASIS ADJUSTMENT TO STOCK OF S CORPORA-**
2 **TIONS MAKING CHARITABLE CONTRIBU-**
3 **TIONS OF PROPERTY.**

4 (a) IN GENERAL.—The last sentence of section
5 1367(a)(2) (relating to decreases in basis) is amended by
6 striking “December 31, 2007” and inserting “December
7 31, 2009”.

8 (b) EFFECTIVE DATE.—The amendment made by
9 this section shall apply to contributions made in taxable
10 years beginning after December 31, 2007.

11 **SEC. 308. INCREASE IN LIMIT ON COVER OVER OF RUM EX-**
12 **CISE TAX TO PUERTO RICO AND THE VIRGIN**
13 **ISLANDS.**

14 (a) IN GENERAL.—Paragraph (1) of section 7652(f)
15 is amended by striking “January 1, 2008” and inserting
16 “January 1, 2010”.

17 (b) EFFECTIVE DATE.—The amendment made by
18 this section shall apply to distilled spirits brought into the
19 United States after December 31, 2007.

20 **SEC. 309. EXTENSION OF ECONOMIC DEVELOPMENT CRED-**
21 **IT FOR AMERICAN SAMOA.**

22 (a) IN GENERAL.—Subsection (d) of section 119 of
23 division A of the Tax Relief and Health Care Act of 2006
24 is amended—

25 (1) by striking “first two taxable years” and in-
26 serting “first 4 taxable years”, and

1 (2) by striking “January 1, 2008” and insert-
2 ing “January 1, 2010”.

3 (b) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to taxable years beginning after
5 December 31, 2007.

6 **SEC. 310. EXTENSION OF MINE RESCUE TEAM TRAINING**
7 **CREDIT.**

8 Section 45N(e) (relating to termination) is amended
9 by striking “December 31, 2008” and inserting “Decem-
10 ber 31, 2009”.

11 **SEC. 311. EXTENSION OF ELECTION TO EXPENSE AD-**
12 **VANCED MINE SAFETY EQUIPMENT.**

13 Section 179E(g) (relating to termination) is amended
14 by striking “December 31, 2008” and inserting “Decem-
15 ber 31, 2009”.

16 **SEC. 312. EXTENSION OF EXPENSING RULES FOR QUALI-**
17 **FIED FILM AND TELEVISION PRODUCTIONS.**

18 Section 181(f) (relating to termination) is amended
19 by striking “December 31, 2008” and inserting “Decem-
20 ber 31, 2009”.

21 **SEC. 313. DEDUCTION ALLOWABLE WITH RESPECT TO IN-**
22 **COME ATTRIBUTABLE TO DOMESTIC PRO-**
23 **DUCTION ACTIVITIES IN PUERTO RICO.**

24 (a) IN GENERAL.—Subparagraph (C) of section
25 199(d)(8) (relating to termination) is amended—

1 **SEC. 316. ACCELERATED DEPRECIATION FOR BUSINESS**
2 **PROPERTY ON INDIAN RESERVATION.**

3 (a) IN GENERAL.—Paragraph (8) of section 168(j)
4 (relating to termination) is amended by striking “Decem-
5 ber 31, 2007” and inserting “December 31, 2009”.

6 (b) EFFECTIVE DATE.—The amendment made by
7 this section shall apply to property placed in service after
8 December 31, 2007.

9 **SEC. 317. RAILROAD TRACK MAINTENANCE.**

10 (a) IN GENERAL.—Subsection (f) of section 45G (re-
11 lating to application of section) is amended by striking
12 “January 1, 2008” and inserting “January 1, 2010”.

13 (b) EFFECTIVE DATE.—The amendment made by
14 this section shall apply to expenditures paid or incurred
15 during taxable years beginning after December 31, 2007.

16 **SEC. 318. SEVEN-YEAR COST RECOVERY PERIOD FOR MO-**
17 **TOSPORTS RACING TRACK FACILITY.**

18 (a) IN GENERAL.—Subparagraph (D) of section
19 168(i)(15) (relating to termination) is amended to read
20 as follows:

21 “(D) APPLICATION OF PARAGRAPH.—Such
22 term shall apply to property placed in service
23 after the date of the enactment of the Tax Ex-
24 tenders and Alternative Minimum Tax Relief
25 Act of 2008 and before January 1, 2010.”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to property placed in service after
3 the date of the enactment of this Act.

4 **SEC. 319. EXPENSING OF ENVIRONMENTAL REMEDIATION**
5 **COSTS.**

6 (a) IN GENERAL.—Subsection (h) of section 198 (re-
7 lating to termination) is amended by striking “December
8 31, 2007” and inserting “December 31, 2009”.

9 (b) EFFECTIVE DATE.—The amendment made by
10 this section shall apply to expenditures paid or incurred
11 after December 31, 2007.

12 **SEC. 320. EXTENSION OF WORK OPPORTUNITY TAX CREDIT**
13 **FOR HURRICANE KATRINA EMPLOYEES.**

14 (a) IN GENERAL.—Paragraph (1) of section 201(b)
15 of the Katrina Emergency Tax Relief Act of 2005 is
16 amended by striking “2-year” and inserting “4-year”.

17 (b) EFFECTIVE DATE.—The amendment made by
18 subsection (a) shall apply to individuals hired after August
19 27, 2007.

20 **SEC. 321. EXTENSION OF INCREASED REHABILITATION**
21 **CREDIT FOR STRUCTURES IN THE GULF OP-**
22 **PORTUNITY ZONE.**

23 (a) IN GENERAL.—Subsection (h) of section 1400N
24 is amended by striking “December 31, 2008” and insert-
25 ing “December 31, 2010”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to expenditures paid or incurred
3 after the date of the enactment of this Act.

4 **SEC. 322. ENHANCED DEDUCTION FOR QUALIFIED COM-**
5 **PUTER CONTRIBUTIONS.**

6 (a) IN GENERAL.—Subparagraph (G) of section
7 170(e)(6) is amended by striking “December 31, 2007”
8 and inserting “December 31, 2009”.

9 (b) EFFECTIVE DATE.—The amendment made by
10 this section shall apply to contributions made during tax-
11 able years beginning after December 31, 2007.

12 **TITLE IV—EXTENSION OF TAX**
13 **ADMINISTRATION PROVISIONS**

14 **SEC. 401. PERMANENT AUTHORITY FOR UNDERCOVER OP-**
15 **ERATIONS.**

16 (a) IN GENERAL.—Section 7608(c) (relating to rules
17 relating to undercover operations) is amended by striking
18 paragraph (6).

19 (b) EFFECTIVE DATE.—The amendment made by
20 this section shall apply to operations conducted after the
21 date of the enactment of this Act.

22 **SEC. 402. DISCLOSURE OF INFORMATION RELATING TO**
23 **TERRORIST ACTIVITIES.**

24 (a) DISCLOSURE OF RETURN INFORMATION TO AP-
25 PRISE APPROPRIATE OFFICIALS OF TERRORIST ACTIVI-

1 TIES.—Clause (iv) of section 6103(i)(3)(C) (relating to
2 termination) is amended by striking “December 31, 2007”
3 and inserting “December 31, 2009”.

4 (b) DISCLOSURE UPON REQUEST OF INFORMATION
5 RELATING TO TERRORIST ACTIVITIES.—Subparagraph
6 (E) of section 6103(i)(7) (relating to termination) is
7 amended by striking “December 31, 2007” and inserting
8 “December 31, 2009”.

9 (c) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to disclosures after the date of the
11 enactment of this Act.

12 **TITLE V—EXTENSION OF CLEAN**
13 **ENERGY PRODUCTION INCEN-**
14 **TIVES**

15 **SEC. 501. EXTENSION AND MODIFICATION OF RENEWABLE**
16 **ENERGY PRODUCTION TAX CREDIT.**

17 (a) EXTENSION OF CREDIT.—Each of the following
18 provisions of section 45(d) (relating to qualified facilities)
19 is amended by striking “January 1, 2009” and inserting
20 “January 1, 2010”:

21 (1) Paragraph (1).

22 (2) Clauses (i) and (ii) of paragraph (2)(A).

23 (3) Clauses (i)(I) and (ii) of paragraph (3)(A).

24 (4) Paragraph (4).

25 (5) Paragraph (5).

1 (6) Paragraph (6).

2 (7) Paragraph (7).

3 (8) Paragraph (8).

4 (9) Subparagraphs (A) and (B) of paragraph
5 (9).

6 (b) PRODUCTION CREDIT FOR ELECTRICITY PRO-
7 DUCED FROM MARINE RENEWABLES.—

8 (1) IN GENERAL.—Paragraph (1) of section
9 45(c) (relating to resources) is amended by striking
10 “and” at the end of subparagraph (G), by striking
11 the period at the end of subparagraph (H) and in-
12 serting “, and”, and by adding at the end the fol-
13 lowing new subparagraph:

14 “(I) marine and hydrokinetic renewable en-
15 ergy.”.

16 (2) MARINE RENEWABLES.—Subsection (c) of
17 section 45 is amended by adding at the end the fol-
18 lowing new paragraph:

19 “(10) MARINE AND HYDROKINETIC RENEW-
20 ABLE ENERGY.—

21 “(A) IN GENERAL.—The term ‘marine and
22 hydrokinetic renewable energy’ means energy
23 derived from—

24 “(i) waves, tides, and currents in
25 oceans, estuaries, and tidal areas,

1 “(ii) free flowing water in rivers,
2 lakes, and streams,

3 “(iii) free flowing water in an irriga-
4 tion system, canal, or other man-made
5 channel, including projects that utilize non-
6 mechanical structures to accelerate the
7 flow of water for electric power production
8 purposes, or

9 “(iv) differentials in ocean tempera-
10 ture (ocean thermal energy conversion).

11 “(B) EXCEPTIONS.—Such term shall not
12 include any energy which is derived from any
13 source which utilizes a dam, diversionary struc-
14 ture (except as provided in subparagraph
15 (A)(iii)), or impoundment for electric power
16 production purposes.”.

17 (3) DEFINITION OF FACILITY.—Subsection (d)
18 of section 45 is amended by adding at the end the
19 following new paragraph:

20 “(11) MARINE AND HYDROKINETIC RENEW-
21 ABLE ENERGY FACILITIES.—In the case of a facility
22 producing electricity from marine and hydrokinetic
23 renewable energy, the term ‘qualified facility’ means
24 any facility owned by the taxpayer—

1 “(A) which has a nameplate capacity rat-
2 ing of at least 150 kilowatts, and

3 “(B) which is originally placed in service
4 on or after the date of the enactment of this
5 paragraph and before January 1, 2010.”.

6 (4) CREDIT RATE.—Subparagraph (A) of sec-
7 tion 45(b)(4) is amended by striking “or (9)” and
8 inserting “(9), or (11)”.

9 (5) COORDINATION WITH SMALL IRRIGATION
10 POWER.—Paragraph (5) of section 45(d), as amend-
11 ed by subsection (a), is amended by striking “Janu-
12 ary 1, 2010” and inserting “the date of the enact-
13 ment of paragraph (11)”.

14 (c) SALES OF ELECTRICITY TO REGULATED PUBLIC
15 UTILITIES TREATED AS SALES TO UNRELATED PER-
16 SONS.—Section 45(e)(4) (relating to related persons) is
17 amended by adding at the end the following new sentence:
18 “A taxpayer shall be treated as selling electricity to an
19 unrelated person if such electricity is sold to a regulated
20 public utility (as defined in section 7701(a)(33)).”.

21 (d) TRASH FACILITY CLARIFICATION.—Paragraph
22 (7) of section 45(d) is amended—

23 (1) by striking “facility which burns” and in-
24 serting “facility (other than a facility described in
25 paragraph (6)) which uses”, and

1 (2) by striking “COMBUSTION”.

2 (e) EFFECTIVE DATES.—

3 (1) EXTENSION.—The amendments made by
4 subsection (a) shall apply to property originally
5 placed in service after December 31, 2008.

6 (2) MODIFICATIONS.—The amendments made
7 by subsections (b) and (c) shall apply to electricity
8 produced and sold after the date of the enactment
9 of this Act, in taxable years ending after such date.

10 (3) TRASH FACILITY CLARIFICATION.—The
11 amendments made by subsection (d) shall apply to
12 electricity produced and sold before, on, or after De-
13 cember 31, 2007.

14 **SEC. 502. EXTENSION AND MODIFICATION OF SOLAR EN-**
15 **ERGY AND FUEL CELL INVESTMENT TAX**
16 **CREDIT.**

17 (a) EXTENSION OF CREDIT.—

18 (1) SOLAR ENERGY PROPERTY.—Paragraphs
19 (2)(A)(i)(II) and (3)(A)(ii) of section 48(a) (relating
20 to energy credit) are each amended by striking
21 “January 1, 2009” and inserting “January 1,
22 2017”.

23 (2) FUEL CELL PROPERTY.—Subparagraph (E)
24 of section 48(c)(1) (relating to qualified fuel cell

1 property) is amended by striking “December 31,
2 2008” and inserting “December 31, 2016”.

3 (3) QUALIFIED MICROTURBINE PROPERTY.—
4 Subparagraph (E) of section 48(c)(2) (relating to
5 qualified microturbine property) is amended by
6 striking “December 31, 2008” and inserting “De-
7 cember 31, 2016”.

8 (b) ALLOWANCE OF ENERGY CREDIT AGAINST AL-
9 TERNATIVE MINIMUM TAX.—Subparagraph (B) of section
10 38(c)(4) (relating to specified credits), as amended by the
11 Housing Assistance Tax Act of 2008, is amended by re-
12 designating clauses (v) and (vi) as clauses (vi) and (vii)
13 and by inserting after clause (v) the following new clause:

14 “(v) the credit determined under sec-
15 tion 46 to the extent that such credit is at-
16 tributable to the energy credit determined
17 under section 48,”.

18 (c) REPEAL OF DOLLAR PER KILOWATT LIMITATION
19 FOR FUEL CELL PROPERTY.—

20 (1) IN GENERAL.—Section 48(c)(1) (relating to
21 qualified fuel cell), as amended by subsection (a)(2),
22 is amended by striking subparagraph (B) and by re-
23 designating subparagraphs (C), (D), and (E) as sub-
24 paragraphs (B), (C), and (D), respectively.

1 (2) CONFORMING AMENDMENT.—Section
2 48(a)(1) is amended by striking “paragraphs (1)(B)
3 and (2)(B) of subsection (c)” and inserting “sub-
4 section (c)(2)(B)”.

5 (d) PUBLIC ELECTRIC UTILITY PROPERTY TAKEN
6 INTO ACCOUNT.—

7 (1) IN GENERAL.—Paragraph (3) of section
8 48(a) is amended by striking the second sentence
9 thereof.

10 (2) CONFORMING AMENDMENTS.—

11 (A) Paragraph (1) of section 48(c), as
12 amended by this section, is amended by striking
13 subparagraph (C) and redesignating subpara-
14 graph (D) as subparagraph (C).

15 (B) Paragraph (2) of section 48(c), as
16 amended by subsection (a)(3), is amended by
17 striking subparagraph (D) and redesignating
18 subparagraph (E) as subparagraph (D).

19 (e) EFFECTIVE DATES.—

20 (1) EXTENSION.—The amendments made by
21 subsection (a) shall take effect on the date of the en-
22 actment of this Act.

23 (2) ALLOWANCE AGAINST ALTERNATIVE MIN-
24 IMUM TAX.—The amendments made by subsection
25 (b) shall apply to credits determined under section

1 46 of the Internal Revenue Code of 1986 in taxable
2 years beginning after the date of the enactment of
3 this Act and to carrybacks of such credits.

4 (3) FUEL CELL PROPERTY AND PUBLIC ELEC-
5 TRIC UTILITY PROPERTY.—The amendments made
6 by subsections (c) and (d) shall apply to periods
7 after the date of the enactment of this Act, in tax-
8 able years ending after such date, under rules simi-
9 lar to the rules of section 48(m) of the Internal Rev-
10 enue Code of 1986 (as in effect on the day before
11 the date of the enactment of the Revenue Reconcili-
12 ation Act of 1990).

13 **SEC. 503. EXTENSION AND MODIFICATION OF RESIDENTIAL**
14 **ENERGY EFFICIENT PROPERTY CREDIT.**

15 (a) EXTENSION.—Section 25D(g) (relating to termi-
16 nation) is amended by striking “December 31, 2008” and
17 inserting “December 31, 2009”.

18 (b) NO DOLLAR LIMITATION FOR CREDIT FOR
19 SOLAR ELECTRIC PROPERTY.—

20 (1) IN GENERAL.—Section 25D(b)(1) (relating
21 to maximum credit) is amended by striking subpara-
22 graph (A) and by redesignating subparagraphs (B)
23 and (C) as subparagraphs (A) and (B), respectively.

24 (2) CONFORMING AMENDMENTS.—Section
25 25D(e)(4) is amended—

1 (A) by striking clause (i) in subparagraph

2 (A),

3 (B) by redesignating clauses (ii) and (iii)

4 in subparagraph (A) as clauses (i) and (ii), re-

5 spectively, and

6 (C) by striking “, (2),” in subparagraph

7 (C).

8 (c) CREDIT ALLOWED AGAINST ALTERNATIVE MIN-

9 IMUM TAX.—

10 (1) IN GENERAL.—Subsection (c) of section

11 25D is amended to read as follows:

12 “(c) LIMITATION BASED ON AMOUNT OF TAX;

13 CARRYFORWARD OF UNUSED CREDIT.—

14 “(1) LIMITATION BASED ON AMOUNT OF

15 TAX.—In the case of a taxable year to which section

16 26(a)(2) does not apply, the credit allowed under

17 subsection (a) for the taxable year shall not exceed

18 the excess of—

19 “(A) the sum of the regular tax liability

20 (as defined in section 26(b)) plus the tax im-

21 posed by section 55, over

22 “(B) the sum of the credits allowable

23 under this subpart (other than this section) and

24 section 27 for the taxable year.

25 “(2) CARRYFORWARD OF UNUSED CREDIT.—

1 “(A) RULE FOR YEARS IN WHICH ALL
2 PERSONAL CREDITS ALLOWED AGAINST REG-
3 ULAR AND ALTERNATIVE MINIMUM TAX.—In
4 the case of a taxable year to which section
5 26(a)(2) applies, if the credit allowable under
6 subsection (a) exceeds the limitation imposed by
7 section 26(a)(2) for such taxable year reduced
8 by the sum of the credits allowable under this
9 subpart (other than this section), such excess
10 shall be carried to the succeeding taxable year
11 and added to the credit allowable under sub-
12 section (a) for such succeeding taxable year.

13 “(B) RULE FOR OTHER YEARS.—In the
14 case of a taxable year to which section 26(a)(2)
15 does not apply, if the credit allowable under
16 subsection (a) exceeds the limitation imposed by
17 paragraph (1) for such taxable year, such ex-
18 cess shall be carried to the succeeding taxable
19 year and added to the credit allowable under
20 subsection (a) for such succeeding taxable
21 year.”.

22 (2) CONFORMING AMENDMENTS.—

23 (A) Section 23(b)(4)(B) is amended by in-
24 serting “and section 25D” after “this section”.

1 (B) Section 24(b)(3)(B) is amended by
2 striking “and 25B” and inserting “, 25B, and
3 25D”.

4 (C) Section 25B(g)(2) is amended by strik-
5 ing “section 23” and inserting “sections 23 and
6 25D”.

7 (D) Section 26(a)(1) is amended by strik-
8 ing “and 25B” and inserting “25B, and 25D”.

9 (d) EFFECTIVE DATE.—

10 (1) IN GENERAL.—The amendments made by
11 this section shall apply to taxable years beginning
12 after December 31, 2007.

13 (2) APPLICATION OF EGTRRA SUNSET.—The
14 amendments made by subparagraphs (A) and (B) of
15 subsection (c)(2) shall be subject to title IX of the
16 Economic Growth and Tax Relief Reconciliation Act
17 of 2001 in the same manner as the provisions of
18 such Act to which such amendments relate.

19 **SEC. 504. EXTENSION AND MODIFICATION OF CREDIT FOR**
20 **CLEAN RENEWABLE ENERGY BONDS.**

21 (a) EXTENSION.—Section 54(m) (relating to termi-
22 nation) is amended by striking “December 31, 2008” and
23 inserting “December 31, 2009”.

1 (b) INCREASE IN NATIONAL LIMITATION.—Section
2 54(f) (relating to limitation on amount of bonds des-
3 ignated) is amended—

4 (1) by inserting “, and for the period beginning
5 after the date of the enactment of the Tax Extend-
6 ers and Alternative Minimum Tax Relief Act of
7 2008 and ending before January 1, 2010,
8 \$400,000,000” after “\$1,200,000,000” in para-
9 graph (1),

10 (2) by striking “\$750,000,000 of the” in para-
11 graph (2) and inserting “\$750,000,000 of the
12 \$1,200,000,000”, and

13 (3) by striking “bodies” in paragraph (2) and
14 inserting “bodies, and except that the Secretary may
15 not allocate more than $\frac{1}{3}$ of the \$400,000,000 na-
16 tional clean renewable energy bond limitation to fi-
17 nance qualified projects of qualified borrowers which
18 are public power providers nor more than $\frac{1}{3}$ of such
19 limitation to finance qualified projects of qualified
20 borrowers which are mutual or cooperative electric
21 companies described in section 501(c)(12) or section
22 1381(a)(2)(C)”.

23 (c) PUBLIC POWER PROVIDERS DEFINED.—Section
24 54(j) is amended—

1 (1) by adding at the end the following new
2 paragraph:

3 “(6) PUBLIC POWER PROVIDER.—The term
4 ‘public power provider’ means a State utility with a
5 service obligation, as such terms are defined in sec-
6 tion 217 of the Federal Power Act (as in effect on
7 the date of the enactment of this paragraph).”, and

8 (2) by inserting “; PUBLIC POWER PROVIDER”
9 before the period at the end of the heading.

10 (d) TECHNICAL AMENDMENT.—The third sentence of
11 section 54(e)(2) is amended by striking “subsection
12 (l)(6)” and inserting “subsection (l)(5)”.

13 (e) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to bonds issued after the date of
15 the enactment of this Act.

