

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. Enhanced charitable deduction for contributions of food inventory.

Sec. 307. Extension of enhanced charitable deduction for contributions of book inventory.

Sec. 308. Modification of tax treatment of certain payments to controlling exempt organizations.

Sec. 309. Basis adjustment to stock of S corporations making charitable contributions of property.

Sec. 310. Increase in limit on cover over of rum excise tax to Puerto Rico and the Virgin Islands.

Sec. 311. Extension of economic development credit for American Samoa.

## 3

- Sec. 312. Extension of mine rescue team training credit.
- Sec. 313. Extension of election to expense advanced mine safety equipment.
- Sec. 314. Extension of expensing rules for qualified film and television productions.
- Sec. 315. Deduction allowable with respect to income attributable to domestic production activities in Puerto Rico.
- Sec. 316. Extension of qualified zone academy bonds.
- Sec. 317. Indian employment credit.
- Sec. 318. Accelerated depreciation for business property on Indian reservation.
- Sec. 319. Railroad track maintenance.
- Sec. 320. Seven-year cost recovery period for motorsports racing track facility.
- Sec. 321. Expensing of environmental remediation costs.
- Sec. 322. Extension of work opportunity tax credit for Hurricane Katrina employees.
- Sec. 323. Extension of increased rehabilitation credit for structures in the Gulf Opportunity Zone.

## TITLE IV—EXTENSION OF TAX ADMINISTRATION PROVISIONS

- Sec. 401. Permanent authority for undercover operations.
- Sec. 402. Permanent disclosures of certain tax return information.
- Sec. 403. 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

## 4

- 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.

## TITLE IX—ADDITIONAL TAX RELIEF

- Sec. 901. Income averaging for amounts received in connection with the Exxon Valdez litigation.
- Sec. 902. Certain GO Zone incentives.
- Sec. 903. Election to accelerate AMT and R and D credits in lieu of bonus depreciation.
- Sec. 904. Modification to exclusion for gain from certain small business stock.

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

- Sec. 1101. 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

1           (2) by striking “2007” in the heading thereof  
2           and inserting “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. 102. EXTENSION OF INCREASED ALTERNATIVE MIN-**  
7 **IMUM TAX EXEMPTION AMOUNT.**

8           (a) **IN GENERAL.**—Paragraph (1) of section 55(d)  
9 (relating to exemption amount) is amended—

10           (1) by striking “(\$66,250 in the case of taxable  
11 years beginning in 2007)” in subparagraph (A) and  
12 inserting “(\$69,950 in the case of taxable years be-  
13 ginning in 2008)”, and

14           (2) by striking “(\$44,350 in the case of taxable  
15 years beginning in 2007)” in subparagraph (B) and  
16 inserting “(\$46,200 in the case of taxable years be-  
17 ginning in 2008)”.

18           (b) **EFFECTIVE DATE.**—The amendments made by  
19 this section shall apply to taxable years beginning after  
20 December 31, 2007.

1 **SEC. 103. INCREASE OF AMT REFUNDABLE CREDIT**  
2 **AMOUNT FOR INDIVIDUALS WITH LONG-**  
3 **TERM UNUSED CREDITS FOR PRIOR YEAR**  
4 **MINIMUM TAX LIABILITY, ETC.**

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

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

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

15 “(B) the amount (if any) of the AMT re-  
16 fundable credit amount determined under this  
17 paragraph for the taxpayer’s preceding taxable  
18 year.”.

19 (b) TREATMENT OF CERTAIN UNDERPAYMENTS, IN-  
20 TEREST, AND PENALTIES ATTRIBUTABLE TO THE TREAT-  
21 MENT OF INCENTIVE STOCK OPTIONS.—Section 53 is  
22 amended by adding at the end the following new sub-  
23 section:

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

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

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

19           (c) EFFECTIVE DATE.—

20           (1) IN GENERAL.—Except as provided in para-  
21           graph (2), the amendment made by this section shall  
22           apply to taxable years beginning after December 31,  
23           2007.

24           (2) ABATEMENT.—Section 53(f)(1) of the In-  
25           ternal Revenue Code of 1986, as added by sub-

1 section (b), shall take effect on the date of the en-  
2 actment of this Act.

3 **TITLE II—EXTENSION OF**  
4 **INDIVIDUAL TAX PROVISIONS**

5 **SEC. 201. DEDUCTION FOR STATE AND LOCAL SALES**  
6 **TAXES.**

7 (a) IN GENERAL.—Subparagraph (I) of section  
8 164(b)(5) is amended by striking “January 1, 2008” and  
9 inserting “January 1, 2010”.

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

13 **SEC. 202. DEDUCTION OF QUALIFIED TUITION AND RE-**  
14 **LATED EXPENSES.**

15 (a) IN GENERAL.—Subsection (e) of section 222 (re-  
16 lating to termination) is amended by striking “December  
17 31, 2007” and inserting “December 31, 2009”.

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

21 **SEC. 203. DEDUCTION FOR CERTAIN EXPENSES OF ELE-**  
22 **MENTARY AND SECONDARY SCHOOL TEACH-**  
23 **ERS.**

24 (a) IN GENERAL.—Subparagraph (D) of section  
25 62(a)(2) (relating to certain expenses of elementary and



1 secondary school teachers) is amended by striking “or  
2 2007” and inserting “2007, 2008, or 2009”.

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

6 **SEC. 204. TAX-FREE DISTRIBUTIONS FROM INDIVIDUAL RE-**  
7 **TIREMENT PLANS FOR CHARITABLE PUR-**  
8 **POSES.**

9 (a) IN GENERAL.—Subparagraph (F) of section  
10 408(d)(8) (relating to termination) is amended by striking  
11 “December 31, 2007” and inserting “December 31,  
12 2009”.

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

16 **SEC. 205. TREATMENT OF CERTAIN DIVIDENDS OF REGU-**  
17 **LATED INVESTMENT COMPANIES.**

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

22 (b) SHORT-TERM CAPITAL GAIN DIVIDENDS.—Sub-  
23 paragraph (C) of section 871(k)(2) (defining short-term  
24 capital gain dividend) is amended by striking “December  
25 31, 2007” and inserting “December 31, 2009”.