16 **SEC. 505. EXTENSION OF SPECIAL RULE TO IMPLEMENT**
17 **FERC RESTRUCTURING POLICY.**

18 (a) QUALIFYING ELECTRIC TRANSMISSION TRANS-
19 ACTION.—

20 (1) IN GENERAL.—Section 451(i)(3) (defining
21 qualifying electric transmission transaction) is
22 amended by striking “January 1, 2008” and insert-
23 ing “January 1, 2010”.

1 (2) EFFECTIVE DATE.—The amendment made
2 by this subsection shall apply to transactions after
3 December 31, 2007.

4 (b) INDEPENDENT TRANSMISSION COMPANY.—

5 (1) IN GENERAL.—Section 451(i)(4)(B)(ii) (de-
6 fining independent transmission company) is amend-
7 ed by striking “December 31, 2007” and inserting
8 “the date which is 2 years after the date of such
9 transaction”.

10 (2) EFFECTIVE DATE.—The amendment made
11 by this subsection shall take effect as if included in
12 the amendments made by section 909 of the Amer-
13 ican Jobs Creation Act of 2004.

14 **TITLE VI—EXTENSION OF INCEN-**
15 **TIVES TO IMPROVE ENERGY**
16 **EFFICIENCY**

17 **SEC. 601. EXTENSION AND MODIFICATION OF CREDIT FOR**
18 **ENERGY EFFICIENCY IMPROVEMENTS TO EX-**
19 **ISTING HOMES.**

20 (a) EXTENSION OF CREDIT.—Section 25C(g) (relat-
21 ing to termination) is amended by striking “December 31,
22 2007” and inserting “December 31, 2009”.

23 (b) QUALIFIED BIOMASS FUEL PROPERTY.—

24 (1) IN GENERAL.—Section 25C(d)(3) is amend-
25 ed—

1 (A) by striking “and” at the end of sub-
2 paragraph (D),

3 (B) by striking the period at the end of
4 subparagraph (E) and inserting “, and”, and

5 (C) by adding at the end the following new
6 subparagraph:

7 “(F) a stove—

8 “(i) which uses the burning of bio-
9 mass fuel—

10 “(I) to heat a dwelling unit lo-
11 cated in the United States and used
12 as a residence by the taxpayer, or

13 “(II) to heat water for use in
14 such a dwelling unit, and

15 “(ii) which—

16 “(I) has a thermal efficiency rat-
17 ing of at least 75 percent, or

18 “(II) is a wood stove which meets
19 the standards of performance for new
20 residential wood heaters under sub-
21 part AAA of part 60 of subchapter C
22 of chapter I of title 40, Code of Fed-
23 eral Regulations (or a successor regu-
24 lation).”.

1 (2) BIOMASS FUEL.—Section 25C(d) (relating
2 to residential energy property expenditures) is
3 amended by adding at the end the following new
4 paragraph:

5 “(6) BIOMASS FUEL.—The term ‘biomass fuel’
6 means any plant-derived fuel available on a renew-
7 able or recurring basis, including agricultural crops
8 and trees, wood and wood waste and residues (in-
9 cluding wood pellets), plants (including aquatic
10 plants), grasses, residues, and fibers.”.

11 (c) MODIFICATIONS OF STANDARDS FOR ENERGY-
12 EFFICIENT BUILDING PROPERTY.—

13 (1) ELECTRIC HEAT PUMPS.—Subparagraph
14 (B) of section 25C(d)(3) is amended to read as fol-
15 lows:

16 “(A) an electric heat pump which achieves
17 the highest efficiency tier established by the
18 Consortium for Energy Efficiency, as in effect
19 on January 1, 2008.”.

20 (2) CENTRAL AIR CONDITIONERS.—Section
21 25C(d)(3)(D) is amended by striking “2006” and
22 inserting “2008”.

23 (3) WATER HEATERS.—Subparagraph (E) of
24 section 25C(d) is amended to read as follows:

1 “(E) a natural gas, propane, or oil water
2 heater which has either an energy factor of at
3 least 0.80 or a thermal efficiency of at least 90
4 percent.”.

5 (4) OIL FURNACES AND HOT WATER BOIL-
6 ERS.—Paragraph (4) of section 25C(d) is amended
7 to read as follows:

8 “(4) QUALIFIED NATURAL GAS, PROPANE, AND
9 OIL FURNACES AND HOT WATER BOILERS.—

10 “(A) QUALIFIED NATURAL GAS FUR-
11 NACE.—The term ‘qualified natural gas fur-
12 nace’ means any natural gas furnace which
13 achieves an annual fuel utilization efficiency
14 rate of not less than 95.

15 “(B) QUALIFIED NATURAL GAS HOT
16 WATER BOILER.—The term ‘qualified natural
17 gas hot water boiler’ means any natural gas hot
18 water boiler which achieves an annual fuel utili-
19 zation efficiency rate of not less than 90.

20 “(C) QUALIFIED PROPANE FURNACE.—
21 The term ‘qualified propane furnace’ means any
22 propane furnace which achieves an annual fuel
23 utilization efficiency rate of not less than 95.

24 “(D) QUALIFIED PROPANE HOT WATER
25 BOILER.—The term ‘qualified propane hot

1 water boiler’ means any propane hot water boil-
2 er which achieves an annual fuel utilization effi-
3 ciency rate of not less than 90.

4 “(E) QUALIFIED OIL FURNACES.—The
5 term ‘qualified oil furnace’ means any oil fur-
6 nace which achieves an annual fuel utilization
7 efficiency rate of not less than 90.

8 “(F) QUALIFIED OIL HOT WATER BOIL-
9 ER.—The term ‘qualified oil hot water boiler’
10 means any oil hot water boiler which achieves
11 an annual fuel utilization efficiency rate of not
12 less than 90.”.

13 (d) EFFECTIVE DATE.—The amendments made this
14 section shall apply to expenditures made after December
15 31, 2007.

16 **SEC. 602. EXTENSION AND MODIFICATION OF TAX CREDIT**
17 **FOR ENERGY EFFICIENT NEW HOMES.**

18 (a) EXTENSION OF CREDIT.—Subsection (g) of sec-
19 tion 45L (relating to termination) is amended by striking
20 “December 31, 2008” and inserting “December 31,
21 2010”.

22 (b) ALLOWANCE FOR CONTRACTOR’S PERSONAL
23 RESIDENCE.—Subparagraph (B) of section 45L(a)(1) is
24 amended to read as follows:

1 “(B)(i) acquired by a person from such eli-
2 gible contractor and used by any person as a
3 residence during the taxable year, or

4 “(ii) used by such eligible contractor as a
5 residence during the taxable year.”.

6 (c) EFFECTIVE DATE.—The amendments made by
7 this section shall apply to homes acquired after December
8 31, 2008.

9 **SEC. 603. EXTENSION AND MODIFICATION OF ENERGY EF-**
10 **FICIENT COMMERCIAL BUILDINGS DEDUC-**
11 **TION.**

12 (a) EXTENSION.—Section 179D(h) (relating to ter-
13 mination) is amended by striking “December 31, 2008”
14 and inserting “December 31, 2009”.

15 (b) ADJUSTMENT OF MAXIMUM DEDUCTION
16 AMOUNT.—

17 (1) IN GENERAL.—Subparagraph (A) of section
18 179D(b)(1) (relating to maximum amount of deduc-
19 tion) is amended by striking “\$1.80” and inserting
20 “\$2.25”.

21 (2) PARTIAL ALLOWANCE.—Paragraph (1) of
22 section 179D(d) is amended—

23 (A) by striking “\$.60” and inserting
24 “\$0.75”, and

1 (B) by striking “\$1.80” and inserting
2 “\$2.25”.

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to property placed in service after
5 the date of the enactment of this Act.

6 **SEC. 604. MODIFICATION AND EXTENSION OF ENERGY EF-**
7 **FICIENT APPLIANCE CREDIT FOR APPLI-**
8 **ANCES PRODUCED AFTER 2007.**

9 (a) IN GENERAL.—Subsection (b) of section 45M (re-
10 lating to applicable amount) is amended to read as follows:

11 “(b) APPLICABLE AMOUNT.—For purposes of sub-
12 section (a)—

13 “(1) DISHWASHERS.—The applicable amount
14 is—

15 “(A) \$45 in the case of a dishwasher which
16 is manufactured in calendar year 2008 or 2009
17 and which uses no more than 324 kilowatt
18 hours per year and 5.8 gallons per cycle, and

19 “(B) \$75 in the case of a dishwasher
20 which is manufactured in calendar year 2008,
21 2009, or 2010 and which uses no more than
22 307 kilowatt hours per year and 5.0 gallons per
23 cycle (5.5 gallons per cycle for dishwashers de-
24 signed for greater than 12 place settings).

1 “(2) CLOTHES WASHERS.—The applicable
2 amount is—

3 “(A) \$75 in the case of a residential top-
4 loading clothes washer manufactured in cal-
5 endar year 2008 which meets or exceeds a 1.72
6 modified energy factor and does not exceed a
7 8.0 water consumption factor,

8 “(B) \$125 in the case of a residential top-
9 loading clothes washer manufactured in cal-
10 endar year 2008 or 2009 which meets or ex-
11 ceeds a 1.8 modified energy factor and does not
12 exceed a 7.5 water consumption factor,

13 “(C) \$150 in the case of a residential or
14 commercial clothes washer manufactured in cal-
15 endar year 2008, 2009, or 2010 which meets or
16 exceeds 2.0 modified energy factor and does not
17 exceed a 6.0 water consumption factor, and

18 “(D) \$250 in the case of a residential or
19 commercial clothes washer manufactured in cal-
20 endar year 2008, 2009, or 2010 which meets or
21 exceeds 2.2 modified energy factor and does not
22 exceed a 4.5 water consumption factor.

23 “(3) REFRIGERATORS.—The applicable amount
24 is—

1 “(A) \$50 in the case of a refrigerator
2 which is manufactured in calendar year 2008,
3 and consumes at least 20 percent but not more
4 than 22.9 percent less kilowatt hours per year
5 than the 2001 energy conservation standards,

6 “(B) \$75 in the case of a refrigerator
7 which is manufactured in calendar year 2008 or
8 2009, and consumes at least 23 percent but no
9 more than 24.9 percent less kilowatt hours per
10 year than the 2001 energy conservation stand-
11 ards,

12 “(C) \$100 in the case of a refrigerator
13 which is manufactured in calendar year 2008,
14 2009, or 2010, and consumes at least 25 per-
15 cent but not more than 29.9 percent less kilo-
16 watt hours per year than the 2001 energy con-
17 servation standards, and

18 “(D) \$200 in the case of a refrigerator
19 manufactured in calendar year 2008, 2009, or
20 2010 and which consumes at least 30 percent
21 less energy than the 2001 energy conservation
22 standards.”.

23 (b) ELIGIBLE PRODUCTION.—

1 (1) SIMILAR TREATMENT FOR ALL APPLI-
2 ANCES.—Subsection (c) of section 45M (relating to
3 eligible production) is amended—

4 (A) by striking paragraph (2),

5 (B) by striking “(1) IN GENERAL” and all
6 that follows through “the eligible” and inserting
7 “The eligible”, and

8 (C) by moving the text of such subsection
9 in line with the subsection heading and redesign-
10 nating subparagraphs (A) and (B) as para-
11 graphs (1) and (2), respectively.

12 (2) MODIFICATION OF BASE PERIOD.—Para-
13 graph (2) of section 45M(c), as amended by para-
14 graph (1) of this section, is amended by striking “3-
15 calendar year” and inserting “2-calendar year”.

16 (c) TYPES OF ENERGY EFFICIENT APPLIANCES.—
17 Subsection (d) of section 45M (defining types of energy
18 efficient appliances) is amended to read as follows:

19 “(d) TYPES OF ENERGY EFFICIENT APPLIANCE.—
20 For purposes of this section, the types of energy efficient
21 appliances are—

22 “(1) dishwashers described in subsection (b)(1),

23 “(2) clothes washers described in subsection
24 (b)(2), and

1 “(3) refrigerators described in subsection
2 (b)(3).”.

3 (d) AGGREGATE CREDIT AMOUNT ALLOWED.—

4 (1) INCREASE IN LIMIT.—Paragraph (1) of sec-
5 tion 45M(e) (relating to aggregate credit amount al-
6 lowed) is amended to read as follows:

7 “(1) AGGREGATE CREDIT AMOUNT ALLOWED.—
8 The aggregate amount of credit allowed under sub-
9 section (a) with respect to a taxpayer for any tax-
10 able year shall not exceed \$75,000,000 reduced by
11 the amount of the credit allowed under subsection
12 (a) to the taxpayer (or any predecessor) for all prior
13 taxable years beginning after December 31, 2007.”.

14 (2) EXCEPTION FOR CERTAIN REFRIGERATOR
15 AND CLOTHES WASHERS.—Paragraph (2) of section
16 45M(e) is amended to read as follows:

17 “(2) AMOUNT ALLOWED FOR CERTAIN REFRIG-
18 ERATORS AND CLOTHES WASHERS.—Refrigerators
19 described in subsection (b)(3)(D) and clothes wash-
20 ers described in subsection (b)(2)(D) shall not be
21 taken into account under paragraph (1).”.

22 (e) QUALIFIED ENERGY EFFICIENT APPLIANCES.—

23 (1) IN GENERAL.—Paragraph (1) of section
24 45M(f) (defining qualified energy efficient appliance)
25 is amended to read as follows:

1 “(1) QUALIFIED ENERGY EFFICIENT APPLI-
2 ANCE.—The term ‘qualified energy efficient appli-
3 ance’ means—

4 “(A) any dishwasher described in sub-
5 section (b)(1),

6 “(B) any clothes washer described in sub-
7 section (b)(2), and

8 “(C) any refrigerator described in sub-
9 section (b)(3).”.

10 (2) CLOTHES WASHER.—Section 45M(f)(3) (de-
11 fining clothes washer) is amended by inserting
12 “commercial” before “residential” the second place
13 it appears.

14 (3) TOP-LOADING CLOTHES WASHER.—Sub-
15 section (f) of section 45M (relating to definitions) is
16 amended by redesignating paragraphs (4), (5), (6),
17 and (7) as paragraphs (5), (6), (7), and (8), respec-
18 tively, and by inserting after paragraph (3) the fol-
19 lowing new paragraph:

20 “(4) TOP-LOADING CLOTHES WASHER.—The
21 term ‘top-loading clothes washer’ means a clothes
22 washer which has the clothes container compartment
23 access located on the top of the machine and which
24 operates on a vertical axis.”.

1 (4) REPLACEMENT OF ENERGY FACTOR.—Sec-
2 tion 45M(f)(6), as redesignated by paragraph (3), is
3 amended to read as follows:

4 “(6) MODIFIED ENERGY FACTOR.—The term
5 ‘modified energy factor’ means the modified energy
6 factor established by the Department of Energy for
7 compliance with the Federal energy conservation
8 standard.”.

9 (5) GALLONS PER CYCLE; WATER CONSUMP-
10 TION FACTOR.—Section 45M(f) (relating to defini-
11 tions), as amended by paragraph (3), is amended by
12 adding at the end the following:

13 “(9) GALLONS PER CYCLE.—The term ‘gallons
14 per cycle’ means, with respect to a dishwasher, the
15 amount of water, expressed in gallons, required to
16 complete a normal cycle of a dishwasher.

17 “(10) WATER CONSUMPTION FACTOR.—The
18 term ‘water consumption factor’ means, with respect
19 to a clothes washer, the quotient of the total weight-
20 ed per-cycle water consumption divided by the cubic
21 foot (or liter) capacity of the clothes washer.”.

22 (f) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to appliances produced after De-
24 cember 31, 2007.

1 **TITLE VII—CARBON MITIGATION**
2 **PROVISIONS**

3 **SEC. 701. EXPANSION AND MODIFICATION OF ADVANCED**
4 **COAL PROJECT INVESTMENT CREDIT.**

5 (a) **MODIFICATION OF CREDIT AMOUNT.**—Section
6 48A(a) is amended by striking “and” at the end of para-
7 graph (1), by striking the period at the end of paragraph
8 (2) and inserting “, and”, and by adding at the end the
9 following new paragraph:

10 “(3) 30 percent of the qualified investment for
11 such taxable year in the case of projects described
12 in clause (iii) of subsection (d)(3)(B).”.

13 (b) **EXPANSION OF AGGREGATE CREDITS.**—Section
14 48A(d)(3)(A) is amended by striking “\$1,300,000,000”
15 and inserting “\$2,550,000,000”.

16 (c) **AUTHORIZATION OF ADDITIONAL PROJECTS.**—

17 (1) **IN GENERAL.**—Subparagraph (B) of section
18 48A(d)(3) is amended to read as follows:

19 “(B) **PARTICULAR PROJECTS.**—Of the dol-
20 lar amount in subparagraph (A), the Secretary
21 is authorized to certify—

22 “(i) \$800,000,000 for integrated gas-
23 ification combined cycle projects the appli-
24 cation for which is submitted during the
25 period described in paragraph (2)(A)(i),

1 “(ii) \$500,000,000 for projects which
2 use other advanced coal-based generation
3 technologies the application for which is
4 submitted during the period described in
5 paragraph (2)(A)(i), and

6 “(iii) \$1,250,000,000 for advanced
7 coal-based generation technology projects
8 the application for which is submitted dur-
9 ing the period described in paragraph
10 (2)(A)(ii).”.

11 (2) APPLICATION PERIOD FOR ADDITIONAL
12 PROJECTS.—Subparagraph (A) of section 48A(d)(2)
13 is amended to read as follows:

14 “(A) APPLICATION PERIOD.—Each appli-
15 cant for certification under this paragraph shall
16 submit an application meeting the requirements
17 of subparagraph (B). An applicant may only
18 submit an application—

19 “(i) for an allocation from the dollar
20 amount specified in clause (i) or (ii) of
21 paragraph (3)(B) during the 3-year period
22 beginning on the date the Secretary estab-
23 lishes the program under paragraph (1),
24 and

1 “(ii) for an allocation from the dollar
2 amount specified in paragraph (3)(B)(iii)
3 during the 3-year period beginning at the
4 earlier of the termination of the period de-
5 scribed in clause (i) or the date prescribed
6 by the Secretary.”.

7 (3) CAPTURE AND SEQUESTRATION OF CARBON
8 DIOXIDE EMISSIONS REQUIREMENT.—

9 (A) IN GENERAL.—Section 48A(e)(1) is
10 amended by striking “and” at the end of sub-
11 paragraph (E), by striking the period at the
12 end of subparagraph (F) and inserting “; and”,
13 and by adding at the end the following new sub-
14 paragraph:

15 “(G) in the case of any project the applica-
16 tion for which is submitted during the period
17 described in subsection (d)(2)(A)(ii), the project
18 includes equipment which separates and seques-
19 ters at least 65 percent (70 percent in the case
20 of an application for reallocated credits under
21 subsection (d)(4)) of such project’s total carbon
22 dioxide emissions.”.

23 (B) HIGHEST PRIORITY FOR PROJECTS
24 WHICH SEQUESTER CARBON DIOXIDE EMIS-
25 SIONS.—Section 48A(e)(3) is amended by strik-

1 ing “and” at the end of subparagraph (A)(iii),
2 by striking the period at the end of subpara-
3 graph (B)(iii) and inserting “, and”, and by
4 adding at the end the following new subpara-
5 graph:

6 “(C) give highest priority to projects with
7 the greatest separation and sequestration per-
8 centage of total carbon dioxide emissions.”.

9 (C) RECAPTURE OF CREDIT FOR FAILURE
10 TO SEQUESTER.—Section 48A is amended by
11 adding at the end the following new subsection:

12 “(i) RECAPTURE OF CREDIT FOR FAILURE TO SE-
13 QUESTER.—The Secretary shall provide for recapturing
14 the benefit of any credit allowable under subsection (a)
15 with respect to any project which fails to attain or main-
16 tain the separation and sequestration requirements of sub-
17 section (e)(1)(G).”.

18 (4) ADDITIONAL PRIORITY FOR RESEARCH
19 PARTNERSHIPS.—Section 48A(e)(3)(B), as amended
20 by paragraph (3)(B), is amended—

21 (A) by striking “and” at the end of clause
22 (ii),

23 (B) by redesignating clause (iii) as clause
24 (iv), and

1 (C) by inserting after clause (ii) the fol-
2 lowing new clause:

3 “(iii) applicant participants who have
4 a research partnership with an eligible edu-
5 cational institution (as defined in section
6 529(e)(5)), and”.

7 (5) CLERICAL AMENDMENT.—Section 48A(e)(3)
8 is amended by striking “INTEGRATED GASIFICATION
9 COMBINED CYCLE” in the heading and inserting
10 “CERTAIN”.

11 (d) DISCLOSURE OF ALLOCATIONS.—Section 48A(d)
12 is amended by adding at the end the following new para-
13 graph:

14 “(5) DISCLOSURE OF ALLOCATIONS.—The Sec-
15 retary shall, upon making a certification under this
16 subsection or section 48B(d), publicly disclose the
17 identity of the applicant and the amount of the cred-
18 it certified with respect to such applicant.”.

19 (e) EFFECTIVE DATES.—

20 (1) IN GENERAL.—Except as otherwise pro-
21 vided in this subsection, the amendments made by
22 this section shall apply to credits the application for
23 which is submitted during the period described in
24 section 48A(d)(2)(A)(ii) of the Internal Revenue

1 Code of 1986 and which are allocated or reallocated
2 after the date of the enactment of this Act.

3 (2) DISCLOSURE OF ALLOCATIONS.—The
4 amendment made by subsection (d) shall apply to
5 certifications made after the date of the enactment
6 of this Act.

7 (3) CLERICAL AMENDMENT.—The amendment
8 made by subsection (c)(5) shall take effect as if in-
9 cluded in the amendment made by section 1307(b)
10 of the Energy Tax Incentives Act of 2005.

11 **SEC. 702. EXPANSION AND MODIFICATION OF COAL GASIFI-**
12 **CATION INVESTMENT CREDIT.**

13 (a) MODIFICATION OF CREDIT AMOUNT.—Section
14 48B(a) is amended by inserting “(30 percent in the case
15 of credits allocated under subsection (d)(1)(B))” after “20
16 percent”.