1 (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to dividends with respect to taxable  
3 years of regulated investment companies beginning after  
4 December 31, 2007.

5 **SEC. 206. STOCK IN RIC FOR PURPOSES OF DETERMINING**  
6 **ESTATES OF NONRESIDENTS NOT CITIZENS.**

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

10 (b) EFFECTIVE DATE.—The amendment made by  
11 this section shall apply to decedents dying after December  
12 31, 2007.

13 **SEC. 207. QUALIFIED INVESTMENT ENTITIES.**

14 (a) IN GENERAL.—Clause (ii) of section  
15 897(h)(4)(A) (relating to termination) is amended by  
16 striking “December 31, 2007” and inserting “December  
17 31, 2009”.

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

20 **TITLE III—EXTENSION OF**  
21 **BUSINESS TAX PROVISIONS**

22 **SEC. 301. EXTENSION AND MODIFICATION OF RESEARCH**  
23 **CREDIT.**

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



1                   “(ii) APPLICABLE PERCENTAGE.—For  
2                   purposes of the calculation under clause  
3                   (i), the applicable percentage is—

4                               “(I) 14 percent, in the case of  
5                               taxable years ending before January  
6                               1, 2009, and

7                               “(II) 16 percent, in the case of  
8                               taxable years beginning after Decem-  
9                               ber 31, 2008.”.

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

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

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

21                               “(A) the amount determined under sub-  
22                               section (c)(1)(B) with respect to such taxable  
23                               year shall be the amount which bears the same  
24                               ratio to such amount (determined without re-  
25                               gard to this paragraph) as the number of days

1 in such taxable year to which this section ap-  
2 plies bears to the total number of days in such  
3 taxable year, and

4 “(B) for purposes of subsection (c)(5), the  
5 average qualified research expenses for the pre-  
6 ceding 3 taxable years shall be the amount  
7 which bears the same ratio to such average  
8 qualified research expenses (determined without  
9 regard to this paragraph) as the number of  
10 days in such taxable year to which this section  
11 applies bears to the total number of days in  
12 such taxable year.”.

13 (e) **EFFECTIVE DATE.**—The amendments made by  
14 this section shall apply to amounts paid or incurred after  
15 December 31, 2007.

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

17 Subparagraph (D) of section 45D(f)(1) (relating to  
18 national limitation on amount of investments designated)  
19 is amended by striking “and 2008” and inserting “2008,  
20 and 2009”.

21 **SEC. 303. SUBPART F EXCEPTION FOR ACTIVE FINANCING**  
22 **INCOME.**

23 (a) **EXEMPT INSURANCE INCOME.**—Paragraph (10)  
24 of section 953(e) (relating to application) is amended—

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

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

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

10   **SEC. 304. EXTENSION OF LOOK-THRU RULE FOR RELATED**  
11                           **CONTROLLED FOREIGN CORPORATIONS.**

12           (a) IN GENERAL.—Subparagraph (B) of section  
13           954(c)(6) (relating to application) is amended by striking  
14           “January 1, 2009” and inserting “January 1, 2010”.

15           (b) EFFECTIVE DATE.—The amendment made by  
16           this section shall apply to taxable years of foreign corpora-  
17           tions beginning after December 31, 2007, and to taxable  
18           years of United States shareholders with or within which  
19           such taxable years of foreign corporations end.

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

7 (a) EXTENSION OF LEASEHOLD AND RESTAURANT  
8 IMPROVEMENTS.—

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

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

16 (b) TREATMENT TO INCLUDE NEW CONSTRUC-  
17 TION.—

18 (1) IN GENERAL.—Paragraph (7) of section  
19 168(e) (relating to classification of property) is  
20 amended to read as follows:

21 “(7) QUALIFIED RESTAURANT PROPERTY.—The  
22 term ‘qualified restaurant property’ means any sec-  
23 tion 1250 property which is a building or an im-  
24 provement to a building if more than 50 percent of  
25 the building’s square footage is devoted to prepara-

1       tion of, and seating for on-premises consumption of,  
2       prepared meals.”.

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

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

8           (1) 15-YEAR RECOVERY PERIOD.—Section  
9       168(e)(3)(E) (relating to 15-year property) is  
10       amended by striking “and” at the end of clause  
11       (vii), by striking the period at the end of clause (viii)  
12       and inserting “, and”, and by adding at the end the  
13       following new clause:

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

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

20                   “(8) QUALIFIED RETAIL IMPROVEMENT PROP-  
21       ERTY.—

22                   “(A) IN GENERAL.—The term ‘qualified  
23       retail improvement property’ means any im-  
24       provement to an interior portion of a building  
25       which is nonresidential real property if—



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

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

8           “(B) IMPROVEMENTS MADE BY OWNER.—

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

16          “(C) CERTAIN IMPROVEMENTS NOT IN-

17          CLUDED.—Such term shall not include any im-  
18          provement for which the expenditure is attrib-  
19          utable to—

20                 “(i) the enlargement of the building,

21                 “(ii) any elevator or escalator,

22                 “(iii) any structural component bene-  
23                 fitting a common area, or

24                 “(iv) the internal structural frame-  
25                 work of the building.”.

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

4                   “(I) Qualified retail improvement property  
 5 described in subsection (e)(8).”.

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

“(E)(ix) ..... 39”.

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

13 **SEC. 306. ENHANCED CHARITABLE DEDUCTION FOR CON-**  
 14 **TRIBUTIONS OF FOOD INVENTORY.**

15           (a) IN GENERAL.—Clause (iv) of section  
 16 170(e)(3)(C) (relating to termination) is amended by  
 17 striking “December 31, 2007” and inserting “December  
 18 31, 2009”.

19           (b) EFFECTIVE DATE.—The amendment made by  
 20 this section shall apply to contributions made after De-  
 21 cember 31, 2007.

1 **SEC. 307. EXTENSION OF ENHANCED CHARITABLE DEDUC-**  
2 **TION FOR CONTRIBUTIONS OF BOOK INVEN-**  
3 **TORY.**

4 (a) EXTENSION.—Clause (iv) of section 170(e)(3)(D)  
5 (relating to termination) is amended by striking “Decem-  
6 ber 31, 2007” and inserting “December 31, 2009”.