17 (b) EXPANSION OF AGGREGATE CREDITS.—Section
18 48B(d)(1) is amended by striking “shall not exceed
19 \$350,000,000” and all that follows and inserting “shall
20 not exceed—

21 “(A) \$350,000,000, plus

22 “(B) \$250,000,000 for qualifying gasifi-
23 cation projects that include equipment which
24 separates and sequesters at least 75 percent of
25 such project’s total carbon dioxide emissions.”.

1 (c) RECAPTURE OF CREDIT FOR FAILURE TO SE-
2 QUESTER.—Section 48B is amended by adding at the end
3 the following new subsection:

4 “(f) RECAPTURE OF CREDIT FOR FAILURE TO SE-
5 QUESTER.—The Secretary shall provide for recapturing
6 the benefit of any credit allowable under subsection (a)
7 with respect to any project which fails to attain or main-
8 tain the separation and sequestration requirements for
9 such project under subsection (d)(1).”.

10 (d) SELECTION PRIORITIES.—Section 48B(d) is
11 amended by adding at the end the following new para-
12 graph:

13 “(4) SELECTION PRIORITIES.—In determining
14 which qualifying gasification projects to certify
15 under this section, the Secretary shall—

16 “(A) give highest priority to projects with
17 the greatest separation and sequestration per-
18 centage of total carbon dioxide emissions, and

19 “(B) give high priority to applicant partici-
20 pants who have a research partnership with an
21 eligible educational institution (as defined in
22 section 529(e)(5)).”.

23 (e) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to credits described in section
25 48B(d)(1)(B) of the Internal Revenue Code of 1986 which

1 are allocated or reallocated after the date of the enactment
2 of this Act.

3 **SEC. 703. TEMPORARY INCREASE IN COAL EXCISE TAX.**

4 Paragraph (2) of section 4121(e) is amended—

5 (1) by striking “January 1, 2014” in subpara-
6 graph (A) and inserting “December 31, 2018”, and

7 (2) by striking “January 1 after 1981” in sub-
8 paragraph (B) and inserting “December 31 after
9 2007”.

10 **SEC. 704. SPECIAL RULES FOR REFUND OF THE COAL EX-**
11 **CISE TAX TO CERTAIN COAL PRODUCERS**
12 **AND EXPORTERS.**

13 (a) REFUND.—

14 (1) COAL PRODUCERS.—

15 (A) IN GENERAL.—Notwithstanding sub-
16 sections (a)(1) and (c) of section 6416 and sec-
17 tion 6511 of the Internal Revenue Code of
18 1986, if—

19 (i) a coal producer establishes that
20 such coal producer, or a party related to
21 such coal producer, exported coal produced
22 by such coal producer to a foreign country
23 or shipped coal produced by such coal pro-
24 ducer to a possession of the United States,
25 or caused such coal to be exported or

1 shipped, the export or shipment of which
2 was other than through an exporter who
3 meets the requirements of paragraph (2),

4 (ii) such coal producer filed an excise
5 tax return on or after October 1, 1990,
6 and on or before the date of the enactment
7 of this Act, and

8 (iii) such coal producer files a claim
9 for refund with the Secretary not later
10 than the close of the 30-day period begin-
11 ning on the date of the enactment of this
12 Act,

13 then the Secretary shall pay to such coal pro-
14 ducer an amount equal to the tax paid under
15 section 4121 of such Code on such coal ex-
16 ported or shipped by the coal producer or a
17 party related to such coal producer, or caused
18 by the coal producer or a party related to such
19 coal producer to be exported or shipped.

20 (B) SPECIAL RULES FOR CERTAIN TAX-
21 PAYERS.—For purposes of this section—

22 (i) IN GENERAL.—If a coal producer
23 or a party related to a coal producer has
24 received a judgment described in clause
25 (iii), such coal producer shall be deemed to

1 have established the export of coal to a for-
2 eign country or shipment of coal to a pos-
3 session of the United States under sub-
4 paragraph (A)(i).

5 (ii) AMOUNT OF PAYMENT.—If a tax-
6 payer described in clause (i) is entitled to
7 a payment under subparagraph (A), the
8 amount of such payment shall be reduced
9 by any amount paid pursuant to the judg-
10 ment described in clause (iii).

11 (iii) JUDGMENT DESCRIBED.—A judg-
12 ment is described in this subparagraph if
13 such judgment—

14 (I) is made by a court of com-
15 petent jurisdiction within the United
16 States,

17 (II) relates to the constitu-
18 tionality of any tax paid on exported
19 coal under section 4121 of the Inter-
20 nal Revenue Code of 1986, and

21 (III) is in favor of the coal pro-
22 ducer or the party related to the coal
23 producer.

24 (2) EXPORTERS.—Notwithstanding subsections
25 (a)(1) and (c) of section 6416 and section 6511 of

1 the Internal Revenue Code of 1986, and a judgment
2 described in paragraph (1)(B)(iii) of this subsection,
3 if—

4 (A) an exporter establishes that such ex-
5 porter exported coal to a foreign country or
6 shipped coal to a possession of the United
7 States, or caused such coal to be so exported or
8 shipped,

9 (B) such exporter filed a tax return on or
10 after October 1, 1990, and on or before the
11 date of the enactment of this Act, and

12 (C) such exporter files a claim for refund
13 with the Secretary not later than the close of
14 the 30-day period beginning on the date of the
15 enactment of this Act,

16 then the Secretary shall pay to such exporter an
17 amount equal to \$0.825 per ton of such coal ex-
18 ported by the exporter or caused to be exported or
19 shipped, or caused to be exported or shipped, by the
20 exporter.

21 (b) LIMITATIONS.—Subsection (a) shall not apply
22 with respect to exported coal if a settlement with the Fed-
23 eral Government has been made with and accepted by, the
24 coal producer, a party related to such coal producer, or
25 the exporter, of such coal, as of the date that the claim

1 is filed under this section with respect to such exported
2 coal. For purposes of this subsection, the term “settlement
3 with the Federal Government” shall not include any settle-
4 ment or stipulation entered into as of the date of the en-
5 actment of this Act, the terms of which contemplate a
6 judgment concerning which any party has reserved the
7 right to file an appeal, or has filed an appeal.

8 (c) SUBSEQUENT REFUND PROHIBITED.—No refund
9 shall be made under this section to the extent that a credit
10 or refund of such tax on such exported or shipped coal
11 has been paid to any person.

12 (d) DEFINITIONS.—For purposes of this section—

13 (1) COAL PRODUCER.—The term “coal pro-
14 ducer” means the person in whom is vested owner-
15 ship of the coal immediately after the coal is severed
16 from the ground, without regard to the existence of
17 any contractual arrangement for the sale or other
18 disposition of the coal or the payment of any royal-
19 ties between the producer and third parties. The
20 term includes any person who extracts coal from
21 coal waste refuse piles or from the silt waste product
22 which results from the wet washing (or similar proc-
23 essing) of coal.

24 (2) EXPORTER.—The term “exporter” means a
25 person, other than a coal producer, who does not

1 have a contract, fee arrangement, or any other
2 agreement with a producer or seller of such coal to
3 export or ship such coal to a third party on behalf
4 of the producer or seller of such coal and—

5 (A) is indicated in the shipper’s export
6 declaration or other documentation as the ex-
7 porter of record, or

8 (B) actually exported such coal to a for-
9 eign country or shipped such coal to a posses-
10 sion of the United States, or caused such coal
11 to be so exported or shipped.

12 (3) RELATED PARTY.—The term “a party re-
13 lated to such coal producer” means a person who—

14 (A) is related to such coal producer
15 through any degree of common management,
16 stock ownership, or voting control,

17 (B) is related (within the meaning of sec-
18 tion 144(a)(3) of the Internal Revenue Code of
19 1986) to such coal producer, or

20 (C) has a contract, fee arrangement, or
21 any other agreement with such coal producer to
22 sell such coal to a third party on behalf of such
23 coal producer.

1 (4) SECRETARY.—The term “Secretary” means
2 the Secretary of Treasury or the Secretary’s des-
3 ignee.

4 (e) TIMING OF REFUND.—With respect to any claim
5 for refund filed pursuant to this section, the Secretary
6 shall determine whether the requirements of this section
7 are met not later than 180 days after such claim is filed.
8 If the Secretary determines that the requirements of this
9 section are met, the claim for refund shall be paid not
10 later than 180 days after the Secretary makes such deter-
11 mination.

12 (f) INTEREST.—Any refund paid pursuant to this
13 section shall be paid by the Secretary with interest from
14 the date of overpayment determined by using the overpay-
15 ment rate and method under section 6621 of the Internal
16 Revenue Code of 1986.

17 (g) DENIAL OF DOUBLE BENEFIT.—The payment
18 under subsection (a) with respect to any coal shall not ex-
19 ceed—

20 (1) in the case of a payment to a coal producer,
21 the amount of tax paid under section 4121 of the
22 Internal Revenue Code of 1986 with respect to such
23 coal by such coal producer or a party related to such
24 coal producer, and

1 (2) in the case of a payment to an exporter, an
2 amount equal to \$0.825 per ton with respect to such
3 coal exported by the exporter or caused to be ex-
4 ported by the exporter.

5 (h) APPLICATION OF SECTION.—This section applies
6 only to claims on coal exported or shipped on or after Oc-
7 tober 1, 1990, through the date of the enactment of this
8 Act.

9 (i) STANDING NOT CONFERRED.—

10 (1) EXPORTERS.—With respect to exporters,
11 this section shall not confer standing upon an ex-
12 porter to commence, or intervene in, any judicial or
13 administrative proceeding concerning a claim for re-
14 fund by a coal producer of any Federal or State tax,
15 fee, or royalty paid by the coal producer.

16 (2) COAL PRODUCERS.—With respect to coal
17 producers, this section shall not confer standing
18 upon a coal producer to commence, or intervene in,
19 any judicial or administrative proceeding concerning
20 a claim for refund by an exporter of any Federal or
21 State tax, fee, or royalty paid by the producer and
22 alleged to have been passed on to an exporter.

1 **TITLE VIII—TRANSPORTATION**
2 **AND FUEL PROVISIONS**

3 **SEC. 801. INCLUSION OF CELLULOSIC BIOFUEL IN BONUS**
4 **DEPRECIATION FOR BIOMASS ETHANOL**
5 **PLANT PROPERTY.**

6 (a) IN GENERAL.—Paragraph (3) of section 168(l)
7 is amended to read as follows:

8 “(3) CELLULOSIC BIOFUEL.—The term ‘cel-
9 lulosic biofuel’ means any liquid fuel which is pro-
10 duced from any lignocellulosic or hemicellulosic mat-
11 ter that is available on a renewable or recurring
12 basis.”.

13 (b) CONFORMING AMENDMENTS.—Subsection (l) of
14 section 168 is amended—

15 (1) by striking “cellulosic biomass ethanol”
16 each place it appears and inserting “cellulosic
17 biofuel”,

18 (2) by striking “CELLULOSIC BIOMASS ETH-
19 ANOL” in the heading of such subsection and insert-
20 ing “CELLULOSIC BIOFUEL”, and

21 (3) by striking “CELLULOSIC BIOMASS ETH-
22 ANOL” in the heading of paragraph (2) thereof and
23 inserting “CELLULOSIC BIOFUEL”.

24 (c) EFFECTIVE DATE.—The amendments made by
25 this section shall apply to property placed in service after

1 the date of the enactment of this Act, in taxable years
2 ending after such date.

3 **SEC. 802. CREDITS FOR BIODIESEL AND RENEWABLE DIE-**
4 **SEL.**

5 (a) IN GENERAL.—Sections 40A(g), 6426(c)(6), and
6 6427(e)(5)(B) are each amended by striking “December
7 31, 2008” and inserting “December 31, 2009”.

8 (b) INCREASE IN RATE OF CREDIT.—

9 (1) INCOME TAX CREDIT.—Paragraphs (1)(A)
10 and (2)(A) of section 40A(b) are each amended by
11 striking “50 cents” and inserting “\$1.00”.

12 (2) EXCISE TAX CREDIT.—Paragraph (2) of
13 section 6426(c) is amended to read as follows:

14 “(2) APPLICABLE AMOUNT.—For purposes of
15 this subsection, the applicable amount is \$1.00.”.

16 (3) CONFORMING AMENDMENTS.—

17 (A) Subsection (b) of section 40A is
18 amended by striking paragraph (3) and by re-
19 designating paragraphs (4) and (5) as para-
20 graphs (3) and (4), respectively.

21 (B) Paragraph (2) of section 40A(f) is
22 amended to read as follows:

23 “(2) EXCEPTION.—Subsection (b)(4) shall not
24 apply with respect to renewable diesel.”.

1 (C) Paragraphs (2) and (3) of section
2 40A(e) are each amended by striking “sub-
3 section (b)(5)(C)” and inserting “subsection
4 (b)(4)(C)”.

5 (D) Clause (ii) of section 40A(d)(3)(C) is
6 amended by striking “subsection (b)(5)(B)”
7 and inserting “subsection (b)(4)(B)”.

8 (c) UNIFORM TREATMENT OF DIESEL PRODUCED
9 FROM BIOMASS.—Paragraph (3) of section 40A(f) is
10 amended—

11 (1) by striking “diesel fuel” and inserting “liq-
12 uid fuel”,

13 (2) by striking “using a thermal
14 depolymerization process”, and

15 (3) by striking “or D396” in subparagraph (B)
16 and inserting “, D396, or other equivalent standard
17 approved by the Secretary”.

18 (d) COPRODUCTION OF RENEWABLE DIESEL WITH
19 PETROLEUM FEEDSTOCK.—

20 (1) IN GENERAL.—Paragraph (3) of section
21 40A(f) (defining renewable diesel) is amended by
22 adding at the end the following new sentence: “Such
23 term does not include any fuel derived from coproc-
24 essing biomass with a feedstock which is not bio-
25 mass. For purposes of this paragraph, the term ‘bio-

1 mass' has the meaning given such term by section
2 45K(c)(3).”.

3 (2) CONFORMING AMENDMENT.—Paragraph (3)
4 of section 40A(f) is amended by striking “(as de-
5 fined in section 45K(c)(3))”.

6 (e) EFFECTIVE DATE.—

7 (1) IN GENERAL.—Except as otherwise pro-
8 vided in this subsection, the amendments made by
9 this section shall apply to fuel produced, and sold or
10 used, after December 31, 2008.

11 (2) COPRODUCTION OF RENEWABLE DIESEL
12 WITH PETROLEUM FEEDSTOCK.—The amendments
13 made by subsection (d) shall apply to fuel produced,
14 and sold or used, after the date of the enactment of
15 this Act.

16 **SEC. 803. CLARIFICATION THAT CREDITS FOR FUEL ARE**
17 **DESIGNED TO PROVIDE AN INCENTIVE FOR**
18 **UNITED STATES PRODUCTION.**

19 (a) ALCOHOL FUELS CREDIT.—Paragraph (6) of sec-
20 tion 40(d) is amended to read as follows:

21 “(6) LIMITATION TO ALCOHOL WITH CONNEC-
22 TION TO THE UNITED STATES.—No credit shall be
23 determined under this section with respect to any al-
24 cohol which is produced outside the United States
25 for use as a fuel outside the United States. For pur-

1 poses of this paragraph, the term ‘United States’ in-
2 cludes any possession of the United States.”.

3 (b) BIODIESEL FUELS CREDIT.—Subsection (d) of
4 section 40A is amended by adding at the end the following
5 new paragraph:

6 “(5) LIMITATION TO BIODIESEL WITH CONNEC-
7 TION TO THE UNITED STATES.—No credit shall be
8 determined under this section with respect to any
9 biodiesel which is produced outside the United
10 States for use as a fuel outside the United States.
11 For purposes of this paragraph, the term ‘United
12 States’ includes any possession of the United
13 States.”.

14 (c) EXCISE TAX CREDIT.—

15 (1) IN GENERAL.—Section 6426 is amended by
16 adding at the end the following new subsection:

17 “(i) LIMITATION TO FUELS WITH CONNECTION TO
18 THE UNITED STATES.—

19 “(1) ALCOHOL.—No credit shall be determined
20 under this section with respect to any alcohol which
21 is produced outside the United States for use as a
22 fuel outside the United States.

23 “(2) BIODIESEL AND ALTERNATIVE FUELS.—
24 No credit shall be determined under this section
25 with respect to any biodiesel or alternative fuel

1 which is produced outside the United States for use
2 as a fuel outside the United States.

3 For purposes of this subsection, the term ‘United States’
4 includes any possession of the United States.”.

5 (2) CONFORMING AMENDMENT.—Subsection (e)
6 of section 6427 is amended by redesignating para-
7 graph (5) as paragraph (6) and by inserting after
8 paragraph (4) the following new paragraph:

9 “(5) LIMITATION TO FUELS WITH CONNECTION
10 TO THE UNITED STATES.—No amount shall be pay-
11 able under paragraph (1) or (2) with respect to any
12 mixture or alternative fuel if credit is not allowed
13 with respect to such mixture or alternative fuel by
14 reason of section 6426(i).”.

15 (d) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to claims for credit or payment
17 made on or after May 15, 2008.

18 **SEC. 804. CREDIT FOR ALTERNATIVE FUELS.**

19 (a) IN GENERAL.—Sections 6426(d)(4), 6426(e)(3),
20 and 6427(e)(5)(C) are each amended by striking “Sep-
21 tember 30, 2009” and inserting “December 31, 2009”.

22 (b) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to fuel produced, and sold or used,
24 after September 30, 2009.

1 **SEC. 805. CREDIT FOR ALTERNATIVE JET FUEL.**

2 (a) CREDIT.—

3 (1) ALLOWANCE OF CREDIT.—Section 6426, as
4 amended by this Act, is amended by redesignating
5 subsections (f) through (i) as subsections (h)
6 through (j), respectively, and by inserting after sub-
7 section (e) the following new subsections:

8 “(f) ALTERNATIVE JET FUEL CREDIT.—

9 “(1) IN GENERAL.—For purposes of this sec-
10 tion, the alternative jet fuel credit is the product of
11 \$1.00 and the number of gallons of alternative jet
12 fuel or gasoline gallon equivalents (as defined in
13 subsection (d)(3)) of a nonliquid alternative jet fuel
14 sold by the taxpayer for use as a fuel in an aircraft,
15 or so used by the taxpayer.

16 “(2) ALTERNATIVE JET FUEL.—For purposes
17 of this section, the term ‘alternative jet fuel’ means
18 an alternative fuel which meets the requirements of
19 a Department of Defense specification for military
20 jet fuel or an American Society of Testing and Ma-
21 terials specification for aviation turbine fuel.

22 “(3) TERMINATION.—This subsection shall not
23 apply to any sale or use for any period after Sep-
24 tember 30, 2014.

25 “(g) ALTERNATIVE JET FUEL MIXTURE CREDIT.—

1 “(1) IN GENERAL.—For purposes of this sec-
2 tion, the alterative jet fuel mixture credit is the
3 product of \$1.00 and the number of gallons of alter-
4 native jet fuel used by the taxpayer in producing any
5 alternative jet fuel mixture for sale or use in a trade
6 or business of the taxpayer.

7 “(2) ALTERNATIVE JET FUEL MIXTURE.—For
8 purposes of this section, the term ‘alternative jet
9 fuel mixture’ means a mixture of alternative jet fuel
10 and aviation gasoline or kerosene which—

11 “(A) is sold by the taxpayer producing
12 such mixture to any person for use as a fuel in
13 an aircraft, or

14 “(B) is used as a fuel in an aircraft by the
15 taxpayer producing such mixture

16 “(3) TERMINATION.—This subsection shall not
17 apply to any sale or use for any period after Sep-
18 tember 30, 2014.”.

19 (2) CONFORMING AMENDMENTS.—

20 (A) Section 6426(a) is amended—

21 (i) in paragraph (1), by striking “and
22 (e)” and inserting “(e), and (g)”,

23 (ii) in paragraph (2), by striking
24 “subsection (d)” and inserting “sub-
25 sections (d) and (f)”, and

1 (iii) in the second sentence, by strik-
2 ing “subsections (d) and (e)” and inserting
3 “subsections (d), (e), (f), and (g)”.

4 (B) Section 6426(e)(2) is amended by add-
5 ing at the end the following new flush sentence:
6 “Such term does not include any alternative jet fuel
7 mixture.”.

8 (C) Section 6426(i), as redesignated by
9 paragraph (1), is amended by striking “sub-
10 sections (d) and (e)” and inserting “subsections
11 (d), (e), (f), and (g)”.

12 (D) Section 6426(j)(2), as added by this
13 Act and redesignated by paragraph (1), is
14 amended by striking “or alternative fuel” and
15 inserting “, alternative fuel, or alternative jet
16 fuel”.

17 (b) PAYMENTS.—

18 (1) IN GENERAL.—Paragraph (2) of section
19 6427(e) is amended—

20 (A) by inserting “, or if such person sells
21 or uses an alternative jet fuel (as defined in
22 section 6526(f)(2)) for a purpose described in
23 section 6426(f)(1) in such person’s trade or
24 business” after “trade or business”, and

1 (B) in the heading, by inserting “; ALTER-
2 NATIVE JET FUEL” after “FUEL”.

3 (2) REGISTRATION.—Paragraph (4) of section
4 6427(e) is amended by striking “or alternative fuel
5 mixture credit” and inserting “, alternative fuel mix-
6 ture credit, alternative jet fuel credit, or alternative
7 jet fuel mixture credit”.

8 (3) TERMINATION.—Paragraph (6) of section
9 6427(e), as amended by this Act, is amended by
10 striking “and” at the end of subparagraph (C), by
11 striking the period at the end of subparagraph (D)
12 and inserting “and”, and by adding at the end the
13 following new subparagraph:

14 “(E) any alternative jet fuel or alternative
15 jet fuel mixture (as defined in subsection (f)(2)
16 or (g)(2) of section 6426) sold or used after
17 December 31, 2014.”.

18 (c) TIME FOR FILING CLAIMS.—Section
19 6427(i)(3)(A) is amended by inserting “or an alternative
20 jet fuel (as defined in section 6426(f)(2))” after
21 “6426(d)(2)”.

22 (d) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to fuel sold or used after the date
24 of the enactment of this Act.

1 **SEC. 806. CREDIT FOR NEW QUALIFIED PLUG-IN ELECTRIC**
2 **DRIVE MOTOR VEHICLES.**

3 (a) PLUG-IN ELECTRIC DRIVE MOTOR VEHICLE
4 CREDIT.—Subpart B of part IV of subchapter A of chap-
5 ter 1 (relating to other credits) is amended by adding at
6 the end the following new section:

7 **“SEC. 30D. NEW QUALIFIED PLUG-IN ELECTRIC DRIVE**
8 **MOTOR VEHICLES.**

9 “(a) ALLOWANCE OF CREDIT.—

10 “(1) IN GENERAL.—There shall be allowed as a
11 credit against the tax imposed by this chapter for
12 the taxable year an amount equal to the applicable
13 amount with respect to each new qualified plug-in
14 electric drive motor vehicle placed in service by the
15 taxpayer during the taxable year.

16 “(2) APPLICABLE AMOUNT.—For purposes of
17 paragraph (1), the applicable amount is sum of—

18 “(A) \$2,500, plus

19 “(B) \$400 for each kilowatt hour of trac-
20 tion battery capacity in excess of 5 kilowatt
21 hours.

22 “(b) LIMITATIONS.—

23 “(1) LIMITATION BASED ON WEIGHT.—The
24 amount of the credit allowed under subsection (a) by
25 reason of subsection (a)(2) shall not exceed—

1 “(A) \$7,500, in the case of any new quali-
2 fied plug-in electric drive motor vehicle with a
3 gross vehicle weight rating of not more than
4 10,000 pounds,

5 “(B) \$10,000, in the case of any new
6 qualified plug-in electric drive motor vehicle
7 with a gross vehicle weight rating of more than
8 10,000 pounds but not more than 14,000
9 pounds,

10 “(C) \$12,500, in the case of any new
11 qualified plug-in electric drive motor vehicle
12 with a gross vehicle weight rating of more than
13 14,000 pounds but not more than 26,000
14 pounds, and

15 “(D) \$15,000, in the case of any new
16 qualified plug-in electric drive motor vehicle
17 with a gross vehicle weight rating of more than
18 26,000 pounds.

19 “(2) LIMITATION ON NUMBER OF PASSENGER
20 VEHICLES AND LIGHT TRUCKS ELIGIBLE FOR CRED-
21 IT.—

22 “(A) IN GENERAL.—In the case of a new
23 qualified plug-in electric drive motor vehicle
24 sold during the phaseout period, only the appli-

1 cable percentage of the credit otherwise allow-
2 able under subsection (a) shall be allowed.

3 “(B) PHASEOUT PERIOD.—For purposes
4 of this subsection, the phaseout period is the
5 period beginning with the second calendar quar-
6 ter following the calendar quarter which in-
7 cludes the first date on which the total number
8 of such new qualified plug-in electric drive
9 motor vehicles sold for use in the United States
10 after December 31, 2007, is at least 250,000.

11 “(C) APPLICABLE PERCENTAGE.—For
12 purposes of subparagraph (A), the applicable
13 percentage is—

14 “(i) 50 percent for the first 2 cal-
15 endar quarters of the phaseout period,

16 “(ii) 25 percent for the 3d and 4th
17 calendar quarters of the phaseout period,
18 and

19 “(iii) 0 percent for each calendar
20 quarter thereafter.

21 “(D) CONTROLLED GROUPS.—Rules simi-
22 lar to the rules of section 30B(f)(4) shall apply
23 for purposes of this subsection.

24 “(e) NEW QUALIFIED PLUG-IN ELECTRIC DRIVE
25 MOTOR VEHICLE.—For purposes of this section, the term

1 ‘new qualified plug-in electric drive motor vehicle’ means
2 a motor vehicle—

3 “(1) which draws propulsion using a traction
4 battery with at least 4 kilowatt hours of capacity,

5 “(2) which uses an offboard source of energy to
6 recharge such battery,

7 “(3) which, in the case of a passenger vehicle
8 or light truck which has a gross vehicle weight rat-
9 ing of not more than 8,500 pounds, has received a
10 certificate of conformity under the Clean Air Act
11 and meets or exceeds the equivalent qualifying Cali-
12 fornia low emission vehicle standard under section
13 243(e)(2) of the Clean Air Act for that make and
14 model year, and

15 “(A) in the case of a vehicle having a gross
16 vehicle weight rating of 6,000 pounds or less,
17 the Bin 5 Tier II emission standard established
18 in regulations prescribed by the Administrator
19 of the Environmental Protection Agency under
20 section 202(i) of the Clean Air Act for that
21 make and model year vehicle, and

22 “(B) in the case of a vehicle having a gross
23 vehicle weight rating of more than 6,000
24 pounds but not more than 8,500 pounds, the

1 Bin 8 Tier II emission standard which is so es-
2 tablished,

3 “(4) the original use of which commences with
4 the taxpayer,

5 “(5) which is acquired for use or lease by the
6 taxpayer and not for resale, and

7 “(6) which is made by a manufacturer.

8 “(d) APPLICATION WITH OTHER CREDITS.—

9 “(1) BUSINESS CREDIT TREATED AS PART OF
10 GENERAL BUSINESS CREDIT.—So much of the credit
11 which would be allowed under subsection (a) for any
12 taxable year (determined without regard to this sub-
13 section) that is attributable to property of a char-
14 acter subject to an allowance for depreciation shall
15 be treated as a credit listed in section 38(b) for such
16 taxable year (and not allowed under subsection (a)).

17 “(2) PERSONAL CREDIT.—

18 “(A) IN GENERAL.—For purposes of this
19 title, the credit allowed under subsection (a) for
20 any taxable year (determined after application
21 of paragraph (1)) shall be treated as a credit
22 allowable under subpart A for such taxable
23 year.

24 “(B) LIMITATION BASED ON AMOUNT OF
25 TAX.—In the case of a taxable year to which

1 section 26(a)(2) does not apply, the credit al-
2 lowed under subsection (a) for any taxable year
3 (determined after application of paragraph (1))
4 shall not exceed the excess of—

5 “(i) the sum of the regular tax liabil-
6 ity (as defined in section 26(b)) plus the
7 tax imposed by section 55, over

8 “(ii) the sum of the credits allowable
9 under subpart A (other than this section
10 and sections 23 and 25D) and section 27
11 for the taxable year.

12 “(e) OTHER DEFINITIONS AND SPECIAL RULES.—
13 For purposes of this section—

14 “(1) MOTOR VEHICLE.—The term ‘motor vehi-
15 cle’ has the meaning given such term by section
16 30(c)(2).

17 “(2) OTHER TERMS.—The terms ‘passenger
18 automobile’, ‘light truck’, and ‘manufacturer’ have
19 the meanings given such terms in regulations pre-
20 scribed by the Administrator of the Environmental
21 Protection Agency for purposes of the administra-
22 tion of title II of the Clean Air Act (42 U.S.C. 7521
23 et seq.).

24 “(3) TRACTION BATTERY CAPACITY.—Traction
25 battery capacity shall be measured in kilowatt hours

1 from a 100 percent state of charge to a zero percent
2 state of charge.

3 “(4) REDUCTION IN BASIS.—For purposes of
4 this subtitle, the basis of any property for which a
5 credit is allowable under subsection (a) shall be re-
6 duced by the amount of such credit so allowed.

7 “(5) NO DOUBLE BENEFIT.—The amount of
8 any deduction or other credit allowable under this
9 chapter for a new qualified plug-in electric drive
10 motor vehicle shall be reduced by the amount of
11 credit allowed under subsection (a) for such vehicle
12 for the taxable year.

13 “(6) PROPERTY USED BY TAX-EXEMPT ENTI-
14 TY.—In the case of a vehicle the use of which is de-
15 scribed in paragraph (3) or (4) of section 50(b) and
16 which is not subject to a lease, the person who sold
17 such vehicle to the person or entity using such vehi-
18 cle shall be treated as the taxpayer that placed such
19 vehicle in service, but only if such person clearly dis-
20 closes to such person or entity in a document the
21 amount of any credit allowable under subsection (a)
22 with respect to such vehicle (determined without re-
23 gard to subsection (b)(2)).

24 “(7) PROPERTY USED OUTSIDE UNITED
25 STATES, ETC., NOT QUALIFIED.—No credit shall be

1 allowable under subsection (a) with respect to any
2 property referred to in section 50(b)(1) or with re-
3 spect to the portion of the cost of any property
4 taken into account under section 179.

5 “(8) RECAPTURE.—The Secretary shall, by reg-
6 ulations, provide for recapturing the benefit of any
7 credit allowable under subsection (a) with respect to
8 any property which ceases to be property eligible for
9 such credit (including recapture in the case of a
10 lease period of less than the economic life of a vehi-
11 cle).

12 “(9) ELECTION TO NOT TAKE CREDIT.—No
13 credit shall be allowed under subsection (a) for any
14 vehicle if the taxpayer elects not to have this section
15 apply to such vehicle.

16 “(10) INTERACTION WITH AIR QUALITY AND
17 MOTOR VEHICLE SAFETY STANDARDS.—Unless oth-
18 erwise provided in this section, a motor vehicle shall
19 not be considered eligible for a credit under this sec-
20 tion unless such vehicle is in compliance with—

21 “(A) the applicable provisions of the Clean
22 Air Act for the applicable make and model year
23 of the vehicle (or applicable air quality provi-
24 sions of State law in the case of a State which

1 has adopted such provision under a waiver
2 under section 209(b) of the Clean Air Act), and

3 “(B) the motor vehicle safety provisions of
4 sections 30101 through 30169 of title 49,
5 United States Code.

6 “(f) REGULATIONS.—

7 “(1) IN GENERAL.—Except as provided in para-
8 graph (2), the Secretary shall promulgate such regu-
9 lations as necessary to carry out the provisions of
10 this section.

11 “(2) COORDINATION IN PRESCRIPTION OF CER-
12 TAIN REGULATIONS.—The Secretary of the Treas-
13 ury, in coordination with the Secretary of Transpor-
14 tation and the Administrator of the Environmental
15 Protection Agency, shall prescribe such regulations
16 as necessary to determine whether a motor vehicle
17 meets the requirements to be eligible for a credit
18 under this section.

19 “(g) TERMINATION.—This section shall not apply to
20 property purchased after December 31, 2014.”.

21 (b) COORDINATION WITH ALTERNATIVE MOTOR VE-
22 HICLE CREDIT.—Section 30B(d)(3) is amended by adding
23 at the end the following new subparagraph:

24 “(D) EXCLUSION OF PLUG-IN VEHICLES.—

25 Any vehicle with respect to which a credit is al-

1 lowable under section 30D (determined without
2 regard to subsection (d) thereof) shall not be
3 taken into account under this section.”.

4 (c) CREDIT MADE PART OF GENERAL BUSINESS
5 CREDIT.—Section 38(b) is amended by striking “plus” at
6 the end of paragraph (32), by striking the period at the
7 end of paragraph (33) and inserting “plus”, and by add-
8 ing at the end the following new paragraph:

9 “(34) the portion of the new qualified plug-in
10 electric drive motor vehicle credit to which section
11 30D(d)(1) applies.”.

12 (d) CONFORMING AMENDMENTS.—

13 (1)(A) Section 24(b)(3)(B), as amended by sec-
14 tion 503, is amended by striking “and 25D” and in-
15 serting “25D, and 30D”.

16 (B) Section 25(e)(1)(C)(ii) is amended by in-
17 serting “30D,” after “25D,”.

18 (C) Section 25B(g)(2), as amended by section
19 503, is amended by striking “and 25D” and insert-
20 ing “, 25D, and 30D”.

21 (D) Section 26(a)(1), as amended by section
22 503, is amended by striking “and 25D” and insert-
23 ing “25D, and 30D”.

24 (E) Section 1400C(d)(2) is amended by striking
25 “and 25D” and inserting “25D, and 30D”.

1 (2) Section 1016(a) is amended by striking
2 “and” at the end of paragraph (35), by striking the
3 period at the end of paragraph (36) and inserting “,
4 and”, and by adding at the end the following new
5 paragraph:

6 “(37) to the extent provided in section
7 30D(f)(1).”.

8 (3) Section 6501(m) is amended by inserting
9 “30D(f)(4),” after “30C(e)(5),”.

10 (4) The table of sections for subpart B of part
11 IV of subchapter A of chapter 1 is amended by add-
12 ing at the end the following new item:

“Sec. 30D. New qualified plug-in electric drive motor vehicles.”.

13 (e) TREATMENT OF ALTERNATIVE MOTOR VEHICLE
14 CREDIT AS A PERSONAL CREDIT.—

15 (1) IN GENERAL.—Paragraph (2) of section
16 30B(g) is amended to read as follows:

17 “(2) PERSONAL CREDIT.—The credit allowed
18 under subsection (a) for any taxable year (after ap-
19 plication of paragraph (1)) shall be treated as a
20 credit allowable under subpart A for such taxable
21 year.”.

22 (2) CONFORMING AMENDMENTS.—

23 (A) Subparagraph (A) of section 30C(d)(2)
24 is amended by striking “sections 27, 30, and
25 30B” and inserting “sections 27 and 30”.

1 (B) Paragraph (3) of section 55(c) is
2 amended by striking “30B(g)(2),”.

3 (f) EFFECTIVE DATE.—

4 (1) IN GENERAL.—Except as otherwise pro-
5 vided in this subsection, the amendments made by
6 this section shall apply to taxable years beginning
7 after December 31, 2008.

8 (2) TREATMENT OF ALTERNATIVE MOTOR VE-
9 HICLE CREDIT AS PERSONAL CREDIT.—The amend-
10 ments made by subsection (e) shall apply to taxable
11 years beginning after December 31, 2007.

12 (g) APPLICATION OF EGTRRA SUNSET.—The
13 amendment made by subsection (d)(1)(A) shall be subject
14 to title IX of the Economic Growth and Tax Relief Rec-
15 onciliation Act of 2001 in the same manner as the provi-
16 sion of such Act to which such amendment relates.

17 **SEC. 807. EXCLUSION FROM HEAVY TRUCK TAX FOR IDLING**

18 **REDUCTION UNITS AND ADVANCED INSULA-**

19 **TION.**

20 (a) IN GENERAL.—Section 4053 is amended by add-
21 ing at the end the following new paragraphs:

22 “(9) IDLING REDUCTION DEVICE.—Any device
23 or system of devices which—

24 “(A) is designed to provide to a vehicle
25 those services (such as heat, air conditioning, or

1 electricity) that would otherwise require the op-
2 eration of the main drive engine while the vehi-
3 cle is temporarily parked or remains stationary
4 using one or more devices affixed to a tractor,
5 and

6 “(B) is determined by the Administrator of
7 the Environmental Protection Agency, in con-
8 sultation with the Secretary of Energy and the
9 Secretary of Transportation, to reduce idling of
10 such vehicle at a motor vehicle rest stop or
11 other location where such vehicles are tempo-
12 rarily parked or remain stationary.

13 “(10) **ADVANCED INSULATION.**—Any insulation
14 that has an R value of not less than R35 per inch.”.

15 (b) **EFFECTIVE DATE.**—The amendment made by
16 this section shall apply to sales or installations after the
17 date of the enactment of this Act.

18 **SEC. 808. ALTERNATIVE FUEL VEHICLE REFUELING PROP-**
19 **ERTY CREDIT.**

20 (a) **INCREASE IN CREDIT AMOUNT.**—Section 30C is
21 amended—

22 (1) by striking “30 percent” in subsection (a)
23 and inserting “50 percent”, and

24 (2) by striking “\$30,000” in subsection (b)(1)
25 and inserting “\$50,000”.

1 (b) EXTENSION OF CREDIT.—Paragraph (2) of sec-
2 tion 30C(g) is amended by striking “December 31, 2009”
3 and inserting “December 31, 2010”.

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to property placed in service after
6 the date of the enactment of this Act, in taxable years
7 ending after such date.

8 **SEC. 809. PERCENTAGE DEPLETION FOR MARGINAL WELL**
9 **PRODUCTION.**

10 (a) IN GENERAL.—Section 613A(c)(6)(H) (relating
11 to temporary suspension of taxable income limit with re-
12 spect to marginal production) is amended by striking
13 “January 1, 2008” and inserting “January 1, 2010”.

14 (b) EFFECTIVE DATE.—The amendment made by
15 this section shall apply to taxable years beginning after
16 December 31, 2007.

17 **SEC. 810. EXTENSION AND MODIFICATION OF ELECTION TO**
18 **EXPENSE CERTAIN REFINERIES.**

19 (a) EXTENSION.—Paragraph (1) of section 179C(c)
20 (relating to qualified refinery property) is amended—

21 (1) by striking “January 1, 2012” in subpara-
22 graph (B) and inserting “January 1, 2014”, and

23 (2) by striking “January 1, 2008” each place
24 it appears in subparagraph (F) and inserting “Janu-
25 ary 1, 2010”.

1 (b) INCLUSION OF FUEL DERIVED FROM SHALE AND
2 TAR SANDS.—

3 (1) IN GENERAL.—Subsection (d) of section
4 179C is amended by inserting “, or directly from
5 shale or tar sands” after “(as defined in section
6 45K(e))”.

7 (2) CONFORMING AMENDMENT.—Paragraph (2)
8 of section 179C(e) is amended by inserting “shale,
9 tar sands, or” before “qualified fuels”.

10 (c) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to property placed in service after
12 the date of the enactment of this Act.

13 **SEC. 811. TREATMENT OF QUALIFIED ALCOHOL FUEL MIX-**
14 **TURES AND QUALIFIED BIODIESEL FUEL MIX-**
15 **TURES AS TAXABLE FUELS.**

16 (a) IN GENERAL.—

17 (1) QUALIFIED ALCOHOL FUEL MIXTURES.—
18 Paragraph (2) of section 4083(a) (relating to gaso-
19 line) is amended—

20 (A) by striking “and” at the end of sub-
21 paragraph (A),

22 (B) by redesignating subparagraph (B) as
23 subparagraph (C), and

24 (C) by inserting after subparagraph (A)
25 the following new subparagraph:

1 “(B) includes any qualified mixture (as de-
2 fined in section 40(b)(1)(B)), and”.

3 (2) QUALIFIED BIODIESEL FUEL MIXTURES.—

4 Subparagraph (A) of section 4083(a)(3) (relating to
5 diesel fuel) is amended by striking “and” at the end
6 of clause (ii), by redesignating clause (iii) as clause
7 (iv), and inserting after clause (ii) the following new
8 clause:

9 “(iii) any qualified biodiesel mixture
10 (as defined in section 40A(b)(1)(B)), and”.

11 (b) MODIFICATION OF BIODIESEL CERTIFICATION
12 REQUIREMENT.—Paragraph (4) of section 40A(b) is
13 amended by striking “which identifies” and all that fol-
14 lows and inserting “which—

15 “(A) identifies the product produced and
16 the percentage of biodiesel and agri-biodiesel in
17 the product, and

18 “(B) documents that the biodiesel was
19 independently tested and meets the require-
20 ments of ASTM D6751.”.

21 (c) INFORMATION REPORTING REQUIREMENT FOR
22 PRODUCERS OF QUALIFIED MIXTURES.—Section 4101(d)
23 (relating to information reporting) is amended to read as
24 follows:

25 “(d) INFORMATION REPORTING.—The Secretary—

1 “(1) may require—

2 “(A) information reporting by any person
3 registered under this section, and

4 “(B) information reporting by such other
5 persons as the Secretary deems necessary to
6 carry out this part, and

7 “(2) shall require information reporting by any
8 person registered under this section and producing
9 any qualified mixture (as defined in section
10 40(b)(1)(B)) or any qualified biodiesel mixture (as
11 defined in section 40A(b)(1)(B)).

12 Any person who is required to report under this subsection
13 and who has 25 or more reportable transactions in a
14 month shall file such report in electronic format.”.

15 (d) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to fuels removed, entered, or sold
17 after December 31, 2008.

18 **SEC. 812. CERTAIN INCOME AND GAINS RELATING TO AL-**
19 **COHOL FUELS AND MIXTURES, BIODIESEL**
20 **FUELS AND MIXTURES, AND ALTERNATIVE**
21 **FUELS AND MIXTURES TREATED AS QUALI-**
22 **FYING INCOME FOR PUBLICLY TRADED**
23 **PARTNERSHIPS.**

24 (a) IN GENERAL.—Subparagraph (E) of section
25 7704(d)(1) is amended by inserting “, or the transpor-

1 tation, storage, or marketing of any fuel described in sub-
2 section (b), (c), (d), or (e) of section 6426, or any alcohol
3 fuel defined in section 6426(b)(4)(A) or any biodiesel fuel
4 as defined in section 40A(d)(1)” after “timber”).

5 (b) EFFECTIVE DATE.—The amendment made by
6 this section shall apply to taxable years beginning after
7 December 31, 2011.

8 **TITLE IX—ADDITIONAL TAX RE-**
9 **LIEF AND OTHER TAX PROVI-**
10 **SIONS**

11 **SEC. 901. INCOME AVERAGING FOR AMOUNTS RECEIVED IN**
12 **CONNECTION WITH THE EXXON VALDEZ LITI-**
13 **GATION.**

14 (a) INCOME AVERAGING OF AMOUNTS RECEIVED
15 FROM THE EXXON VALDEZ LITIGATION.—For purposes
16 of section 1301 of the Internal Revenue Code of 1986—

17 (1) any qualified taxpayer who receives any
18 qualified settlement income in any taxable year shall
19 be treated as engaged in a fishing business (deter-
20 mined without regard to the commercial nature of
21 the business), and

22 (2) such qualified settlement income shall be
23 treated as income attributable to such a fishing busi-
24 ness for such taxable year.

1 (b) CONTRIBUTIONS OF AMOUNTS RECEIVED TO RE-
2 TIREMENT ACCOUNTS.—

3 (1) IN GENERAL.—Any qualified taxpayer who
4 receives qualified settlement income during the tax-
5 able year may, at any time before the end of the tax-
6 able year in which such income was received, make
7 one or more contributions to an eligible retirement
8 plan of which such qualified taxpayer is a bene-
9 ficiary in an aggregate amount not to exceed the
10 lesser of—

11 (A) \$100,000 (reduced by the amount of
12 qualified settlement income contributed to an
13 eligible retirement plan in prior taxable years
14 pursuant to this subsection), or

15 (B) the amount of qualified settlement in-
16 come received by the individual during the tax-
17 able year.