7 (b) CLERICAL AMENDMENT.—Clause (iii) of section  
8 170(e)(3)(D) (relating to certification by donee) is amend-  
9 ed by inserting “of books” after “to any contribution”.

10 (c) EFFECTIVE DATE.—The amendments made by  
11 this section shall apply to contributions made after De-  
12 cember 31, 2007.

13 **SEC. 308. MODIFICATION OF TAX TREATMENT OF CERTAIN**  
14 **PAYMENTS TO CONTROLLING EXEMPT ORGA-**  
15 **NIZATIONS.**

16 (a) IN GENERAL.—Clause (iv) of section  
17 512(b)(13)(E) (relating to termination) is amended by  
18 striking “December 31, 2007” and inserting “December  
19 31, 2009”.

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

1 **SEC. 309. 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. 310. 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. 311. 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. 312. 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. 313. 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. 314. 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. 315. 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. 318. 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. 319. 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. 320. 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. 321. 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. 322. 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. 323. 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 **TITLE IV—EXTENSION OF TAX**  
5 **ADMINISTRATION PROVISIONS**

6 **SEC. 401. PERMANENT AUTHORITY FOR UNDERCOVER OP-**  
7 **ERATIONS.**

8 (a) IN GENERAL.—Section 7608(c) (relating to rules  
9 relating to undercover operations) is amended by striking  
10 paragraph (6).

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

14 **SEC. 402. PERMANENT DISCLOSURES OF CERTAIN TAX RE-**  
15 **TURN INFORMATION.**

16 (a) DISCLOSURES TO FACILITATE COMBINED EM-  
17 PLOYMENT TAX REPORTING.—Section 6103(d)(5) (relat-  
18 ing to disclosure for combined employment tax reporting)  
19 is amended—

20 (1) by striking “REPORTING” in the heading  
21 thereof and all that follows through “The Secretary”  
22 in subparagraph (A) and inserting “REPORTING.—  
23 The Secretary”, and

24 (2) by striking subparagraph (B).

1 (b) EFFECTIVE DATE.—The amendments made by  
2 this subsection shall apply to disclosures after the date  
3 of the enactment of this Act.

4 **SEC. 403. DISCLOSURE OF INFORMATION RELATING TO**  
5 **TERRORIST ACTIVITIES.**

6 (a) DISCLOSURE OF RETURN INFORMATION TO AP-  
7 PRISE APPROPRIATE OFFICIALS OF TERRORIST ACTIVI-  
8 TIES.—Clause (iv) of section 6103(i)(3)(C) (relating to  
9 termination) is amended by striking “December 31, 2007”  
10 and inserting “December 31, 2009”.

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

16 (c) EFFECTIVE DATE.—The amendments made by  
17 this section shall apply to disclosures after the date of the  
18 enactment of this Act.

19 **TITLE V—EXTENSION OF CLEAN**  
20 **ENERGY PRODUCTION INCEN-**  
21 **TIVES**

22 **SEC. 501. EXTENSION AND MODIFICATION OF RENEWABLE**  
23 **ENERGY PRODUCTION TAX CREDIT.**

24 (a) EXTENSION OF CREDIT.—Each of the following  
25 provisions of section 45(d) (relating to qualified facilities)

1 is amended by striking “January 1, 2009” and inserting  
2 “January 1, 2010”:

3 (1) Paragraph (1).

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

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

6 (4) Paragraph (4).

7 (5) Paragraph (5).

8 (6) Paragraph (6).

9 (7) Paragraph (7).

10 (8) Paragraph (8).

11 (9) Subparagraphs (A) and (B) of paragraph  
12 (9).

13 (b) PRODUCTION CREDIT FOR ELECTRICITY PRO-  
14 DUCED FROM MARINE RENEWABLES.—

15 (1) IN GENERAL.—Paragraph (1) of section  
16 45(c) (relating to resources) is amended by striking  
17 “and” at the end of subparagraph (G), by striking  
18 the period at the end of subparagraph (H) and in-  
19 serting “, and”, and by adding at the end the fol-  
20 lowing new subparagraph:

21 “(I) marine and hydrokinetic renewable en-  
22 ergy.”.

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

1           “(10) MARINE AND HYDROKINETIC RENEW-  
2 ABLE ENERGY.—

3           “(A) IN GENERAL.—The term ‘marine and  
4 hydrokinetic renewable energy’ means energy  
5 derived from—

6           “(i) waves, tides, and currents in  
7 oceans, estuaries, and tidal areas,

8           “(ii) free flowing water in rivers,  
9 lakes, and streams,

10           “(iii) free flowing water in an irriga-  
11 tion system, canal, or other man-made  
12 channel, including projects that utilize non-  
13 mechanical structures to accelerate the  
14 flow of water for electric power production  
15 purposes, or

16           “(iv) differentials in ocean tempera-  
17 ture (ocean thermal energy conversion).

18           “(B) EXCEPTIONS.—Such term shall not  
19 include any energy which is derived from any  
20 source which utilizes a dam, diversionary struc-  
21 ture (except as provided in subparagraph  
22 (A)(iii)), or impoundment for electric power  
23 production purposes.”.

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

4           “(11) MARINE AND HYDROKINETIC RENEW-  
5 ABLE ENERGY FACILITIES.—In the case of a facility  
6 producing electricity from marine and hydrokinetic  
7 renewable energy, the term ‘qualified facility’ means  
8 any facility owned by the taxpayer—

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

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

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

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

22           (c) SALES OF ELECTRICITY TO REGULATED PUBLIC  
23 UTILITIES TREATED AS SALES TO UNRELATED PER-  
24 SONS.—Section 45(e)(4) (relating to related persons) is  
25 amended by adding at the end the following new sentence:

1 “A taxpayer shall be treated as selling electricity to an  
2 unrelated person if such electricity is sold to a regulated  
3 public utility (as defined in section 7701(a)(33)).”.

4 (d) TRASH FACILITY CLARIFICATION.—Paragraph  
5 (7) of section 45(d) is amended—

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

9 (2) by striking “COMBUSTION”.