18 (2) TIME WHEN CONTRIBUTIONS DEEMED
19 MADE.—For purposes of paragraph (1), a qualified
20 taxpayer shall be deemed to have made a contribu-
21 tion to an eligible retirement plan on the last day of
22 the taxable year in which such income is received if
23 the contribution is made on account of such taxable
24 year and is made not later than the time prescribed

1 by law for filing the return for such taxable year
2 (not including extensions thereof).

3 (3) TREATMENT OF CONTRIBUTIONS TO ELIGI-
4 BLE RETIREMENT PLANS.—For purposes of the In-
5 ternal Revenue Code of 1986, if a contribution is
6 made pursuant to paragraph (1) with respect to
7 qualified settlement income, then—

8 (A) except as provided in paragraph (4)—

9 (i) to the extent of such contribution,
10 the qualified settlement income shall not
11 be included in taxable income, and

12 (ii) for purposes of section 72 of such
13 Code, such contribution shall not be con-
14 sidered to be investment in the contract,

15 (B) the qualified taxpayer shall, to the ex-
16 tent of the amount of the contribution, be treat-
17 ed—

18 (i) as having received the qualified
19 settlement income—

20 (I) in the case of a contribution
21 to an individual retirement plan (as
22 defined under section 7701(a)(37) of
23 such Code), in a distribution described
24 in section 408(d)(3) of such Code,
25 and

1 (II) in the case of any other eligi-
2 ble retirement plan, in an eligible roll-
3 over distribution (as defined under
4 section 402(f)(2) of such Code), and

5 (ii) as having transferred the amount
6 to the eligible retirement plan in a direct
7 trustee to trustee transfer within 60 days
8 of the distribution,

9 (C) section 408(d)(3)(B) of the Internal
10 Revenue Code of 1986 shall not apply with re-
11 spect to amounts treated as a rollover under
12 this paragraph, and

13 (D) section 408A(c)(3)(B) of the Internal
14 Revenue Code of 1986 shall not apply with re-
15 spect to amounts contributed to a Roth IRA (as
16 defined under section 408A(b) of such Code) or
17 a designated Roth contribution to an applicable
18 retirement plan (within the meaning of section
19 402A of such Code) under this paragraph.

20 (4) SPECIAL RULE FOR ROTH IRAS AND ROTH
21 401(k)s.—For purposes of the Internal Revenue
22 Code of 1986, if a contribution is made pursuant to
23 paragraph (1) with respect to qualified settlement
24 income to a Roth IRA (as defined under section
25 408A(b) of such Code) or as a designated Roth con-

1 tribution to an applicable retirement plan (within
2 the meaning of section 402A of such Code), then—

3 (A) the qualified settlement income shall
4 be includible in taxable income, and

5 (B) for purposes of section 72 of such
6 Code, such contribution shall be considered to
7 be investment in the contract.

8 (5) ELIGIBLE RETIREMENT PLAN.—For pur-
9 pose of this subsection, the term “eligible retirement
10 plan” has the meaning given such term under sec-
11 tion 402(c)(8)(B) of the Internal Revenue Code of
12 1986.

13 (c) TREATMENT OF QUALIFIED SETTLEMENT IN-
14 COME UNDER EMPLOYMENT TAXES.—

15 (1) SECA.—For purposes of chapter 2 of the
16 Internal Revenue Code of 1986 and section 211 of
17 the Social Security Act, no portion of qualified set-
18 tlement income received by a qualified taxpayer shall
19 be treated as self-employment income.

20 (2) FICA.—For purposes of chapter 21 of the
21 Internal Revenue Code of 1986 and section 209 of
22 the Social Security Act, no portion of qualified set-
23 tlement income received by a qualified taxpayer shall
24 be treated as wages.

1 (d) QUALIFIED TAXPAYER.—For purposes of this
2 section, the term “qualified taxpayer” means—

3 (1) any individual who is a plaintiff in the civil
4 action *In re Exxon Valdez*, No. 89–095–CV (HRH)
5 (Consolidated) (D. Alaska); or

6 (2) any individual who is a beneficiary of the
7 estate of such a plaintiff who—

8 (A) acquired the right to receive qualified
9 settlement income from that plaintiff; and

10 (B) was the spouse or an immediate rel-
11 ative of that plaintiff.

12 (e) QUALIFIED SETTLEMENT INCOME.—For pur-
13 poses of this section, the term “qualified settlement in-
14 come” means any interest and punitive damage awards
15 which are—

16 (1) otherwise includible in taxable income, and

17 (2) received (whether as lump sums or periodic
18 payments) in connection with the civil action *In re*
19 *Exxon Valdez*, No. 89–095–CV (HRH) (Consoli-
20 dated) (D. Alaska) (whether pre- or post-judgment
21 and whether related to a settlement or judgment).

1 **SEC. 902. MODIFICATION TO EXCLUSION FOR GAIN FROM**
2 **CERTAIN SMALL BUSINESS STOCK.**

3 (a) IN GENERAL.—Section 1202(a) (relating to ex-
4 clusion) is amended by adding at the end the following
5 new paragraph:

6 “(3) SPECIAL RULE FOR STOCK ACQUIRED BE-
7 FORE 2011.—In the case of qualified small business
8 stock acquired after the date of the enactment of
9 this paragraph and before January 1, 2011—

10 “(A) paragraph (1) shall be applied by
11 substituting ‘100 percent’ for ‘50 percent’, and

12 “(B) paragraph (2) shall not apply.”.

13 (b) EFFECTIVE DATE.—The amendment made by
14 this section shall apply to stock acquired after the date
15 of the enactment of this Act.

16 **SEC. 903. MODIFICATION OF ADDITIONAL STANDARD DE-**
17 **DUCTION FOR REAL PROPERTY TAXES.**

18 (a) IN GENERAL.—Paragraph (7) of section 63(c),
19 as amended by the Housing Assistance Tax Act of 2008,
20 is amended to read as follows:

21 “(7) REAL PROPERTY TAX DEDUCTION.—

22 “(A) IN GENERAL.—For purposes of para-
23 graph (1), the real property tax deduction is the
24 lesser of—

1 “(i) the amount allowable as a deduc-
2 tion under this chapter for State and local
3 taxes described in section 164(a)(1), or

4 “(ii) \$500 (\$1,000 in the case of a
5 joint return).

6 Any taxes taken into account under section
7 62(a) shall not be taken into account under this
8 paragraph.

9 “(B) EXCEPTION.—The real property tax
10 deduction shall not be allowed in the case of a
11 taxpayer living in a jurisdiction in which the
12 rate of tax for all residential real property taxes
13 is increased, net of any tax rebates, through
14 rate increases or the repeal or reduction of oth-
15 erwise applicable deductions, credits, or offsets,
16 at any time after the date of the enactment of
17 this paragraph and before December 31, 2008.
18 This subparagraph shall not apply in the case
19 of a jurisdiction in which the rate of tax for all
20 residential real property taxes is increased pur-
21 suant to an equalization policy in effect before
22 the date of the enactment of this paragraph or
23 as a result of any votes of the residents of such
24 jurisdiction to increase funding for pre-school,
25 primary, secondary, or higher education.”.

1 (b) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2007.

4 **SEC. 904. CERTAIN FARMING BUSINESS MACHINERY AND**
5 **EQUIPMENT TREATED AS 5-YEAR PROPERTY.**

6 (a) IN GENERAL.—Section 168(e)(3)(B) (defining 5-
7 year property) is amended by striking “and” at the end
8 of clause (v), by striking the period at the end of clause
9 (vi)(III) and inserting “, and”, and by inserting after
10 clause (vi) the following new clause:

11 “(vii) any machinery or equipment
12 (other than any grain bin, cotton ginning
13 asset, fence, or other land improvement)
14 which is used in a farming business (as de-
15 fined in section 263A(e)(4)), the original
16 use of which commences with the taxpayer
17 after the date of the enactment of this
18 clause, and which is placed in service be-
19 fore January 1, 2010.”.

20 (b) ALTERNATIVE SYSTEM.—The table contained in
21 section 168(g)(3)(B) (relating to special rule for certain
22 property assigned to classes) is amended by inserting after
23 the item relating to subparagraph (B)(iii) the following:

(B)(vii) 10”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to property placed in service after
3 the date of the enactment of this Act.

4 **SEC. 905. MODIFICATION OF PENALTY ON UNDERSTATE-**
5 **MENT OF TAXPAYER'S LIABILITY BY TAX RE-**
6 **TURN PREPARER.**

7 (a) IN GENERAL.—Subsection (a) of section 6694 is
8 amended to read as follows:

9 “(a) UNDERSTATEMENT DUE TO UNREASONABLE
10 POSITIONS.—

11 “(1) IN GENERAL.—If a tax return preparer—

12 “(A) prepares any return or claim of re-
13 fund with respect to which any part of an un-
14 derstatement of liability is due to a position de-
15 scribed in paragraph (2), and

16 “(B) knew (or reasonably should have
17 known) of the position,

18 such tax return preparer shall pay a penalty with re-
19 spect to each such return or claim in an amount
20 equal to the greater of \$1,000 or 50 percent of the
21 income derived (or to be derived) by the tax return
22 preparer with respect to the return or claim.

23 “(2) UNREASONABLE POSITION.—

24 “(A) IN GENERAL.—Except as otherwise
25 provided in this paragraph, a position is de-

1 scribed in this paragraph unless there is or was
2 substantial authority for the position.

3 “(B) DISCLOSED POSITIONS.—If the posi-
4 tion was disclosed as provided in section
5 6662(d)(2)(B)(ii)(I) and is not a position to
6 which subparagraph (C) applies, the position is
7 described in this paragraph unless there is a
8 reasonable basis for the position.

9 “(C) TAX SHELTERS AND REPORTABLE
10 TRANSACTIONS.—If the position is with respect
11 to a tax shelter (as defined in section
12 6662(d)(2)(C)(ii)) or a reportable transaction
13 to which section 6662A applies, the position is
14 described in this paragraph unless it is reason-
15 able to believe that the position would more
16 likely than not be sustained on its merits.

17 “(3) REASONABLE CAUSE EXCEPTION.—No
18 penalty shall be imposed under this subsection if it
19 is shown that there is reasonable cause for the un-
20 derstatement and the tax return preparer acted in
21 good faith.”.

22 (b) EFFECTIVE DATE.—The amendment made by
23 this section shall apply—

24 (1) in the case of a position other than a posi-
25 tion described in subparagraph (C) of section

1 6694(a)(2) of the Internal Revenue Code of 1986
2 (as amended by this section), to returns prepared
3 after May 25, 2007, and

4 (2) in the case of a position described in such
5 subparagraph (C), to returns prepared for taxable
6 years ending after the date of the enactment of this
7 Act.

8 **TITLE X—OTHER PROVISIONS**

9 **SEC. 1001. SECURE RURAL SCHOOLS AND COMMUNITY** 10 **SELF-DETERMINATION PROGRAM.**

11 (a) REAUTHORIZATION OF THE SECURE RURAL
12 SCHOOLS AND COMMUNITY SELF-DETERMINATION ACT
13 OF 2000.—The Secure Rural Schools and Community
14 Self-Determination Act of 2000 (16 U.S.C. 500 note; Pub-
15 lic Law 106–393) is amended by striking sections 1
16 through 403 and inserting the following:

17 **“SECTION 1. SHORT TITLE.**

18 “‘This Act may be cited as the ‘Secure Rural Schools
19 and Community Self-Determination Act of 2000’.

20 **“SEC. 2. PURPOSES.**

21 “‘The purposes of this Act are—

22 “(1) to stabilize and transition payments to
23 counties to provide funding for schools and roads
24 that supplements other available funds;

1 “(2) to make additional investments in, and
2 create additional employment opportunities through,
3 projects that—

4 “(A)(i) improve the maintenance of exist-
5 ing infrastructure;

6 “(ii) implement stewardship objectives that
7 enhance forest ecosystems; and

8 “(iii) restore and improve land health and
9 water quality;

10 “(B) enjoy broad-based support; and

11 “(C) have objectives that may include—

12 “(i) road, trail, and infrastructure
13 maintenance or obliteration;

14 “(ii) soil productivity improvement;

15 “(iii) improvements in forest eco-
16 system health;

17 “(iv) watershed restoration and main-
18 tenance;

19 “(v) the restoration, maintenance, and
20 improvement of wildlife and fish habitat;

21 “(vi) the control of noxious and exotic
22 weeds; and

23 “(vii) the reestablishment of native
24 species; and

1 “(3) to improve cooperative relationships
2 among—

3 “(A) the people that use and care for Fed-
4 eral land; and

5 “(B) the agencies that manage the Federal
6 land.

7 **“SEC. 3. DEFINITIONS.**

8 “In this Act:

9 “(1) ADJUSTED SHARE.—The term ‘adjusted
10 share’ means the number equal to the quotient ob-
11 tained by dividing—

12 “(A) the number equal to the quotient ob-
13 tained by dividing—

14 “(i) the base share for the eligible
15 county; by

16 “(ii) the income adjustment for the el-
17 igible county; by

18 “(B) the number equal to the sum of the
19 quotients obtained under subparagraph (A) and
20 paragraph (8)(A) for all eligible counties.

21 “(2) BASE SHARE.—The term ‘base share’
22 means the number equal to the average of—

23 “(A) the quotient obtained by dividing—

1 “(i) the number of acres of Federal
2 land described in paragraph (7)(A) in each
3 eligible county; by

4 “(ii) the total number acres of Fed-
5 eral land in all eligible counties in all eligi-
6 ble States; and

7 “(B) the quotient obtained by dividing—

8 “(i) the amount equal to the average
9 of the 3 highest 25-percent payments and
10 safety net payments made to each eligible
11 State for each eligible county during the
12 eligibility period; by

13 “(ii) the amount equal to the sum of
14 the amounts calculated under clause (i)
15 and paragraph (9)(B)(i) for all eligible
16 counties in all eligible States during the
17 eligibility period.

18 “(3) COUNTY PAYMENT.—The term ‘county
19 payment’ means the payment for an eligible county
20 calculated under section 101(b).

21 “(4) ELIGIBLE COUNTY.—The term ‘eligible
22 county’ means any county that—

23 “(A) contains Federal land (as defined in
24 paragraph (7)); and

1 “(B) elects to receive a share of the State
2 payment or the county payment under section
3 102(b).

4 “(5) ELIGIBILITY PERIOD.—The term ‘eligi-
5 bility period’ means fiscal year 1986 through fiscal
6 year 1999.

7 “(6) ELIGIBLE STATE.—The term ‘eligible
8 State’ means a State or territory of the United
9 States that received a 25-percent payment for 1 or
10 more fiscal years of the eligibility period.

11 “(7) FEDERAL LAND.—The term ‘Federal land’
12 means—

13 “(A) land within the National Forest Sys-
14 tem, as defined in section 11(a) of the Forest
15 and Rangeland Renewable Resources Planning
16 Act of 1974 (16 U.S.C. 1609(a)) exclusive of
17 the National Grasslands and land utilization
18 projects designated as National Grasslands ad-
19 ministered pursuant to the Act of July 22,
20 1937 (7 U.S.C. 1010–1012); and

21 “(B) such portions of the revested Oregon
22 and California Railroad and reconveyed Coos
23 Bay Wagon Road grant land as are or may
24 hereafter come under the jurisdiction of the De-
25 partment of the Interior, which have heretofore

1 or may hereafter be classified as timberlands,
2 and power-site land valuable for timber, that
3 shall be managed, except as provided in the
4 former section 3 of the Act of August 28, 1937
5 (50 Stat. 875; 43 U.S.C. 1181c), for permanent
6 forest production.

7 “(8) 50-PERCENT ADJUSTED SHARE.—The
8 term ‘50-percent adjusted share’ means the number
9 equal to the quotient obtained by dividing—

10 “(A) the number equal to the quotient ob-
11 tained by dividing—

12 “(i) the 50-percent base share for the
13 eligible county; by

14 “(ii) the income adjustment for the el-
15 igible county; by

16 “(B) the number equal to the sum of the
17 quotients obtained under subparagraph (A) and
18 paragraph (1)(A) for all eligible counties.

19 “(9) 50-PERCENT BASE SHARE.—The term ‘50-
20 percent base share’ means the number equal to the
21 average of—

22 “(A) the quotient obtained by dividing—

23 “(i) the number of acres of Federal
24 land described in paragraph (7)(B) in each
25 eligible county; by

1 “(ii) the total number acres of Fed-
2 eral land in all eligible counties in all eligi-
3 ble States; and

4 “(B) the quotient obtained by dividing—

5 “(i) the amount equal to the average
6 of the 3 highest 50-percent payments made
7 to each eligible county during the eligibility
8 period; by

9 “(ii) the amount equal to the sum of
10 the amounts calculated under clause (i)
11 and paragraph (2)(B)(i) for all eligible
12 counties in all eligible States during the
13 eligibility period.

14 “(10) 50-PERCENT PAYMENT.—The term ‘50-
15 percent payment’ means the payment that is the
16 sum of the 50-percent share otherwise paid to a
17 county pursuant to title II of the Act of August 28,
18 1937 (chapter 876; 50 Stat. 875; 43 U.S.C. 1181f),
19 and the payment made to a county pursuant to the
20 Act of May 24, 1939 (chapter 144; 53 Stat. 753; 43
21 U.S.C. 1181f–1 et seq.).

22 “(11) FULL FUNDING AMOUNT.—The term ‘full
23 funding amount’ means—

24 “(A) \$500,000,000 for fiscal year 2008;

25 and

1 “(B) for fiscal year 2009 and each fiscal
2 year thereafter, the amount that is equal to 90
3 percent of the full funding amount for the pre-
4 ceding fiscal year.

5 “(12) INCOME ADJUSTMENT.—The term ‘in-
6 come adjustment’ means the square of the quotient
7 obtained by dividing—

8 “(A) the per capita personal income for
9 each eligible county; by

10 “(B) the median per capita personal in-
11 come of all eligible counties.

12 “(13) PER CAPITA PERSONAL INCOME.—The
13 term ‘per capita personal income’ means the most
14 recent per capita personal income data, as deter-
15 mined by the Bureau of Economic Analysis.

16 “(14) SAFETY NET PAYMENTS.—The term
17 ‘safety net payments’ means the special payment
18 amounts paid to States and counties required by
19 section 13982 or 13983 of the Omnibus Budget
20 Reconciliation Act of 1993 (Public Law 103–66; 16
21 U.S.C. 500 note; 43 U.S.C. 1181f note).

22 “(15) SECRETARY CONCERNED.—The term
23 ‘Secretary concerned’ means—

24 “(A) the Secretary of Agriculture or the
25 designee of the Secretary of Agriculture with

1 respect to the Federal land described in para-
2 graph (7)(A); and

3 “(B) the Secretary of the Interior or the
4 designee of the Secretary of the Interior with
5 respect to the Federal land described in para-
6 graph (7)(B).

7 “(16) STATE PAYMENT.—The term ‘State pay-
8 ment’ means the payment for an eligible State cal-
9 culated under section 101(a).

10 “(17) 25-PERCENT PAYMENT.—The term ‘25-
11 percent payment’ means the payment to States re-
12 quired by the sixth paragraph under the heading of
13 ‘FOREST SERVICE’ in the Act of May 23, 1908
14 (35 Stat. 260; 16 U.S.C. 500), and section 13 of the
15 Act of March 1, 1911 (36 Stat. 963; 16 U.S.C.
16 500).

17 **“TITLE I—SECURE PAYMENTS**
18 **FOR STATES AND COUNTIES**
19 **CONTAINING FEDERAL LAND**

20 **“SEC. 101. SECURE PAYMENTS FOR STATES CONTAINING**
21 **FEDERAL LAND.**

22 “(a) STATE PAYMENT.—For each of fiscal years
23 2008 through 2011, the Secretary of Agriculture shall cal-
24 culate for each eligible State an amount equal to the sum
25 of the products obtained by multiplying—

1 “(1) the adjusted share for each eligible county
2 within the eligible State; by

3 “(2) the full funding amount for the fiscal year.

4 “(b) COUNTY PAYMENT.—For each of fiscal years
5 2008 through 2011, the Secretary of the Interior shall cal-
6 culate for each eligible county that received a 50-percent
7 payment during the eligibility period an amount equal to
8 the product obtained by multiplying—

9 “(1) the 50-percent adjusted share for the eligi-
10 ble county; by

11 “(2) the full funding amount for the fiscal year.

12 **“SEC. 102. PAYMENTS TO STATES AND COUNTIES.**

13 “(a) PAYMENT AMOUNTS.—Except as provided in
14 section 103, the Secretary of the Treasury shall pay to—

15 “(1) a State or territory of the United States
16 an amount equal to the sum of the amounts elected
17 under subsection (b) by each county within the State
18 or territory for—

19 “(A) if the county is eligible for the 25-
20 percent payment, the share of the 25-percent
21 payment; or

22 “(B) the share of the State payment of the
23 eligible county; and

24 “(2) a county an amount equal to the amount
25 elected under subsection (b) by each county for—

1 “(A) if the county is eligible for the 50-
2 percent payment, the 50-percent payment; or

3 “(B) the county payment for the eligible
4 county.

5 “(b) ELECTION TO RECEIVE PAYMENT AMOUNT.—

6 “(1) ELECTION; SUBMISSION OF RESULTS.—

7 “(A) IN GENERAL.—The election to receive
8 a share of the State payment, the county pay-
9 ment, a share of the State payment and the
10 county payment, a share of the 25-percent pay-
11 ment, the 50-percent payment, or a share of the
12 25-percent payment and the 50-percent pay-
13 ment, as applicable, shall be made at the discre-
14 tion of each affected county by August 1, 2008,
15 and August 1 of each second fiscal year there-
16 after, in accordance with paragraph (2), and
17 transmitted to the Secretary concerned by the
18 Governor of each eligible State.

19 “(B) FAILURE TO TRANSMIT.—If an elec-
20 tion for an affected county is not transmitted to
21 the Secretary concerned by the date specified
22 under subparagraph (A), the affected county
23 shall be considered to have elected to receive a
24 share of the State payment, the county pay-

1 ment, or a share of the State payment and the
2 county payment, as applicable.

3 “(2) DURATION OF ELECTION.—

4 “(A) IN GENERAL.—A county election to
5 receive a share of the 25-percent payment or
6 50-percent payment, as applicable, shall be ef-
7 fective for 2 fiscal years.

8 “(B) FULL FUNDING AMOUNT.—If a coun-
9 ty elects to receive a share of the State payment
10 or the county payment, the election shall be ef-
11 fective for all subsequent fiscal years through
12 fiscal year 2011.

13 “(3) SOURCE OF PAYMENT AMOUNTS.—The
14 payment to an eligible State or eligible county under
15 this section for a fiscal year shall be derived from—

16 “(A) any amounts that are appropriated to
17 carry out this Act;

18 “(B) any revenues, fees, penalties, or mis-
19 cellaneous receipts, exclusive of deposits to any
20 relevant trust fund, special account, or perma-
21 nent operating funds, received by the Federal
22 Government from activities by the Bureau of
23 Land Management or the Forest Service on the
24 applicable Federal land; and

1 “(C) to the extent of any shortfall, out of
2 any amounts in the Treasury of the United
3 States not otherwise appropriated.

4 “(c) DISTRIBUTION AND EXPENDITURE OF PAY-
5 MENTS.—

6 “(1) DISTRIBUTION METHOD.—A State that re-
7 ceives a payment under subsection (a) for Federal
8 land described in section 3(7)(A) shall distribute the
9 appropriate payment amount among the appropriate
10 counties in the State in accordance with—

11 “(A) the Act of May 23, 1908 (16 U.S.C.
12 500); and

13 “(B) section 13 of the Act of March 1,
14 1911 (36 Stat. 963; 16 U.S.C. 500).

15 “(2) EXPENDITURE PURPOSES.—Subject to
16 subsection (d), payments received by a State under
17 subsection (a) and distributed to counties in accord-
18 ance with paragraph (1) shall be expended as re-
19 quired by the laws referred to in paragraph (1).

20 “(d) EXPENDITURE RULES FOR ELIGIBLE COUN-
21 TIES.—

22 “(1) ALLOCATIONS.—

23 “(A) USE OF PORTION IN SAME MANNER
24 AS 25-PERCENT PAYMENT OR 50-PERCENT PAY-
25 MENT, AS APPLICABLE.—Except as provided in

1 paragraph (3)(B), if an eligible county elects to
2 receive its share of the State payment or the
3 county payment, not less than 80 percent, but
4 not more than 85 percent, of the funds shall be
5 expended in the same manner in which the 25-
6 percent payments or 50-percent payment, as
7 applicable, are required to be expended.

8 “(B) ELECTION AS TO USE OF BAL-
9 ANCE.—Except as provided in subparagraph
10 (C), an eligible county shall elect to do 1 or
11 more of the following with the balance of any
12 funds not expended pursuant to subparagraph
13 (A):

14 “(i) Reserve any portion of the bal-
15 ance for projects in accordance with title
16 II.

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

21 “(iii) Return the portion of the bal-
22 ance not reserved under clauses (i) and (ii)
23 to the Treasury of the United States.

24 “(C) COUNTIES WITH MODEST DISTRIBU-
25 TIONS.—In the case of each eligible county to

1 which more than \$100,000, but less than
2 \$350,000, is distributed for any fiscal year pur-
3 suant to either or both of paragraphs (1)(B)
4 and (2)(B) of subsection (a), the eligible coun-
5 ty, with respect to the balance of any funds not
6 expended pursuant to subparagraph (A) for
7 that fiscal year, shall—

8 “(i) reserve any portion of the balance
9 for—

10 “(I) carrying out projects under
11 title II;

12 “(II) carrying out projects under
13 title III; or

14 “(III) a combination of the pur-
15 poses described in subclauses (I) and
16 (II); or

17 “(ii) return the portion of the balance
18 not reserved under clause (i) to the Treas-
19 ury of the United States.

20 “(2) DISTRIBUTION OF FUNDS.—

21 “(A) IN GENERAL.—Funds reserved by an
22 eligible county under subparagraph (B)(i) or
23 (C)(i) of paragraph (1) for carrying out
24 projects under title II shall be deposited in a

1 special account in the Treasury of the United
2 States.

3 “(B) AVAILABILITY.—Amounts deposited
4 under subparagraph (A) shall—

5 “(i) be available for expenditure by
6 the Secretary concerned, without further
7 appropriation; and

8 “(ii) remain available until expended
9 in accordance with title II.

10 “(3) ELECTION.—

11 “(A) NOTIFICATION.—

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

17 “(ii) FAILURE TO ELECT.—Except as
18 provided in subparagraph (B), if the eligi-
19 ble county fails to make an election by the
20 date specified in clause (i), the eligible
21 county shall—

22 “(I) be considered to have elected
23 to expend 85 percent of the funds in
24 accordance with paragraph (1)(A);
25 and

1 “(II) return the balance to the
2 Treasury of the United States.

3 “(B) COUNTIES WITH MINOR DISTRIBUTIONS.—In the case of each eligible county to
4 which less than \$100,000 is distributed for any
5 fiscal year pursuant to either or both of paragraphs (1)(B) and (2)(B) of subsection (a), the
6 eligible county may elect to expend all the funds
7 in the same manner in which the 25-percent
8 payments or 50-percent payments, as applicable,
9 are required to be expended.
10 are required to be expended.

11 “(e) TIME FOR PAYMENT.—The payments required
12 under this section for a fiscal year shall be made as soon
13 as practicable after the end of that fiscal year.

14 **“SEC. 103. TRANSITION PAYMENTS TO STATES.**

15 “(a) DEFINITIONS.—In this section:

16 “(1) ADJUSTED AMOUNT.—The term ‘adjusted
17 amount’ means, with respect to a covered State—

18 “(A) for fiscal year 2008, 90 percent of—

19 “(i) the sum of the amounts paid for
20 fiscal year 2006 under section 102(a)(2)
21 (as in effect on September 29, 2006) for
22 the eligible counties in the covered State
23 that have elected under section 102(b) to
24 that have elected under section 102(b) to

1 receive a share of the State payment for
2 fiscal year 2008; and

3 “(ii) the sum of the amounts paid for
4 fiscal year 2006 under section 103(a)(2)
5 (as in effect on September 29, 2006) for
6 the eligible counties in the State of Oregon
7 that have elected under section 102(b) to
8 receive the county payment for fiscal year
9 2008;

10 “(B) for fiscal year 2009, 76 percent of—

11 “(i) the sum of the amounts paid for
12 fiscal year 2006 under section 102(a)(2)
13 (as in effect on September 29, 2006) for
14 the eligible counties in the covered State
15 that have elected under section 102(b) to
16 receive a share of the State payment for
17 fiscal year 2009; and

18 “(ii) the sum of the amounts paid for
19 fiscal year 2006 under section 103(a)(2)
20 (as in effect on September 29, 2006) for
21 the eligible counties in the State of Oregon
22 that have elected under section 102(b) to
23 receive the county payment for fiscal year
24 2009; and

25 “(C) for fiscal year 2010, 65 percent of—

1 “(i) the sum of the amounts paid for
2 fiscal year 2006 under section 102(a)(2)
3 (as in effect on September 29, 2006) for
4 the eligible counties in the covered State
5 that have elected under section 102(b) to
6 receive a share of the State payment for
7 fiscal year 2010; and

8 “(ii) the sum of the amounts paid for
9 fiscal year 2006 under section 103(a)(2)
10 (as in effect on September 29, 2006) for
11 the eligible counties in the State of Oregon
12 that have elected under section 102(b) to
13 receive the county payment for fiscal year
14 2010.

15 “(2) COVERED STATE.—The term ‘covered
16 State’ means each of the States of California, Lou-
17 isiana, Oregon, Pennsylvania, South Carolina, South
18 Dakota, Texas, and Washington.

19 “(b) TRANSITION PAYMENTS.—For each of fiscal
20 years 2008 through 2010, in lieu of the payment amounts
21 that otherwise would have been made under paragraphs
22 (1)(B) and (2)(B) of section 102(a), the Secretary of the
23 Treasury shall pay the adjusted amount to each covered
24 State and the eligible counties within the covered State,
25 as applicable.

1 “(c) DISTRIBUTION OF ADJUSTED AMOUNT.—Ex-
2 cept as provided in subsection (d), it is the intent of Con-
3 gress that the method of distributing the payments under
4 subsection (b) among the counties in the covered States
5 for each of fiscal years 2008 through 2010 be in the same
6 proportion that the payments were distributed to the eligi-
7 ble counties in fiscal year 2006.

8 “(d) DISTRIBUTION OF PAYMENTS IN CALI-
9 FORNIA.—The following payments shall be distributed
10 among the eligible counties in the State of California in
11 the same proportion that payments under section
12 102(a)(2) (as in effect on September 29, 2006) were dis-
13 tributed to the eligible counties for fiscal year 2006:

14 “(1) Payments to the State of California under
15 subsection (b).

16 “(2) The shares of the eligible counties of the
17 State payment for California under section 102 for
18 fiscal year 2011.

19 “(e) TREATMENT OF PAYMENTS.—For purposes of
20 this Act, any payment made under subsection (b) shall be
21 considered to be a payment made under section 102(a).

22 **“TITLE II—SPECIAL PROJECTS**
23 **ON FEDERAL LAND**

24 **“SEC. 201. DEFINITIONS.**

25 “In this title:

1 “(1) PARTICIPATING COUNTY.—The term ‘par-
2 ticipating county’ means an eligible county that
3 elects under section 102(d) to expend a portion of
4 the Federal funds received under section 102 in ac-
5 cordance with this title.

6 “(2) PROJECT FUNDS.—The term ‘project
7 funds’ means all funds an eligible county elects
8 under section 102(d) to reserve for expenditure in
9 accordance with this title.

10 “(3) RESOURCE ADVISORY COMMITTEE.—The
11 term ‘resource advisory committee’ means—

12 “(A) an advisory committee established by
13 the Secretary concerned under section 205; or

14 “(B) an advisory committee determined by
15 the Secretary concerned to meet the require-
16 ments of section 205.

17 “(4) RESOURCE MANAGEMENT PLAN.—The
18 term ‘resource management plan’ means—

19 “(A) a land use plan prepared by the Bu-
20 reau of Land Management for units of the Fed-
21 eral land described in section 3(7)(B) pursuant
22 to section 202 of the Federal Land Policy and
23 Management Act of 1976 (43 U.S.C. 1712); or

24 “(B) a land and resource management
25 plan prepared by the Forest Service for units of

1 the National Forest System pursuant to section
2 6 of the Forest and Rangeland Renewable Re-
3 sources Planning Act of 1974¹ (16 U.S.C.
4 1604).

5 **“SEC. 202. GENERAL LIMITATION ON USE OF PROJECT**
6 **FUNDS.**

7 “(a) **LIMITATION.**—Project funds shall be expended
8 solely on projects that meet the requirements of this title.

9 “(b) **AUTHORIZED USES.**—Project funds may be
10 used by the Secretary concerned for the purpose of enter-
11 ing into and implementing cooperative agreements with
12 willing Federal agencies, State and local governments, pri-
13 vate and nonprofit entities, and landowners for protection,
14 restoration, and enhancement of fish and wildlife habitat,
15 and other resource objectives consistent with the purposes
16 of this Act on Federal land and on non-Federal land where
17 projects would benefit the resources on Federal land.

18 **“SEC. 203. SUBMISSION OF PROJECT PROPOSALS.**

19 “(a) **SUBMISSION OF PROJECT PROPOSALS TO SEC-**
20 **RETARY CONCERNED.**—

21 “(1) **PROJECTS FUNDED USING PROJECT**
22 **FUNDS.**—Not later than September 30 for fiscal
23 year 2008, and each September 30 thereafter for
24 each succeeding fiscal year through fiscal year 2011,
25 each resource advisory committee shall submit to the

1 Secretary concerned a description of any projects
2 that the resource advisory committee proposes the
3 Secretary undertake using any project funds re-
4 served by eligible counties in the area in which the
5 resource advisory committee has geographic jurisdic-
6 tion.

7 “(2) PROJECTS FUNDED USING OTHER
8 FUNDS.—A resource advisory committee may submit
9 to the Secretary concerned a description of any
10 projects that the committee proposes the Secretary
11 undertake using funds from State or local govern-
12 ments, or from the private sector, other than project
13 funds and funds appropriated and otherwise avail-
14 able to do similar work.

15 “(3) JOINT PROJECTS.—Participating counties
16 or other persons may propose to pool project funds
17 or other funds, described in paragraph (2), and
18 jointly propose a project or group of projects to a re-
19 source advisory committee established under section
20 205.

21 “(b) REQUIRED DESCRIPTION OF PROJECTS.—In
22 submitting proposed projects to the Secretary concerned
23 under subsection (a), a resource advisory committee shall
24 include in the description of each proposed project the fol-
25 lowing information:

1 “(1) The purpose of the project and a descrip-
2 tion of how the project will meet the purposes of this
3 title.

4 “(2) The anticipated duration of the project.

5 “(3) The anticipated cost of the project.

6 “(4) The proposed source of funding for the
7 project, whether project funds or other funds.

8 “(5)(A) Expected outcomes, including how the
9 project will meet or exceed desired ecological condi-
10 tions, maintenance objectives, or stewardship objec-
11 tives.

12 “(B) An estimate of the amount of any timber,
13 forage, and other commodities and other economic
14 activity, including jobs generated, if any, anticipated
15 as part of the project.

16 “(6) A detailed monitoring plan, including
17 funding needs and sources, that—

18 “(A) tracks and identifies the positive or
19 negative impacts of the project, implementation,
20 and provides for validation monitoring; and

21 “(B) includes an assessment of the fol-
22 lowing:

23 “(i) Whether or not the project met or
24 exceeded desired ecological conditions; cre-
25 ated local employment or training opportu-

1 “(3) The project has been approved by the re-
2 source advisory committee in accordance with sec-
3 tion 205, including the procedures issued under sub-
4 section (e) of that section.

5 “(4) A project description has been submitted
6 by the resource advisory committee to the Secretary
7 concerned in accordance with section 203.

8 “(5) The project will improve the maintenance
9 of existing infrastructure, implement stewardship ob-
10 jectives that enhance forest ecosystems, and restore
11 and improve land health and water quality.

12 “(b) ENVIRONMENTAL REVIEWS.—

13 “(1) REQUEST FOR PAYMENT BY COUNTY.—
14 The Secretary concerned may request the resource
15 advisory committee submitting a proposed project to
16 agree to the use of project funds to pay for any envi-
17 ronmental review, consultation, or compliance with
18 applicable environmental laws required in connection
19 with the project.

20 “(2) CONDUCT OF ENVIRONMENTAL REVIEW.—
21 If a payment is requested under paragraph (1) and
22 the resource advisory committee agrees to the ex-
23 penditure of funds for this purpose, the Secretary
24 concerned shall conduct environmental review, con-

1 sultation, or other compliance responsibilities in ac-
2 cordance with Federal laws (including regulations).

3 “(3) EFFECT OF REFUSAL TO PAY.—

4 “(A) IN GENERAL.—If a resource advisory
5 committee does not agree to the expenditure of
6 funds under paragraph (1), the project shall be
7 deemed withdrawn from further consideration
8 by the Secretary concerned pursuant to this
9 title.

10 “(B) EFFECT OF WITHDRAWAL.—A with-
11 drawal under subparagraph (A) shall be deemed
12 to be a rejection of the project for purposes of
13 section 207(c).

14 “(c) DECISIONS OF SECRETARY CONCERNED.—

15 “(1) REJECTION OF PROJECTS.—

16 “(A) IN GENERAL.—A decision by the Sec-
17 retary concerned to reject a proposed project
18 shall be at the sole discretion of the Secretary
19 concerned.

20 “(B) NO ADMINISTRATIVE APPEAL OR JU-
21 DICIAL REVIEW.—Notwithstanding any other
22 provision of law, a decision by the Secretary
23 concerned to reject a proposed project shall not
24 be subject to administrative appeal or judicial
25 review.

1 “(C) NOTICE OF REJECTION.—Not later
2 than 30 days after the date on which the Sec-
3 retary concerned makes the rejection decision,
4 the Secretary concerned shall notify in writing
5 the resource advisory committee that submitted
6 the proposed project of the rejection and the
7 reasons for rejection.

8 “(2) NOTICE OF PROJECT APPROVAL.—The
9 Secretary concerned shall publish in the Federal
10 Register notice of each project approved under sub-
11 section (a) if the notice would be required had the
12 project originated with the Secretary.

13 “(d) SOURCE AND CONDUCT OF PROJECT.—Once the
14 Secretary concerned accepts a project for review under
15 section 203, the acceptance shall be deemed a Federal ac-
16 tion for all purposes.

17 “(e) IMPLEMENTATION OF APPROVED PROJECTS.—

18 “(1) COOPERATION.—Notwithstanding chapter
19 63 of title 31, United States Code, using project
20 funds the Secretary concerned may enter into con-
21 tracts, grants, and cooperative agreements with
22 States and local governments, private and nonprofit
23 entities, and landowners and other persons to assist
24 the Secretary in carrying out an approved project.

25 “(2) BEST VALUE CONTRACTING.—

1 “(A) IN GENERAL.—For any project in-
2 volving a contract authorized by paragraph (1)
3 the Secretary concerned may elect a source for
4 performance of the contract on a best value
5 basis.

6 “(B) FACTORS.—The Secretary concerned
7 shall determine best value based on such factors
8 as—

9 “(i) the technical demands and com-
10 plexity of the work to be done;

11 “(ii)(I) the ecological objectives of the
12 project; and

13 “(II) the sensitivity of the resources
14 being treated;

15 “(iii) the past experience by the con-
16 tractor with the type of work being done,
17 using the type of equipment proposed for
18 the project, and meeting or exceeding de-
19 sired ecological conditions; and

20 “(iv) the commitment of the con-
21 tractor to hiring highly qualified workers
22 and local residents.

23 “(3) MERCHANTABLE TIMBER CONTRACTING
24 PILOT PROGRAM.—

1 “(A) ESTABLISHMENT.—The Secretary
2 concerned shall establish a pilot program to im-
3 plement a certain percentage of approved
4 projects involving the sale of merchantable tim-
5 ber using separate contracts for—

6 “(i) the harvesting or collection of
7 merchantable timber; and

8 “(ii) the sale of the timber.

9 “(B) ANNUAL PERCENTAGES.—Under the
10 pilot program, the Secretary concerned shall en-
11 sure that, on a nationwide basis, not less than
12 the following percentage of all approved projects
13 involving the sale of merchantable timber are
14 implemented using separate contracts:

15 “(i) For fiscal year 2008, 35 percent.

16 “(ii) For fiscal year 2009, 45 percent.

17 “(iii) For each of fiscal years 2010
18 and 2011, 50 percent.

19 “(C) INCLUSION IN PILOT PROGRAM.—The
20 decision whether to use separate contracts to
21 implement a project involving the sale of mer-
22 chantable timber shall be made by the Sec-
23 retary concerned after the approval of the
24 project under this title.

25 “(D) ASSISTANCE.—

1 “(i) IN GENERAL.—The Secretary
2 concerned may use funds from any appro-
3 priated account available to the Secretary
4 for the Federal land to assist in the ad-
5 ministration of projects conducted under
6 the pilot program.

7 “(ii) MAXIMUM AMOUNT OF ASSIST-
8 ANCE.—The total amount obligated under
9 this subparagraph may not exceed
10 \$1,000,000 for any fiscal year during
11 which the pilot program is in effect.

12 “(E) REVIEW AND REPORT.—

13 “(i) INITIAL REPORT.—Not later than
14 September 30, 2010, the Comptroller Gen-
15 eral shall submit to the Committees on Ag-
16 riculture, Nutrition, and Forestry and En-
17 ergy and Natural Resources of the Senate
18 and the Committees on Agriculture and
19 Natural Resources of the House of Rep-
20 resentatives a report assessing the pilot
21 program.

22 “(ii) ANNUAL REPORT.—The Sec-
23 retary concerned shall submit to the Com-
24 mittees on Agriculture, Nutrition, and For-
25 estry and Energy and Natural Resources

1 of the Senate and the Committees on Agri-
2 culture and Natural Resources of the
3 House of Representatives an annual report
4 describing the results of the pilot program.

5 “(f) REQUIREMENTS FOR PROJECT FUNDS.—The
6 Secretary shall ensure that at least 50 percent of all
7 project funds be used for projects that are primarily dedi-
8 cated—

9 “(1) to road maintenance, decommissioning, or
10 obliteration; or

11 “(2) to restoration of streams and watersheds.

12 **“SEC. 205. RESOURCE ADVISORY COMMITTEES.**

13 “(a) ESTABLISHMENT AND PURPOSE OF RESOURCE
14 ADVISORY COMMITTEES.—

15 “(1) ESTABLISHMENT.—The Secretary con-
16 cerned shall establish and maintain resource advi-
17 sory committees to perform the duties in subsection
18 (b), except as provided in paragraph (4).

19 “(2) PURPOSE.—The purpose of a resource ad-
20 visory committee shall be—

21 “(A) to improve collaborative relationships;
22 and

23 “(B) to provide advice and recommenda-
24 tions to the land management agencies con-
25 sistent with the purposes of this title.

1 “(3) ACCESS TO RESOURCE ADVISORY COMMIT-
2 TEES.—To ensure that each unit of Federal land
3 has access to a resource advisory committee, and
4 that there is sufficient interest in participation on a
5 committee to ensure that membership can be bal-
6 anced in terms of the points of view represented and
7 the functions to be performed, the Secretary con-
8 cerned may, establish resource advisory committees
9 for part of, or 1 or more, units of Federal land.

10 “(4) EXISTING ADVISORY COMMITTEES.—

11 “(A) IN GENERAL.—An advisory com-
12 mittee that meets the requirements of this sec-
13 tion, a resource advisory committee established
14 before September 29, 2006, or an advisory com-
15 mittee determined by the Secretary concerned
16 before September 29, 2006, to meet the re-
17 quirements of this section may be deemed by
18 the Secretary concerned to be a resource advi-
19 sory committee for the purposes of this title.

20 “(B) CHARTER.—A charter for a com-
21 mittee described in subparagraph (A) that was
22 filed on or before September 29, 2006, shall be
23 considered to be filed for purposes of this Act.

24 “(C) BUREAU OF LAND MANAGEMENT AD-
25 VISORY COMMITTEES.—The Secretary of the In-

1 terior may deem a resource advisory committee
2 meeting the requirements of subpart 1784 of
3 part 1780 of title 43, Code of Federal Regula-
4 tions, as a resource advisory committee for the
5 purposes of this title.