10 (e) EFFECTIVE DATES.—

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

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

18 (3) TRASH FACILITY CLARIFICATION.—The  
19 amendments made by subsection (d) shall apply to  
20 electricity produced and sold before, on, or after De-  
21 cember 31, 2007.

22 **SEC. 502. EXTENSION AND MODIFICATION OF SOLAR EN-**  
23 **ERGY AND FUEL CELL INVESTMENT TAX**  
24 **CREDIT.**

25 (a) EXTENSION OF CREDIT.—

1           (1) SOLAR ENERGY PROPERTY.—Paragraphs  
2           (2)(A)(i)(II) and (3)(A)(ii) of section 48(a) (relating  
3           to energy credit) are each amended by striking  
4           “January 1, 2009” and inserting “January 1,  
5           2017”.

6           (2) FUEL CELL PROPERTY.—Subparagraph (E)  
7           of section 48(c)(1) (relating to qualified fuel cell  
8           property) is amended by striking “December 31,  
9           2008” and inserting “December 31, 2016”.

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

15          (b) ALLOWANCE OF ENERGY CREDIT AGAINST AL-  
16          TERNATIVE MINIMUM TAX.—Subparagraph (B) of section  
17          38(c)(4) (relating to specified credits) is amended by strik-  
18          ing “and” at the end of clause (iii), by striking the period  
19          at the end of clause (iv) and inserting “, and”, and by  
20          adding at the end the following new clause:

21                           “(v) the credit determined under sec-  
22                           tion 46 to the extent that such credit is at-  
23                           tributable to the energy credit determined  
24                           under section 48.”.

1           (c) REPEAL OF DOLLAR PER KILOWATT LIMITATION  
2 FOR FUEL CELL PROPERTY.—

3           (1) IN GENERAL.—Section 48(c)(1) (relating to  
4 qualified fuel cell), as amended by subsection (a)(2),  
5 is amended by striking subparagraph (B) and by re-  
6 designating subparagraphs (C), (D), and (E) as sub-  
7 paragraphs (B), (C), and (D), respectively.

8           (2) CONFORMING AMENDMENT.—Section  
9 48(a)(1) is amended by striking “paragraphs (1)(B)  
10 and (2)(B) of subsection (c)” and inserting “sub-  
11 section (c)(2)(B)”.

12          (d) PUBLIC ELECTRIC UTILITY PROPERTY TAKEN  
13 INTO ACCOUNT.—

14           (1) IN GENERAL.—Paragraph (3) of section  
15 48(a) is amended by striking the second sentence  
16 thereof.

17           (2) CONFORMING AMENDMENTS.—

18           (A) Paragraph (1) of section 48(c), as  
19 amended by this section, is amended by striking  
20 subparagraph (C) and redesignating subpara-  
21 graph (D) as subparagraph (C).

22           (B) Paragraph (2) of section 48(c), as  
23 amended by subsection (a)(3), is amended by  
24 striking subparagraph (D) and redesignating  
25 subparagraph (E) as subparagraph (D).



1 (e) EFFECTIVE DATES.—

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

5 (2) ALLOWANCE AGAINST ALTERNATIVE MIN-  
6 IMUM TAX.—The amendments made by subsection  
7 (b) shall apply to credits determined under section  
8 46 of the Internal Revenue Code of 1986 in taxable  
9 years beginning after the date of the enactment of  
10 this Act and to carrybacks of such credits.

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

20 **SEC. 503. EXTENSION AND MODIFICATION OF RESIDENTIAL**  
21 **ENERGY EFFICIENT PROPERTY CREDIT.**

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

1 (b) NO DOLLAR LIMITATION FOR CREDIT FOR  
2 SOLAR ELECTRIC PROPERTY.—

3 (1) IN GENERAL.—Section 25D(b)(1) (relating  
4 to maximum credit) is amended by striking subpara-  
5 graph (A) and by redesignating subparagraphs (B)  
6 and (C) as subparagraphs (A) and (B), respectively.

7 (2) CONFORMING AMENDMENTS.—Section  
8 25D(e)(4) is amended—

9 (A) by striking clause (i) in subparagraph  
10 (A),

11 (B) by redesignating clauses (ii) and (iii)  
12 in subparagraph (A) as clauses (i) and (ii), re-  
13 spectively, and

14 (C) by striking “, (2),” in subparagraph  
15 (C).

16 (c) CREDIT ALLOWED AGAINST ALTERNATIVE MIN-  
17 IMUM TAX.—

18 (1) IN GENERAL.—Subsection (c) of section  
19 25D is amended to read as follows:

20 “(c) LIMITATION BASED ON AMOUNT OF TAX;  
21 CARRYFORWARD OF UNUSED CREDIT.—

22 “(1) LIMITATION BASED ON AMOUNT OF  
23 TAX.—In the case of a taxable year to which section  
24 26(a)(2) does not apply, the credit allowed under

1 subsection (a) for the taxable year shall not exceed  
2 the excess of—

3 “(A) the sum of the regular tax liability  
4 (as defined in section 26(b)) plus the tax im-  
5 posed by section 55, over

6 “(B) the sum of the credits allowable  
7 under this subpart (other than this section) and  
8 section 27 for the taxable year.

9 “(2) CARRYFORWARD OF UNUSED CREDIT.—

10 “(A) RULE FOR YEARS IN WHICH ALL  
11 PERSONAL CREDITS ALLOWED AGAINST REG-  
12 ULAR AND ALTERNATIVE MINIMUM TAX.—In  
13 the case of a taxable year to which section  
14 26(a)(2) applies, if the credit allowable under  
15 subsection (a) exceeds the limitation imposed by  
16 section 26(a)(2) for such taxable year reduced  
17 by the sum of the credits allowable under this  
18 subpart (other than this section), such excess  
19 shall be carried to the succeeding taxable year  
20 and added to the credit allowable under sub-  
21 section (a) for such succeeding taxable year.

22 “(B) RULE FOR OTHER YEARS.—In the  
23 case of a taxable year to which section 26(a)(2)  
24 does not apply, if the credit allowable under  
25 subsection (a) exceeds the limitation imposed by

1 paragraph (1) for such taxable year, such ex-  
2 cess shall be carried to the succeeding taxable  
3 year and added to the credit allowable under  
4 subsection (a) for such succeeding taxable  
5 year.”.