6 “(b) DUTIES.—A resource advisory committee
7 shall—

8 “(1) review projects proposed under this title by
9 participating counties and other persons;

10 “(2) propose projects and funding to the Sec-
11 retary concerned under section 203;

12 “(3) provide early and continuous coordination
13 with appropriate land management agency officials
14 in recommending projects consistent with purposes
15 of this Act under this title;

16 “(4) provide frequent opportunities for citizens,
17 organizations, tribes, land management agencies,
18 and other interested parties to participate openly
19 and meaningfully, beginning at the early stages of
20 the project development process under this title;

21 “(5)(A) monitor projects that have been ap-
22 proved under section 204; and

23 “(B) advise the designated Federal official on
24 the progress of the monitoring efforts under sub-
25 paragraph (A); and

1 “(6) make recommendations to the Secretary
2 concerned for any appropriate changes or adjust-
3 ments to the projects being monitored by the re-
4 source advisory committee.

5 “(c) APPOINTMENT BY THE SECRETARY.—

6 “(1) APPOINTMENT AND TERM.—

7 “(A) IN GENERAL.—The Secretary con-
8 cerned, shall appoint the members of resource
9 advisory committees for a term of 4 years be-
10 ginning on the date of appointment.

11 “(B) REAPPOINTMENT.—The Secretary
12 concerned may reappoint members to subse-
13 quent 4-year terms.

14 “(2) BASIC REQUIREMENTS.—The Secretary
15 concerned shall ensure that each resource advisory
16 committee established meets the requirements of
17 subsection (d).

18 “(3) INITIAL APPOINTMENT.—Not later than
19 180 days after the date of the enactment of this Act,
20 the Secretary concerned shall make initial appoint-
21 ments to the resource advisory committees.

22 “(4) VACANCIES.—The Secretary concerned
23 shall make appointments to fill vacancies on any re-
24 source advisory committee as soon as practicable
25 after the vacancy has occurred.

1 “(5) COMPENSATION.—Members of the re-
2 source advisory committees shall not receive any
3 compensation.

4 “(d) COMPOSITION OF ADVISORY COMMITTEE.—

5 “(1) NUMBER.—Each resource advisory com-
6 mittee shall be comprised of 15 members.

7 “(2) COMMUNITY INTERESTS REPRESENTED.—
8 Committee members shall be representative of the
9 interests of the following 3 categories:

10 “(A) 5 persons that—

11 “(i) represent organized labor or non-
12 timber forest product harvester groups;

13 “(ii) represent developed outdoor
14 recreation, off highway vehicle users, or
15 commercial recreation activities;

16 “(iii) represent—

17 “(I) energy and mineral develop-
18 ment interests; or

19 “(II) commercial or recreational
20 fishing interests;

21 “(iv) represent the commercial timber
22 industry; or

23 “(v) hold Federal grazing or other
24 land use permits, or represent nonindus-

1 trial private forest land owners, within the
2 area for which the committee is organized.

3 “(B) 5 persons that represent—

4 “(i) nationally recognized environ-
5 mental organizations;

6 “(ii) regionally or locally recognized
7 environmental organizations;

8 “(iii) dispersed recreational activities;

9 “(iv) archaeological and historical in-
10 terests; or

11 “(v) nationally or regionally recog-
12 nized wild horse and burro interest groups,
13 wildlife or hunting organizations, or water-
14 shed associations.

15 “(C) 5 persons that—

16 “(i) hold State elected office (or a
17 designee);

18 “(ii) hold county or local elected of-
19 fice;

20 “(iii) represent American Indian
21 tribes within or adjacent to the area for
22 which the committee is organized;

23 “(iv) are school officials or teachers;
24 or

1 “(v) represent the affected public at
2 large.

3 “(3) BALANCED REPRESENTATION.—In ap-
4 pointing committee members from the 3 categories
5 in paragraph (2), the Secretary concerned shall pro-
6 vide for balanced and broad representation from
7 within each category.

8 “(4) GEOGRAPHIC DISTRIBUTION.—The mem-
9 bers of a resource advisory committee shall reside
10 within the State in which the committee has juris-
11 diction and, to extent practicable, the Secretary con-
12 cerned shall ensure local representation in each cat-
13 egory in paragraph (2).

14 “(5) CHAIRPERSON.—A majority on each re-
15 source advisory committee shall select the chair-
16 person of the committee.

17 “(e) APPROVAL PROCEDURES.—

18 “(1) IN GENERAL.—Subject to paragraph (3),
19 each resource advisory committee shall establish pro-
20 cedures for proposing projects to the Secretary con-
21 cerned under this title.

22 “(2) QUORUM.—A quorum must be present to
23 constitute an official meeting of the committee.

24 “(3) APPROVAL BY MAJORITY OF MEMBERS.—
25 A project may be proposed by a resource advisory

1 committee to the Secretary concerned under section
2 203(a), if the project has been approved by a major-
3 ity of members of the committee from each of the
4 3 categories in subsection (d)(2).

5 “(f) OTHER COMMITTEE AUTHORITIES AND RE-
6 QUIREMENTS.—

7 “(1) STAFF ASSISTANCE.—A resource advisory
8 committee may submit to the Secretary concerned a
9 request for periodic staff assistance from Federal
10 employees under the jurisdiction of the Secretary.

11 “(2) MEETINGS.—All meetings of a resource
12 advisory committee shall be announced at least 1
13 week in advance in a local newspaper of record and
14 shall be open to the public.

15 “(3) RECORDS.—A resource advisory committee
16 shall maintain records of the meetings of the com-
17 mittee and make the records available for public in-
18 spection.

19 **“SEC. 206. USE OF PROJECT FUNDS.**

20 “(a) AGREEMENT REGARDING SCHEDULE AND COST
21 OF PROJECT.—

22 “(1) AGREEMENT BETWEEN PARTIES.—The
23 Secretary concerned may carry out a project sub-
24 mitted by a resource advisory committee under sec-
25 tion 203(a) using project funds or other funds de-

1 scribed in section 203(a)(2), if, as soon as prac-
2 ticable after the issuance of a decision document for
3 the project and the exhaustion of all administrative
4 appeals and judicial review of the project decision,
5 the Secretary concerned and the resource advisory
6 committee enter into an agreement addressing, at a
7 minimum, the following:

8 “(A) The schedule for completing the
9 project.

10 “(B) The total cost of the project, includ-
11 ing the level of agency overhead to be assessed
12 against the project.

13 “(C) For a multiyear project, the esti-
14 mated cost of the project for each of the fiscal
15 years in which it will be carried out.

16 “(D) The remedies for failure of the Sec-
17 retary concerned to comply with the terms of
18 the agreement consistent with current Federal
19 law.

20 “(2) LIMITED USE OF FEDERAL FUNDS.—The
21 Secretary concerned may decide, at the sole discre-
22 tion of the Secretary concerned, to cover the costs
23 of a portion of an approved project using Federal
24 funds appropriated or otherwise available to the Sec-
25 retary for the same purposes as the project.

1 “(b) TRANSFER OF PROJECT FUNDS.—

2 “(1) INITIAL TRANSFER REQUIRED.—As soon
3 as practicable after the agreement is reached under
4 subsection (a) with regard to a project to be funded
5 in whole or in part using project funds, or other
6 funds described in section 203(a)(2), the Secretary
7 concerned shall transfer to the applicable unit of Na-
8 tional Forest System land or Bureau of Land Man-
9 agement District an amount of project funds equal
10 to—

11 “(A) in the case of a project to be com-
12 pleted in a single fiscal year, the total amount
13 specified in the agreement to be paid using
14 project funds, or other funds described in sec-
15 tion 203(a)(2); or

16 “(B) in the case of a multiyear project, the
17 amount specified in the agreement to be paid
18 using project funds, or other funds described in
19 section 203(a)(2) for the first fiscal year.

20 “(2) CONDITION ON PROJECT COMMENCE-
21 MENT.—The unit of National Forest System land or
22 Bureau of Land Management District concerned,
23 shall not commence a project until the project funds,
24 or other funds described in section 203(a)(2) re-
25 quired to be transferred under paragraph (1) for the

1 project, have been made available by the Secretary
2 concerned.

3 “(3) SUBSEQUENT TRANSFERS FOR MULTIYEAR
4 PROJECTS.—

5 “(A) IN GENERAL.—For the second and
6 subsequent fiscal years of a multiyear project to
7 be funded in whole or in part using project
8 funds, the unit of National Forest System land
9 or Bureau of Land Management District con-
10 cerned shall use the amount of project funds re-
11 quired to continue the project in that fiscal year
12 according to the agreement entered into under
13 subsection (a).

14 “(B) SUSPENSION OF WORK.—The Sec-
15 retary concerned shall suspend work on the
16 project if the project funds required by the
17 agreement in the second and subsequent fiscal
18 years are not available.

19 **“SEC. 207. AVAILABILITY OF PROJECT FUNDS.**

20 “(a) SUBMISSION OF PROPOSED PROJECTS TO OBLI-
21 GATE FUNDS.—By September 30 of each fiscal year
22 through fiscal year 2011, a resource advisory committee
23 shall submit to the Secretary concerned pursuant to sec-
24 tion 203(a)(1) a sufficient number of project proposals
25 that, if approved, would result in the obligation of at least

1 the full amount of the project funds reserved by the par-
2 ticipating county in the preceding fiscal year.

3 “(b) USE OR TRANSFER OF UNOBLIGATED
4 FUNDS.—Subject to section 208, if a resource advisory
5 committee fails to comply with subsection (a) for a fiscal
6 year, any project funds reserved by the participating coun-
7 ty in the preceding fiscal year and remaining unobligated
8 shall be available for use as part of the project submissions
9 in the next fiscal year.

10 “(c) EFFECT OF REJECTION OF PROJECTS.—Subject
11 to section 208, any project funds reserved by a partici-
12 pating county in the preceding fiscal year that are unobli-
13 gated at the end of a fiscal year because the Secretary
14 concerned has rejected one or more proposed projects shall
15 be available for use as part of the project submissions in
16 the next fiscal year.

17 “(d) EFFECT OF COURT ORDERS.—

18 “(1) IN GENERAL.—If an approved project
19 under this Act is enjoined or prohibited by a Federal
20 court, the Secretary concerned shall return the un-
21 obligated project funds related to the project to the
22 participating county or counties that reserved the
23 funds.

24 “(2) EXPENDITURE OF FUNDS.—The returned
25 funds shall be available for the county to expend in

1 the same manner as the funds reserved by the coun-
2 ty under subparagraph (B) or (C)(i) of section
3 102(d)(1).

4 **“SEC. 208. TERMINATION OF AUTHORITY.**

5 “(a) IN GENERAL.—The authority to initiate projects
6 under this title shall terminate on September 30, 2011.

7 “(b) DEPOSITS IN TREASURY.—Any project funds
8 not obligated by September 30, 2012, shall be deposited
9 in the Treasury of the United States.

10 **“TITLE III—COUNTY FUNDS**

11 **“SEC. 301. DEFINITIONS.**

12 “In this title:

13 “(1) COUNTY FUNDS.—The term ‘county funds’
14 means all funds an eligible county elects under sec-
15 tion 102(d) to reserve for expenditure in accordance
16 with this title.

17 “(2) PARTICIPATING COUNTY.—The term ‘par-
18 ticipating county’ means an eligible county that
19 elects under section 102(d) to expend a portion of
20 the Federal funds received under section 102 in ac-
21 cordance with this title.

22 **“SEC. 302. USE.**

23 “(a) AUTHORIZED USES.—A participating county,
24 including any applicable agencies of the participating

1 county, shall use county funds, in accordance with this
2 title, only—

3 “(1) to carry out activities under the Firewise
4 Communities program to provide to homeowners in
5 fire-sensitive ecosystems education on, and assist-
6 ance with implementing, techniques in home siting,
7 home construction, and home landscaping that can
8 increase the protection of people and property from
9 wildfires;

10 “(2) to reimburse the participating county for
11 search and rescue and other emergency services, in-
12 cluding firefighting, that are—

13 “(A) performed on Federal land after the
14 date on which the use was approved under sub-
15 section (b);

16 “(B) paid for by the participating county;
17 and

18 “(3) to develop community wildfire protection
19 plans in coordination with the appropriate Secretary
20 concerned.

21 “(b) PROPOSALS.—A participating county shall use
22 county funds for a use described in subsection (a) only
23 after a 45-day public comment period, at the beginning
24 of which the participating county shall—

1 “(1) publish in any publications of local record
2 a proposal that describes the proposed use of the
3 county funds; and

4 “(2) submit the proposal to any resource advi-
5 sory committee established under section 205 for the
6 participating county.

7 **“SEC. 303. CERTIFICATION.**

8 “(a) IN GENERAL.—Not later than February 1 of the
9 year after the year in which any county funds were ex-
10 pended by a participating county, the appropriate official
11 of the participating county shall submit to the Secretary
12 concerned a certification that the county funds expended
13 in the applicable year have been used for the uses author-
14 ized under section 302(a), including a description of the
15 amounts expended and the uses for which the amounts
16 were expended.

17 “(b) REVIEW.—The Secretary concerned shall review
18 the certifications submitted under subsection (a) as the
19 Secretary concerned determines to be appropriate.

20 **“SEC. 304. TERMINATION OF AUTHORITY.**

21 “(a) IN GENERAL.—The authority to initiate projects
22 under this title terminates on September 30, 2011.

23 “(b) AVAILABILITY.—Any county funds not obligated
24 by September 30, 2012, shall be returned to the Treasury
25 of the United States.

1 **“TITLE IV—MISCELLANEOUS**
2 **PROVISIONS**

3 **“SEC. 401. REGULATIONS.**

4 “The Secretary of Agriculture and the Secretary of
5 the Interior shall issue regulations to carry out the pur-
6 poses of this Act.

7 **“SEC. 402. AUTHORIZATION OF APPROPRIATIONS.**

8 “There are authorized to be appropriated such sums
9 as are necessary to carry out this Act for each of fiscal
10 years 2008 through 2011.

11 **“SEC. 403. TREATMENT OF FUNDS AND REVENUES.**

12 “(a) RELATION TO OTHER APPROPRIATIONS.—
13 Funds made available under section 402 and funds made
14 available to a Secretary concerned under section 206 shall
15 be in addition to any other annual appropriations for the
16 Forest Service and the Bureau of Land Management.

17 “(b) DEPOSIT OF REVENUES AND OTHER FUNDS.—
18 All revenues generated from projects pursuant to title II,
19 including any interest accrued from the revenues, shall be
20 deposited in the Treasury of the United States.”.

21 (b) FOREST RECEIPT PAYMENTS TO ELIGIBLE
22 STATES AND COUNTIES.—

23 (1) ACT OF MAY 23, 1908.—The sixth paragraph
24 under the heading “FOREST SERVICE” in the Act
25 of May 23, 1908 (16 U.S.C. 500) is amended in the

1 first sentence by striking “twenty-five percentum”
2 and all that follows through “shall be paid” and in-
3 serting the following: “an amount equal to the an-
4 nual average of 25 percent of all amounts received
5 for the applicable fiscal year and each of the pre-
6 ceding 6 fiscal years from each national forest shall
7 be paid”.

8 (2) WEEKS LAW.—Section 13 of the Act of
9 March 1, 1911 (commonly known as the “Weeks
10 Law”) (16 U.S.C. 500) is amended in the first sen-
11 tence by striking “twenty-five percentum” and all
12 that follows through “shall be paid” and inserting
13 the following: “an amount equal to the annual aver-
14 age of 25 percent of all amounts received for the ap-
15 plicable fiscal year and each of the preceding 6 fiscal
16 years from each national forest shall be paid”.

17 (c) PAYMENTS IN LIEU OF TAXES.—

18 (1) IN GENERAL.—Section 6906 of title 31,
19 United States Code, is amended to read as follows:

20 **“§ 6906. Funding**

21 “For each of fiscal years 2008 through 2012—

22 “(1) each county or other eligible unit of local
23 government shall be entitled to payment under this
24 chapter; and

1 “(2) sums shall be made available to the Sec-
2 retary of the Interior for obligation or expenditure in
3 accordance with this chapter.”.

4 (2) CONFORMING AMENDMENT.—The table of
5 sections for chapter 69 of title 31, United States
6 Code, is amended by striking the item relating to
7 section 6906 and inserting the following:

“6906. Funding.”.

8 (3) BUDGET SCOREKEEPING.—

9 (A) IN GENERAL.—Notwithstanding the
10 Budget Scorekeeping Guidelines and the accom-
11 panying list of programs and accounts set forth
12 in the joint explanatory statement of the com-
13 mittee of conference accompanying Conference
14 Report 105–217, the section in this title re-
15 garding Payments in Lieu of Taxes shall be
16 treated in the baseline for purposes of section
17 257 of the Balanced Budget and Emergency
18 Deficit Control Act of 1985 (as in effect prior
19 to September 30, 2002), and by the Chairmen
20 of the House and Senate Budget Committees,
21 as appropriate, for purposes of budget enforce-
22 ment in the House and Senate, and under the
23 Congressional Budget Act of 1974 as if Pay-
24 ment in Lieu of Taxes (14–1114–0–1–806)
25 were an account designated as Appropriated

1 Entitlements and Mandatories for Fiscal Year
2 1997 in the joint explanatory statement of the
3 committee of conference accompanying Con-
4 ference Report 105–217.

5 (B) EFFECTIVE DATE.—This paragraph
6 shall remain in effect for the fiscal years to
7 which the entitlement in section 6906 of title
8 31, United States Code (as amended by para-
9 graph (1)), applies.

10 **SEC. 1002. TRANSFER OF INTEREST EARNED BY ABAN-**
11 **DONED MINE RECLAMATION FUND.**

12 Subparagraph (C) of section 402(i)(1) of the Surface
13 Mining Control and Reclamation Act of 1977 (30 U.S.C.
14 1232(i)(1)) is amended by striking “and \$9,000,000 on
15 October 1, 2009” and inserting “\$9,000,000 on October
16 1, 2009, and \$9,000,000 on October 1, 2010”.

17 **TITLE XI—MIDWESTERN**
18 **DISASTER RELIEF**

19 **SEC. 1101. SHORT TITLE.**

20 This Act may be cited as the “Midwestern Disaster
21 Tax Relief Act of 2008”.

1 **SEC. 1102. TEMPORARY TAX RELIEF FOR AREAS DAMAGED**
2 **BY 2008 MIDWESTERN SEVERE STORMS, TOR-**
3 **NADOS, AND FLOODING.**

4 (a) IN GENERAL.—Subject to the modifications de-
5 scribed in this section, the following provisions of or relat-
6 ing to the Internal Revenue Code of 1986 shall apply to
7 any Midwestern disaster area in addition to the areas to
8 which such provisions otherwise apply:

9 (1) GO ZONE BENEFITS.—

10 (A) Section 1400N (relating to tax bene-
11 fits) other than subsections (b), (i), (j), (m),
12 and (o) thereof.

13 (B) Section 1400O (relating to education
14 tax benefits).

15 (C) Section 1400P (relating to housing tax
16 benefits).

17 (D) Section 1400Q (relating to special
18 rules for use of retirement funds).

19 (E) Section 1400R(a) (relating to em-
20 ployee retention credit for employers).

21 (F) Section 1400S (relating to additional
22 tax relief) other than subsection (d) thereof.

23 (G) Section 1400T (relating to special
24 rules for mortgage revenue bonds).

25 (2) OTHER BENEFITS INCLUDED IN KATRINA
26 EMERGENCY TAX RELIEF ACT OF 2005.—Sections

1 302, 303, 304, 401, and 405 of the Katrina Emer-
2 gency Tax Relief Act of 2005.

3 (b) USE OF AMENDED INCOME TAX RETURNS TO
4 TAKE INTO ACCOUNT RECEIPT OF CERTAIN CASUALTY
5 LOSS GRANTS BY DISALLOWING PREVIOUSLY TAKEN
6 CASUALTY LOSS DEDUCTIONS.—

7 (1) IN GENERAL.—Notwithstanding any other
8 provision of the Internal Revenue Code of 1986, if
9 a taxpayer claims a deduction for any taxable year
10 with respect to a casualty loss to a principal resi-
11 dence (within the meaning of section 121 of such
12 Code) resulting from the severe storms, tornados, or
13 flooding giving rise to any Presidential declaration
14 described in subsection (c)(1)(A) and in a subse-
15 quent taxable year receives a grant under any Fed-
16 eral or State program as reimbursement for such
17 loss, such taxpayer may elect to file an amended in-
18 come tax return for the taxable year in which such
19 deduction was allowed (and for any taxable year to
20 which such deduction is carried) and reduce (but not
21 below zero) the amount of such deduction by the
22 amount of such reimbursement.

23 (2) TIME OF FILING AMENDED RETURN.—
24 Paragraph (1) shall apply with respect to any grant

1 only if any amended income tax returns with respect
2 to such grant are filed not later than the later of—

3 (A) the due date for filing the tax return
4 for the taxable year in which the taxpayer re-
5 ceives such grant, or

6 (B) the date which is 1 year after the date
7 of the enactment of this Act.

8 (3) WAIVER OF PENALTIES AND INTEREST.—

9 Any underpayment of tax resulting from the reduc-
10 tion under paragraph (1) of the amount otherwise
11 allowable as a deduction shall not be subject to any
12 penalty or interest under such Code if such tax is
13 paid not later than 1 year after the filing of the
14 amended return to which such reduction relates.

15 (c) MIDWESTERN DISASTER AREA.—

16 (1) IN GENERAL.—For purposes of this section
17 and for applying the substitutions described in sub-
18 sections (e) and (f), the term “Midwestern disaster
19 area” means an area—

20 (A) with respect to which a major disaster
21 has been declared by the President on or after
22 May 20, 2008, and before August 1, 2008,
23 under section 401 of the Robert T. Stafford
24 Disaster Relief and Emergency Assistance Act
25 by reason of severe storms, tornados, or flood-

1 ing occurring in any of the States of Arkansas,
2 Illinois, Indiana, Iowa, Kansas, Michigan, Min-
3 nesota, Missouri, Nebraska, and Wisconsin, and

4 (B) determined by the President to war-
5 rant individual or individual and public assist-
6 ance from the Federal Government under such
7 Act with respect to damages attributable to
8 such severe storms, tornados, or flooding.