6 (2) CONFORMING AMENDMENTS.—

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

9 (B) Section 24(b)(3)(B) is amended by  
10 striking “and 25B” and inserting “, 25B, and  
11 25D”.

12 (C) Section 25B(g)(2) is amended by strik-  
13 ing “section 23” and inserting “sections 23 and  
14 25D”.

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

17 (d) EFFECTIVE DATE.—

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

21 (2) APPLICATION OF EGTRRA SUNSET.—The  
22 amendments made by subparagraphs (A) and (B) of  
23 subsection (c)(2) shall be subject to title IX of the  
24 Economic Growth and Tax Relief Reconciliation Act

1 of 2001 in the same manner as the provisions of  
2 such Act to which such amendments relate.

3 **SEC. 504. EXTENSION AND MODIFICATION OF CREDIT FOR**  
4 **CLEAN RENEWABLE ENERGY BONDS.**

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

8 (b) INCREASE IN NATIONAL LIMITATION.—Section  
9 54(f) (relating to limitation on amount of bonds des-  
10 ignated) is amended—

11 (1) by inserting “, and for the period beginning  
12 after the date of the enactment of the Tax Extend-  
13 ers and Alternative Minimum Tax Relief Act of  
14 2008 and ending before January 1, 2010,  
15 \$400,000,000” after “\$1,200,000,000” in para-  
16 graph (1),

17 (2) by striking “\$750,000,000 of the” in para-  
18 graph (2) and inserting “\$750,000,000 of the  
19 \$1,200,000,000”, and

20 (3) by striking “bodies” in paragraph (2) and  
21 inserting “bodies, and except that the Secretary may  
22 not allocate more than  $\frac{1}{3}$  of the \$400,000,000 na-  
23 tional clean renewable energy bond limitation to fi-  
24 nance qualified projects of qualified borrowers which  
25 are public power providers nor more than  $\frac{1}{3}$  of such

1 limitation to finance qualified projects of qualified  
2 borrowers which are mutual or cooperative electric  
3 companies described in section 501(c)(12) or section  
4 1381(a)(2)(C)”.

5 (c) PUBLIC POWER PROVIDERS DEFINED.—Section  
6 54(j) is amended—

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

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

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

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

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

22 **SEC. 505. EXTENSION OF SPECIAL RULE TO IMPLEMENT**  
23 **FERC RESTRUCTURING POLICY.**

24 (a) QUALIFYING ELECTRIC TRANSMISSION TRANS-  
25 ACTION.—

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

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

8           (b) INDEPENDENT TRANSMISSION COMPANY.—

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

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

1 **TITLE VI—EXTENSION OF INCEN-**  
2 **TIVES TO IMPROVE ENERGY**  
3 **EFFICIENCY**

4 **SEC. 601. EXTENSION AND MODIFICATION OF CREDIT FOR**  
5 **ENERGY EFFICIENCY IMPROVEMENTS TO EX-**  
6 **ISTING HOMES.**

7 (a) EXTENSION OF CREDIT.—Section 25C(g) (relat-  
8 ing to termination) is amended by striking “December 31,  
9 2007” and inserting “December 31, 2009”.

10 (b) QUALIFIED BIOMASS FUEL PROPERTY.—

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

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

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

17 (C) by adding at the end the following new  
18 subparagraph:

19 “(F) a stove—

20 “(i) which uses the burning of bio-  
21 mass fuel—

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



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

3 “(ii) which—

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

6 “(II) is a wood stove which meets  
7 the standards of performance for new  
8 residential wood heaters under sub-  
9 part AAA of part 60 of subchapter C  
10 of chapter I of title 40, Code of Fed-  
11 eral Regulations (or a successor regu-  
12 lation).”.

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

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

23 (c) MODIFICATIONS OF STANDARDS FOR ENERGY-  
24 EFFICIENT BUILDING PROPERTY.—

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

4                   “(A) an electric heat pump which achieves  
5                   the highest efficiency tier established by the  
6                   Consortium for Energy Efficiency, as in effect  
7                   on January 1, 2008.”.

8           (2) CENTRAL AIR CONDITIONERS.—Section  
9           25C(d)(3)(D) is amended by striking “2006” and  
10           inserting “2008”.

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

13                   “(E) a natural gas, propane, or oil water  
14                   heater which has either an energy factor of at  
15                   least 0.80 or a thermal efficiency of at least 90  
16                   percent.”.

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

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

22                   “(A) QUALIFIED NATURAL GAS FUR-  
23                   NACE.—The term ‘qualified natural gas fur-  
24                   nace’ means any natural gas furnace which

1 achieves an annual fuel utilization efficiency  
2 rate of not less than 95.

3 “(B) QUALIFIED NATURAL GAS HOT  
4 WATER BOILER.—The term ‘qualified natural  
5 gas hot water boiler’ means any natural gas hot  
6 water boiler which achieves an annual fuel utili-  
7 zation efficiency rate of not less than 90.

8 “(C) QUALIFIED PROPANE FURNACE.—  
9 The term ‘qualified propane furnace’ means any  
10 propane furnace which achieves an annual fuel  
11 utilization efficiency rate of not less than 95.

12 “(D) QUALIFIED PROPANE HOT WATER  
13 BOILER.—The term ‘qualified propane hot  
14 water boiler’ means any propane hot water boil-  
15 er which achieves an annual fuel utilization effi-  
16 ciency rate of not less than 90.

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

21 “(F) QUALIFIED OIL HOT WATER BOIL-  
22 ER.—The term ‘qualified oil hot water boiler’  
23 means any oil hot water boiler which achieves  
24 an annual fuel utilization efficiency rate of not  
25 less than 90.”.

1 (d) EFFECTIVE DATE.—The amendments made this  
2 section shall apply to expenditures made after December  
3 31, 2007.

4 **SEC. 602. EXTENSION AND MODIFICATION OF TAX CREDIT**  
5 **FOR ENERGY EFFICIENT NEW HOMES.**

6 (a) EXTENSION OF CREDIT.—Subsection (g) of sec-  
7 tion 45L (relating to termination) is amended by striking  
8 “December 31, 2008” and inserting “December 31,  
9 2010”.