9 (2) CERTAIN BENEFITS AVAILABLE TO AREAS
10 ELIGIBLE ONLY FOR PUBLIC ASSISTANCE.—For pur-
11 poses of applying this section to benefits under the
12 following provisions, paragraph (1) shall be applied
13 without regard to subparagraph (B):

14 (A) Sections 1400Q, 1400S(b), and
15 1400S(d) of the Internal Revenue Code of
16 1986.

17 (B) Sections 302, 401, and 405 of the
18 Katrina Emergency Tax Relief Act of 2005.

19 (d) REFERENCES.—

20 (1) AREA.—Any reference in such provisions to
21 the Hurricane Katrina disaster area or the Gulf Op-
22 portunity Zone shall be treated as a reference to any
23 Midwestern disaster area and any reference to the
24 Hurricane Katrina disaster area or the Gulf Oppor-
25 tunity Zone within a State shall be treated as a ref-

1 erence to all Midwestern disaster areas within the
2 State.

3 (2) ITEMS ATTRIBUTABLE TO DISASTER.—Any
4 reference in such provisions to any loss, damage, or
5 other item attributable to Hurricane Katrina shall
6 be treated as a reference to any loss, damage, or
7 other item attributable to the severe storms, tor-
8 nados, or flooding giving rise to any Presidential
9 declaration described in subsection (c)(1)(A).

10 (3) APPLICABLE DISASTER DATE.—For pur-
11 poses of applying the substitutions described in sub-
12 sections (e) and (f), the term “applicable disaster
13 date” means, with respect to any Midwestern dis-
14 aster area, the date on which the severe storms, tor-
15 nados, or flooding giving rise to the Presidential dec-
16 laration described in subsection (c)(1)(A) occurred.

17 (e) MODIFICATIONS TO 1986 CODE.—The following
18 provisions of the Internal Revenue Code of 1986 shall be
19 applied with the following modifications:

20 (1) TAX-EXEMPT BOND FINANCING.—Section
21 1400N(a)—

22 (A) by substituting “qualified Midwestern
23 disaster area bond” for “qualified Gulf Oppor-
24 tunity Zone Bond” each place it appears, except

1 aged by such severe storms, tornados,
2 or flooding, and

3 (ii) paragraph (2)(A)(ii) shall be ap-
4 plied by treating an issue as a qualified
5 mortgage issue only if 95 percent or more
6 of the net proceeds (as defined in section
7 150(a)(3)) of the issue are to be used to
8 provide financing for mortgagors who suf-
9 fered damages to their principal residences
10 attributable to such severe storms, tor-
11 nados, or flooding.

12 (B) by substituting “any State in which a
13 Midwestern disaster area is located” for “the
14 State of Alabama, Louisiana, or Mississippi” in
15 paragraph (2)(B),

16 (C) by substituting “designated for pur-
17 poses of this section (on the basis of providing
18 assistance to areas in the order in which such
19 assistance is most needed)” for “designated for
20 purposes of this section” in paragraph (2)(C),

21 (D) by substituting “January 1, 2013” for
22 “January 1, 2011” in paragraph (2)(D),

23 (E) in paragraph (3)(A)—

24 (i) by substituting “\$1,000” for
25 “\$2,500”, and

1 (ii) by substituting “before the ear-
2 liest applicable disaster date for Mid-
3 western disaster areas within the State”
4 for “before August 28, 2005”,

5 (F) by substituting “qualified Midwestern
6 disaster area repair or construction” for “quali-
7 fied GO Zone repair or construction” each place
8 it appears, and

9 (G) by substituting “after the date of the
10 enactment of the Housing and Economic Recov-
11 ery Act of 2008 and before January 1, 2013”
12 for “after the date of the enactment of this
13 paragraph and before January 1, 2011” in
14 paragraph (7)(C).

15 (2) LOW-INCOME HOUSING CREDIT.—Section
16 1400N(c)—

17 (A) only with respect to calendar years
18 2009, 2010, and 2011,

19 (B) by substituting “Disaster Recovery As-
20 sistance housing amount” for “Gulf Oppor-
21 tunity housing amount”,

22 (C) in paragraph (1)(B)—

23 (i) by substituting “\$4.00” for
24 “\$18.00”, and

1 (ii) by substituting “before the ear-
2 liest applicable disaster date for Mid-
3 western disaster areas within the State”
4 for “before August 28, 2005” , and

5 (D) determined without regard to para-
6 graphs (2), (3), (4), (5), and (6) thereof.

7 (3) SPECIAL ALLOWANCE FOR CERTAIN PROP-
8 ERTY ACQUIRED ON OR AFTER THE APPLICABLE
9 DISASTER DATE.—Section 1400N(d)—

10 (A) by substituting “qualified Disaster Re-
11 covery Assistance property” for “qualified Gulf
12 Opportunity Zone property” each place it ap-
13 pears, except that a taxpayer shall be allowed
14 additional bonus depreciation and expensing
15 under such subsection or section 1400N(e) with
16 respect to such property only if—

17 (i) the taxpayer suffered an economic
18 loss attributable to the severe storms, tor-
19 nados, or flooding giving rise to any Presi-
20 dential declaration described in subsection
21 (c)(1)(A), and

22 (ii) such property—

23 (I) rehabilitates property dam-
24 aged, or replaces property destroyed
25 or condemned, as a result of such se-

1 vere storms, tornados, or flooding, ex-
2 cept that, for purposes of this clause,
3 property shall be treated as replacing
4 property destroyed or condemned if,
5 as part of an integrated plan, such
6 property replaces property which is in-
7 cluded in a continuous area which in-
8 cludes real property destroyed or con-
9 demned, and

10 (II) is similar in nature to, and
11 located in the same county as, the
12 property being rehabilitated or re-
13 placed,

14 (B) by substituting “the applicable disaster
15 date” for “August 28, 2005” each place it ap-
16 pears,

17 (C) by substituting “December 31, 2011”
18 for “December 31, 2007” in paragraph
19 (2)(A)(v),

20 (D) by substituting “December 31, 2012”
21 for “December 31, 2008” in paragraph
22 (2)(A)(v),

23 (E) by substituting “the day before the ap-
24 plicable disaster date” for “August 27, 2005”
25 in paragraph (3)(A),

1 (F) determined without regard to para-
2 graph (6) thereof, and

3 (G) by not including as qualified Disaster
4 Recovery Assistance property any property to
5 which section 168(k) applies.

6 (4) INCREASE IN EXPENSING UNDER SECTION
7 179.—Section 1400N(e), by substituting “qualified
8 section 179 Disaster Recovery Assistance property”
9 for “qualified section 179 Gulf Opportunity Zone
10 property” each place it appears.

11 (5) EXPENSING FOR CERTAIN DEMOLITION AND
12 CLEAN-UP COSTS.—Section 1400N(f)—

13 (A) by substituting “qualified Disaster Re-
14 covery Assistance clean-up cost” for “qualified
15 Gulf Opportunity Zone clean-up cost” each
16 place it appears,

17 (B) by substituting “beginning on the ap-
18 plicable disaster date and ending on December
19 31, 2010” for “beginning on August 28, 2005,
20 and ending on December 31, 2007” in para-
21 graph (2), and

22 (C) by treating costs as qualified Disaster
23 Recovery Assistance clean-up costs only if the
24 removal of debris or demolition of any structure
25 was necessary due to damage attributable to

1 the severe storms, tornados, or flooding giving
2 rise to any Presidential declaration described in
3 subsection (c)(1)(A).

4 (6) EXTENSION OF EXPENSING FOR ENVIRON-
5 MENTAL REMEDIATION COSTS.—Section 1400N(g)—

6 (A) by substituting “the applicable disaster
7 date” for “August 28, 2005” each place it ap-
8 pears,

9 (B) by substituting “January 1, 2011” for
10 “January 1, 2008” in paragraph (1),

11 (C) by substituting “December 31, 2010”
12 for “December 31, 2007” in paragraph (1), and

13 (D) by treating a site as a qualified con-
14 taminated site only if the release (or threat of
15 release) or disposal of a hazardous substance at
16 the site was attributable to the severe storms,
17 tornados, or flooding giving rise to any Presi-
18 dential declaration described in subsection
19 (c)(1)(A).

20 (7) INCREASE IN REHABILITATION CREDIT.—
21 Section 1400N(h)—

22 (A) by substituting “the applicable disaster
23 date” for “August 28, 2005”,

24 (B) by substituting “January 1, 2011” for
25 “January 1, 2008” in paragraph (1), and

1 (C) by only applying such subsection to
2 qualified rehabilitation expenditures with re-
3 spect to any building or structure which was
4 damaged or destroyed as a result of the severe
5 storms, tornados, or flooding giving rise to any
6 Presidential declaration described in subsection
7 (c)(1)(A).

8 (8) TREATMENT OF NET OPERATING LOSSES
9 ATTRIBUTABLE TO DISASTER LOSSES.—Section
10 1400N(k)—

11 (A) by substituting “qualified Disaster Re-
12 covery Assistance loss” for “qualified Gulf Op-
13 portunity Zone loss” each place it appears,

14 (B) by substituting “after the day before
15 the applicable disaster date, and before January
16 1, 2011” for “after August 27, 2005, and be-
17 fore January 1, 2008” each place it appears,

18 (C) by substituting “the applicable disaster
19 date” for “August 28, 2005” in paragraph
20 (2)(B)(ii)(I),

21 (D) by substituting “qualified Disaster Re-
22 covery Assistance property” for “qualified Gulf
23 Opportunity Zone property” in paragraph
24 (2)(B)(iv), and

1 (E) by substituting “qualified Disaster Re-
2 covery Assistance casualty loss” for “qualified
3 Gulf Opportunity Zone casualty loss” each
4 place it appears.

5 (9) CREDIT TO HOLDERS OF TAX CREDIT
6 BONDS.—Section 1400N(l)—

7 (A) by substituting “Midwestern tax credit
8 bond” for “Gulf tax credit bond” each place it
9 appears,

10 (B) by substituting “any State in which a
11 Midwestern disaster area is located or any in-
12 strumentality of the State” for “the State of
13 Alabama, Louisiana, or Mississippi” in para-
14 graph (4)(A)(i),

15 (C) by substituting “after December 31,
16 2008 and before January 1, 2010” for “after
17 December 31, 2005, and before January 1,
18 2007”,

19 (D) by substituting “shall not exceed
20 \$100,000,000 for any State with an aggregate
21 population located in all Midwestern disaster
22 areas within the State of at least 2,000,000,
23 \$50,000,000 for any State with an aggregate
24 population located in all Midwestern disaster
25 areas within the State of at least 1,000,000 but

1 less than 2,000,000, and zero for any other
2 State. The population of a State within any
3 area shall be determined on the basis of the
4 most recent census estimate of resident popu-
5 lation released by the Bureau of Census before
6 the earliest applicable disaster date for Mid-
7 western disaster areas within the State.” for
8 “shall not exceed” and all that follows in para-
9 graph (4)(C), and

10 (E) by substituting “the earliest applicable
11 disaster date for Midwestern disaster areas
12 within the State” for “August 28, 2005” in
13 paragraph (5)(A).

14 (10) EDUCATION TAX BENEFITS.—Section
15 1400O, by substituting “2008 or 2009” for “2005
16 or 2006”.

17 (11) HOUSING TAX BENEFITS.—Section 1400P,
18 by substituting “the applicable disaster date” for
19 “August 28, 2005” in subsection (c)(1).

20 (12) SPECIAL RULES FOR USE OF RETIREMENT
21 FUNDS.—Section 1400Q—

22 (A) by substituting “qualified Disaster Re-
23 covery Assistance distribution” for “qualified
24 hurricane distribution” each place it appears,

1 (B) by substituting “on or after the appli-
2 cable disaster date and before January 1,
3 2010” for “on or after August 25, 2005, and
4 before January 1, 2007” in subsection
5 (a)(4)(A)(i),

6 (C) by substituting “the applicable disaster
7 date” for “August 28, 2005” in subsections
8 (a)(4)(A)(i) and (c)(3)(B),

9 (D) by disregarding clauses (ii) and (iii) of
10 subsection (a)(4)(A) thereof,

11 (E) by substituting “qualified storm dam-
12 age distribution” for “qualified Katrina dis-
13 tribution” each place it appears,

14 (F) by substituting “after the date which
15 is 6 months before the applicable disaster date
16 and before the date which is the day after the
17 applicable disaster date” for “after February
18 28, 2005, and before August 29, 2005” in sub-
19 section (b)(2)(B)(ii),

20 (G) by substituting “the Midwestern dis-
21 aster area, but not so purchased or constructed
22 on account of severe storms, tornados, or flood-
23 ing giving rise to the designation of the area as
24 a disaster area” for “the Hurricane Katrina
25 disaster area, but not so purchased or con-

1 structured on account of Hurricane Katrina” in
2 subsection (b)(2)(B)(iii),

3 (H) by substituting “beginning on the ap-
4 plicable disaster date and ending on the date
5 which is 5 months after the date of the enact-
6 ment of the Housing and Economic Recovery
7 Act of 2008” for “beginning on August 25,
8 2005, and ending on February 28, 2006” in
9 subsection (b)(3)(A),

10 (I) by substituting “qualified storm dam-
11 age individual” for “qualified Hurricane
12 Katrina individual” each place it appears,

13 (J) by substituting “December 31, 2009”
14 for “December 31, 2006” in subsection
15 (c)(2)(A),

16 (K) by substituting “beginning on the date
17 of the enactment of the Housing and Economic
18 Recovery Act of 2008 and ending on December
19 31, 2009” for “beginning on September 24,
20 2005, and ending on December 31, 2006” in
21 subsection (c)(4)(A)(i),

22 (L) by substituting “the applicable disaster
23 date” for “August 25, 2005” in subsection
24 (c)(4)(A)(ii), and

1 (M) by substituting “January 1, 2010” for
2 “January 1, 2007” in subsection (d)(2)(A)(ii).

3 (13) EMPLOYEE RETENTION CREDIT FOR EM-
4 PLOYERS AFFECTED BY SEVERE STORMS, TOR-
5 NADOS, AND FLOODING.—Section 1400R(a)—

6 (A) by substituting “the applicable disaster
7 date” for “August 28, 2005” each place it ap-
8 pears,

9 (B) by substituting “January 1, 2009” for
10 “January 1, 2006” both places it appears, and

11 (C) only with respect to eligible employers
12 who employed an average of not more than 200
13 employees on business days during the taxable
14 year before the applicable disaster date.

15 (14) TEMPORARY SUSPENSION OF LIMITATIONS
16 ON CHARITABLE CONTRIBUTIONS.—Section
17 1400S(a), by substituting the following paragraph
18 for paragraph (4) thereof:

19 “(4) QUALIFIED CONTRIBUTIONS.—

20 “(A) IN GENERAL.—For purposes of this
21 subsection, the term ‘qualified contribution’
22 means any charitable contribution (as defined
23 in section 170(c)) if—

24 “(i) such contribution—

1 “(C) APPLICATION OF ELECTION TO PART-
2 NERSHIPS AND S CORPORATIONS.—In the case
3 of a partnership or S corporation, the election
4 under subparagraph (A)(iii) shall be made sepa-
5 rately by each partner or shareholder.”.

6 (15) SUSPENSION OF CERTAIN LIMITATIONS ON
7 PERSONAL CASUALTY LOSSES.—Section
8 1400S(b)(1), by substituting “the applicable disaster
9 date” for “August 25, 2005”.

10 (16) SPECIAL RULE FOR DETERMINING
11 EARNED INCOME.—Section 1400S(d)—

12 (A) by treating an individual as a qualified
13 individual if such individual’s principal place of
14 abode on the applicable disaster date was lo-
15 cated in a Midwestern disaster area,

16 (B) by treating the applicable disaster date
17 with respect to any such individual as the appli-
18 cable date for purposes of such subsection, and

19 (C) by treating an area as described in
20 paragraph (2)(B)(ii) thereof if the area is a
21 Midwestern disaster area only by reason of sub-
22 section (b)(2) of this section (relating to areas
23 eligible only for public assistance).

1 (17) ADJUSTMENTS REGARDING TAXPAYER AND
2 DEPENDENCY STATUS.—Section 1400S(e), by sub-
3 stituting “2008 or 2009” for “2005 or 2006”.

4 (f) MODIFICATIONS TO KATRINA EMERGENCY TAX
5 RELIEF ACT OF 2005.—The following provisions of the
6 Katrina Emergency Tax Relief Act of 2005 shall be ap-
7 plied with the following modifications:

8 (1) ADDITIONAL EXEMPTION FOR HOUSING DIS-
9 PLACED INDIVIDUAL.—Section 302—

10 (A) by substituting “2008 or 2009” for
11 “2005 or 2006” in subsection (a) thereof,

12 (B) by substituting “Midwestern displaced
13 individual” for “Hurricane Katrina displaced
14 individual” each place it appears, and

15 (C) by treating an area as a core disaster
16 area for purposes of applying subsection (c)
17 thereof if the area is a Midwestern disaster area
18 without regard to subsection (b)(2) of this sec-
19 tion (relating to areas eligible only for public
20 assistance).

21 (2) INCREASE IN STANDARD MILEAGE RATE.—
22 Section 303, by substituting “beginning on the ap-
23 plicable disaster date and ending on December 31,
24 2008” for “beginning on August 25, 2005, and end-
25 ing on December 31, 2006”.

1 (3) MILEAGE REIMBURSEMENTS FOR CHARITABLE VOLUNTEERS.—Section 304—

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3 (A) by substituting “beginning on the applicable disaster date and ending on December 31, 2008” for “beginning on August 25, 2005, and ending on December 31, 2006” in subsection (a), and

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8 (B) by substituting “the applicable disaster date” for “August 25, 2005” in subsection (a).

9
10 (4) EXCLUSION OF CERTAIN CANCELLATION OF INDEBTEDNESS INCOME.—Section 401—

11
12 (A) by treating an individual whose principal place of abode on the applicable disaster date was in a Midwestern disaster area (determined without regard to subsection (b)(2) of this section) as an individual described in subsection (b)(1) thereof, and by treating an individual whose principal place of abode on the applicable disaster date was in a Midwestern disaster area solely by reason of subsection (b)(2) of this section as an individual described in subsection (b)(2) thereof,

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23 (B) by substituting “the applicable disaster date” for “August 28, 2005” both places it appears, and

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1 (C) by substituting “January 1, 2010” for
2 “January 1, 2007” in subsection (e).

3 (5) EXTENSION OF REPLACEMENT PERIOD FOR
4 NONRECOGNITION OF GAIN.—Section 405, by sub-
5 stituting “on or after the applicable disaster date”
6 for “on or after August 25, 2005”.

7 **SEC. 1103. ENHANCED CHARITABLE DEDUCTIONS FOR CON-**
8 **TRIBUTIONS OF FOOD INVENTORY.**

9 (a) INCREASED AMOUNT OF DEDUCTION.—

10 (1) IN GENERAL.—Clause (iv) of section
11 170(e)(3)(C) (relating to termination) of the Inter-
12 nal Revenue Code of 1986 is amended by striking
13 “December 31, 2007” and inserting “December 31,
14 2009”.

15 (2) EFFECTIVE DATE.—The amendment made
16 by this subsection shall apply to contributions made
17 after December 31, 2007.

18 (b) TEMPORARY SUSPENSION OF LIMITATIONS ON
19 CHARITABLE CONTRIBUTIONS.—

20 (1) IN GENERAL.—Section 170(b) of such Code
21 is amended by adding at the end the following new
22 paragraph:

23 “(3) TEMPORARY SUSPENSION OF LIMITATIONS
24 ON CHARITABLE CONTRIBUTIONS.—In the case of a

1 qualified farmer or rancher (as defined in paragraph
2 (1)(E)(v)), any charitable contribution of food—

3 “(A) to which subsection (e)(3)(C) applies
4 (without regard to clause (ii) thereof), and

5 “(B) which is made during the period be-
6 ginning on the date of the enactment of this
7 paragraph and before January 1, 2009,
8 shall be treated for purposes of paragraph (1)(E) or
9 (2)(B), whichever is applicable, as if it were a quali-
10 fied conservation contribution which is made by a
11 qualified farmer or rancher and which otherwise
12 meets the requirements of such paragraph.”.

13 (2) EFFECTIVE DATE.—The amendment made
14 by this subsection shall apply to taxable years end-
15 ing after the date of the enactment of this Act.

16 **SEC. 1104. EXTENSION OF ENHANCED CHARITABLE DEDUC-**
17 **TION FOR CONTRIBUTIONS OF BOOK INVEN-**
18 **TORY.**

19 (a) EXTENSION.—Clause (iv) of section 170(e)(3)(D)
20 of the Internal Revenue Code of 1986 (relating to termi-
21 nation) of the Internal Revenue Code of 1986 is amended
22 by striking “December 31, 2007” and inserting “Decem-
23 ber 31, 2009”.

24 (b) CLERICAL AMENDMENT.—Clause (iii) of section
25 170(e)(3)(D) of such Code (relating to certification by

1 donee) is amended by inserting “of books” after “to any
2 contribution”.

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to contributions made after De-
5 cember 31, 2007.

6 **SEC. 1105. REPORTING REQUIREMENTS RELATING TO DIS-**
7 **ASTER RELIEF CONTRIBUTIONS.**

8 (a) IN GENERAL.—Section 6033(b) of the Internal
9 Revenue Code of 1986 (relating to returns of certain orga-
10 nizations described in section 501(c)(3)) is amended by
11 striking “and” at the end of paragraph (13), by redesignig-
12 nating paragraph (14) as paragraph (15), and by adding
13 after paragraph (13) the following new paragraph:

14 “(14) such information as the Secretary may
15 require with respect to disaster relief activities, in-
16 cluding the amount and use of qualified contribu-
17 tions to which section 1400S(a) applies, and”.

18 (b) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to returns the due date for which
20 (determined without regard to any extension) occurs after
21 December 31, 2008.

1 **TITLE XII—SPENDING REDUC-**
2 **TIONS AND APPROPRIATE**
3 **REVENUE RAISERS FOR NEW**
4 **TAX RELIEF POLICY**

5 **SEC. 1201. RESERVED.**