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

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

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

18 (c) EFFECTIVE DATE.—The amendments made by  
19 this section shall apply to homes acquired after December  
20 31, 2008.

1 **SEC. 603. EXTENSION AND MODIFICATION OF ENERGY EF-**  
2 **FICIENT COMMERCIAL BUILDINGS DEDUC-**  
3 **TION.**

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

7 (b) ADJUSTMENT OF MAXIMUM DEDUCTION  
8 AMOUNT.—

9 (1) IN GENERAL.—Subparagraph (A) of section  
10 179D(b)(1) (relating to maximum amount of deduc-  
11 tion) is amended by striking “\$1.80” and inserting  
12 “\$2.25”.

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

15 (A) by striking “\$.60” and inserting  
16 “\$0.75”, and

17 (B) by striking “\$1.80” and inserting  
18 “\$2.25”.

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

22 **SEC. 604. MODIFICATION AND EXTENSION OF ENERGY EF-**  
23 **FICIENT APPLIANCE CREDIT FOR APPLI-**  
24 **ANCES PRODUCED AFTER 2007.**

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

1           “(b) APPLICABLE AMOUNT.—For purposes of sub-  
2 section (a)—

3           “(1) DISHWASHERS.—The applicable amount  
4 is—

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

9                   “(B) \$75 in the case of a dishwasher  
10 which is manufactured in calendar year 2008,  
11 2009, or 2010 and which uses no more than  
12 307 kilowatt hours per year and 5.0 gallons per  
13 cycle (5.5 gallons per cycle for dishwashers de-  
14 signed for greater than 12 place settings).

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

17                   “(A) \$75 in the case of a residential top-  
18 loading clothes washer manufactured in cal-  
19 endar year 2008 which meets or exceeds a 1.72  
20 modified energy factor and does not exceed a  
21 8.0 water consumption factor,

22                   “(B) \$125 in the case of a residential top-  
23 loading clothes washer manufactured in cal-  
24 endar year 2008 or 2009 which meets or ex-

1 ceeds a 1.8 modified energy factor and does not  
2 exceed a 7.5 water consumption factor,

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

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

13 “(3) REFRIGERATORS.—The applicable amount  
14 is—

15 “(A) \$50 in the case of a refrigerator  
16 which is manufactured in calendar year 2008,  
17 and consumes at least 20 percent but not more  
18 than 22.9 percent less kilowatt hours per year  
19 than the 2001 energy conservation standards,

20 “(B) \$75 in the case of a refrigerator  
21 which is manufactured in calendar year 2008 or  
22 2009, and consumes at least 23 percent but no  
23 more than 24.9 percent less kilowatt hours per  
24 year than the 2001 energy conservation stand-  
25 ards,

1           “(C) \$100 in the case of a refrigerator  
2           which is manufactured in calendar year 2008,  
3           2009, or 2010, and consumes at least 25 per-  
4           cent but not more than 29.9 percent less kilo-  
5           watt hours per year than the 2001 energy con-  
6           servation standards, and

7           “(D) \$200 in the case of a refrigerator  
8           manufactured in calendar year 2008, 2009, or  
9           2010 and which consumes at least 30 percent  
10          less energy than the 2001 energy conservation  
11          standards.”.

12          (b) ELIGIBLE PRODUCTION.—

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

16           (A) by striking paragraph (2),

17           (B) by striking “(1) IN GENERAL” and all  
18          that follows through “the eligible” and inserting  
19          “The eligible”, and

20           (C) by moving the text of such subsection  
21          in line with the subsection heading and redesign-  
22          ating subparagraphs (A) and (B) as para-  
23          graphs (1) and (2), respectively.

24           (2) MODIFICATION OF BASE PERIOD.—Para-  
25          graph (2) of section 45M(c), as amended by para-



1 graph (1) of this section, is amended by striking “3-  
2 calendar year” and inserting “2-calendar year”.

3 (c) TYPES OF ENERGY EFFICIENT APPLIANCES.—

4 Subsection (d) of section 45M (defining types of energy  
5 efficient appliances) is amended to read as follows:

6 “(d) TYPES OF ENERGY EFFICIENT APPLIANCE.—

7 For purposes of this section, the types of energy efficient  
8 appliances are—

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

10 “(2) clothes washers described in subsection  
11 (b)(2), and

12 “(3) refrigerators described in subsection  
13 (b)(3).”.

14 (d) AGGREGATE CREDIT AMOUNT ALLOWED.—

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

18 “(1) AGGREGATE CREDIT AMOUNT ALLOWED.—

19 The aggregate amount of credit allowed under sub-  
20 section (a) with respect to a taxpayer for any tax-  
21 able year shall not exceed \$75,000,000 reduced by  
22 the amount of the credit allowed under subsection  
23 (a) to the taxpayer (or any predecessor) for all prior  
24 taxable years beginning after December 31, 2007.”.

1           (2) EXCEPTION FOR CERTAIN REFRIGERATOR  
2           AND CLOTHES WASHERS.—Paragraph (2) of section  
3           45M(e) is amended to read as follows:

4           “(2) AMOUNT ALLOWED FOR CERTAIN REFRIG-  
5           ERATORS AND CLOTHES WASHERS.—Refrigerators  
6           described in subsection (b)(3)(D) and clothes wash-  
7           ers described in subsection (b)(2)(D) shall not be  
8           taken into account under paragraph (1).”.

9           (e) QUALIFIED ENERGY EFFICIENT APPLIANCES.—  
10           (1) IN GENERAL.—Paragraph (1) of section  
11           45M(f) (defining qualified energy efficient appliance)  
12           is amended to read as follows:

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

16           “(A) any dishwasher described in sub-  
17           section (b)(1),

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

20           “(C) any refrigerator described in sub-  
21           section (b)(3).”.

22           (2) CLOTHES WASHER.—Section 45M(f)(3) (de-  
23           fining clothes washer) is amended by inserting  
24           “commercial” before “residential” the second place  
25           it appears.

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

7           “(4) TOP-LOADING CLOTHES WASHER.—The  
8           term ‘top-loading clothes washer’ means a clothes  
9           washer which has the clothes container compartment  
10          access located on the top of the machine and which  
11          operates on a vertical axis.”.

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

15          “(6) MODIFIED ENERGY FACTOR.—The term  
16          ‘modified energy factor’ means the modified energy  
17          factor established by the Department of Energy for  
18          compliance with the Federal energy conservation  
19          standard.”.

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

24          “(9) GALLONS PER CYCLE.—The term ‘gallons  
25          per cycle’ means, with respect to a dishwasher, the

1 amount of water, expressed in gallons, required to  
2 complete a normal cycle of a dishwasher.

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

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

## 11 **TITLE VII—CARBON MITIGATION** 12 **PROVISIONS**

### 13 **SEC. 701. EXPANSION AND MODIFICATION OF ADVANCED** 14 **COAL PROJECT INVESTMENT CREDIT.**

15 (a) MODIFICATION OF CREDIT AMOUNT.—Section  
16 48A(a) is amended by striking “and” at the end of para-  
17 graph (1), by striking the period at the end of paragraph  
18 (2) and inserting “, and”, and by adding at the end the  
19 following new paragraph:

20 “(3) 30 percent of the qualified investment for  
21 such taxable year in the case of projects described  
22 in clause (iii) of subsection (d)(3)(B).”.

23 (b) EXPANSION OF AGGREGATE CREDITS.—Section  
24 48A(d)(3)(A) is amended by striking “\$1,300,000,000”  
25 and inserting “\$2,550,000,000”.

1 (c) AUTHORIZATION OF ADDITIONAL PROJECTS.—

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

4 “(B) PARTICULAR PROJECTS.—Of the dol-  
5 lar amount in subparagraph (A), the Secretary  
6 is authorized to certify—

7 “(i) \$800,000,000 for integrated gas-  
8 ification combined cycle projects the appli-  
9 cation for which is submitted during the  
10 period described in paragraph (2)(A)(i),

11 “(ii) \$500,000,000 for projects which  
12 use other advanced coal-based generation  
13 technologies the application for which is  
14 submitted during the period described in  
15 paragraph (2)(A)(i), and

16 “(iii) \$1,250,000,000 for advanced  
17 coal-based generation technology projects  
18 the application for which is submitted dur-  
19 ing the period described in paragraph  
20 (2)(A)(ii).”.

21 (2) APPLICATION PERIOD FOR ADDITIONAL  
22 PROJECTS.—Subparagraph (A) of section 48A(d)(2)  
23 is amended to read as follows:

24 “(A) APPLICATION PERIOD.—Each appli-  
25 cant for certification under this paragraph shall

1 submit an application meeting the requirements  
2 of subparagraph (B). An applicant may only  
3 submit an application—

4 “(i) for an allocation from the dollar  
5 amount specified in clause (i) or (ii) of  
6 paragraph (3)(B) during the 3-year period  
7 beginning on the date the Secretary estab-  
8 lishes the program under paragraph (1),  
9 and

10 “(ii) for an allocation from the dollar  
11 amount specified in paragraph (3)(B)(iii)  
12 during the 3-year period beginning at the  
13 earlier of the termination of the period de-  
14 scribed in clause (i) or the date prescribed  
15 by the Secretary.”.

16 (3) CAPTURE AND SEQUESTRATION OF CARBON  
17 DIOXIDE EMISSIONS REQUIREMENT.—

18 (A) IN GENERAL.—Section 48A(e)(1) is  
19 amended by striking “and” at the end of sub-  
20 paragraph (E), by striking the period at the  
21 end of subparagraph (F) and inserting “; and”,  
22 and by adding at the end the following new sub-  
23 paragraph:

24 “(G) in the case of any project the applica-  
25 tion for which is submitted during the period

1 described in subsection (d)(2)(A)(ii), the project  
2 includes equipment which separates and seques-  
3 ters at least 65 percent (70 percent in the case  
4 of an application for reallocated credits under  
5 subsection (d)(4)) of such project's total carbon  
6 dioxide emissions.”.

7 (B) HIGHEST PRIORITY FOR PROJECTS  
8 WHICH SEQUESTER CARBON DIOXIDE EMIS-  
9 SIONS.—Section 48A(e)(3) is amended by strik-  
10 ing “and” at the end of subparagraph (A)(iii),  
11 by striking the period at the end of subpara-  
12 graph (B)(iii) and inserting “, and”, and by  
13 adding at the end the following new subpara-  
14 graph:

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

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

21 “(i) RECAPTURE OF CREDIT FOR FAILURE TO SE-  
22 QUESTER.—The Secretary shall provide for recapturing  
23 the benefit of any credit allowable under subsection (a)  
24 with respect to any project which fails to attain or main-

1 tain the separation and sequestration requirements of sub-  
2 section (e)(1)(G).”.

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

6 (A) by striking “and” at the end of clause

7 (ii),

8 (B) by redesignating clause (iii) as clause

9 (iv), and

10 (C) by inserting after clause (ii) the fol-  
11 lowing new clause:

12 “(iii) applicant participants who have  
13 a research partnership with an eligible edu-  
14 cational institution (as defined in section  
15 529(e)(5)), and”.

16 (5) CLERICAL AMENDMENT.—Section 48A(e)(3)  
17 is amended by striking “INTEGRATED GASIFICATION  
18 COMBINED CYCLE” in the heading and inserting  
19 “CERTAIN”.

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

23 “(5) DISCLOSURE OF ALLOCATIONS.—The Sec-  
24 retary shall, upon making a certification under this  
25 subsection or section 48B(d), publicly disclose the



1 identity of the applicant and the amount of the cred-  
2 it certified with respect to such applicant.”.

3 (e) EFFECTIVE DATES.—

4 (1) IN GENERAL.—Except as otherwise pro-  
5 vided in this subsection, the amendments made by  
6 this section shall apply to credits the application for  
7 which is submitted during the period described in  
8 section 48A(d)(2)(A)(ii) of the Internal Revenue  
9 Code of 1986 and which are allocated or reallocated  
10 after the date of the enactment of this Act.

11 (2) DISCLOSURE OF ALLOCATIONS.—The  
12 amendment made by subsection (d) shall apply to  
13 certifications made after the date of the enactment  
14 of this Act.

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

19 **SEC. 702. EXPANSION AND MODIFICATION OF COAL GASIFI-**  
20 **CATION INVESTMENT CREDIT.**

21 (a) MODIFICATION OF CREDIT AMOUNT.—Section  
22 48B(a) is amended by inserting “(30 percent in the case  
23 of credits allocated under subsection (d)(1)(B))” after “20  
24 percent”.

1 (b) EXPANSION OF AGGREGATE CREDITS.—Section  
2 48B(d)(1) is amended by striking “shall not exceed  
3 \$350,000,000” and all that follows and inserting “shall  
4 not exceed—

5 “(A) \$350,000,000, plus

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

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

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

19 (d) SELECTION PRIORITIES.—Section 48B(d) is  
20 amended by adding at the end the following new para-  
21 graph:

22 “(4) SELECTION PRIORITIES.—In determining  
23 which qualifying gasification projects to certify  
24 under this section, the Secretary shall—

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

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

8           (e) EFFECTIVE DATE.—The amendments made by  
9           this section shall apply to credits described in section  
10          48B(d)(1)(B) of the Internal Revenue Code of 1986 which  
11          are allocated or reallocated after the date of the enactment  
12          of this Act.

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

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

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

17                 (2) by striking “January 1 after 1981” in sub-  
18                 paragraph (B) and inserting “December 31 after  
19                 2007”.

20          **SEC. 704. SPECIAL RULES FOR REFUND OF THE COAL EX-**  
21                         **CISE TAX TO CERTAIN COAL PRODUCERS**  
22                         **AND EXPORTERS.**

23           (a) REFUND.—

24                 (1) COAL PRODUCERS.—

1           (A) IN GENERAL.—Notwithstanding sub-  
2 sections (a)(1) and (c) of section 6416 and sec-  
3 tion 6511 of the Internal Revenue Code of  
4 1986, if—

5           (i) a coal producer establishes that  
6 such coal producer, or a party related to  
7 such coal producer, exported coal produced  
8 by such coal producer to a foreign country  
9 or shipped coal produced by such coal pro-  
10 ducer to a possession of the United States,  
11 or caused such coal to be exported or  
12 shipped, the export or shipment of which  
13 was other than through an exporter who  
14 meets the requirements of paragraph (2),

15           (ii) such coal producer filed an excise  
16 tax return on or after October 1, 1990,  
17 and on or before the date of the enactment  
18 of this Act, and

19           (iii) such coal producer files a claim  
20 for refund with the Secretary not later  
21 than the close of the 30-day period begin-  
22 ning on the date of the enactment of this  
23 Act,

24 then the Secretary shall pay to such coal pro-  
25 ducer an amount equal to the tax paid under

1 section 4121 of such Code on such coal ex-  
2 ported or shipped by the coal producer or a  
3 party related to such coal producer, or caused  
4 by the coal producer or a party related to such  
5 coal producer to be exported or shipped.

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

8 (i) IN GENERAL.—If a coal producer  
9 or a party related to a coal producer has  
10 received a judgment described in clause  
11 (iii), such coal producer shall be deemed to  
12 have established the export of coal to a for-  
13 eign country or shipment of coal to a pos-  
14 session of the United States under sub-  
15 paragraph (A)(i).

16 (ii) AMOUNT OF PAYMENT.—If a tax-  
17 payer described in clause (i) is entitled to  
18 a payment under subparagraph (A), the  
19 amount of such payment shall be reduced  
20 by any amount paid pursuant to the judg-  
21 ment described in clause (iii).

22 (iii) JUDGMENT DESCRIBED.—A judg-  
23 ment is described in this subparagraph if  
24 such judgment—

1 (I) is made by a court of com-  
2 petent jurisdiction within the United  
3 States,

4 (II) relates to the constitu-  
5 tionality of any tax paid on exported  
6 coal under section 4121 of the Inter-  
7 nal Revenue Code of 1986, and

8 (III) is in favor of the coal pro-  
9 ducer or the party related to the coal  
10 producer.

11 (2) EXPORTERS.—Notwithstanding subsections  
12 (a)(1) and (c) of section 6416 and section 6511 of  
13 the Internal Revenue Code of 1986, and a judgment  
14 described in paragraph (1)(B)(iii) of this subsection,  
15 if—

16 (A) an exporter establishes that such ex-  
17 porter exported coal to a foreign country or  
18 shipped coal to a possession of the United  
19 States, or caused such coal to be so exported or  
20 shipped,

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

24 (C) such exporter files a claim for refund  
25 with the Secretary not later than the close of

1           the 30-day period beginning on the date of the  
2           enactment of this Act,  
3           then the Secretary shall pay to such exporter an  
4           amount equal to \$0.825 per ton of such coal ex-  
5           ported by the exporter or caused to be exported or  
6           shipped, or caused to be exported or shipped, by the  
7           exporter.

8           (b) LIMITATIONS.—Subsection (a) shall not apply  
9           with respect to exported coal if a settlement with the Fed-  
10          eral Government has been made with and accepted by, the  
11          coal producer, a party related to such coal producer, or  
12          the exporter, of such coal, as of the date that the claim  
13          is filed under this section with respect to such exported  
14          coal. For purposes of this subsection, the term “settlement  
15          with the Federal Government” shall not include any settle-  
16          ment or stipulation entered into as of the date of the en-  
17          actment of this Act, the terms of which contemplate a  
18          judgment concerning which any party has reserved the  
19          right to file an appeal, or has filed an appeal.

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

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

1           (1) COAL PRODUCER.—The term “coal pro-  
2           ducer” means the person in whom is vested owner-  
3           ship of the coal immediately after the coal is severed  
4           from the ground, without regard to the existence of  
5           any contractual arrangement for the sale or other  
6           disposition of the coal or the payment of any royalti-  
7           ties between the producer and third parties. The  
8           term includes any person who extracts coal from  
9           coal waste refuse piles or from the silt waste product  
10          which results from the wet washing (or similar proc-  
11          essing) of coal.

12          (2) EXPORTER.—The term “exporter” means a  
13          person, other than a coal producer, who does not  
14          have a contract, fee arrangement, or any other  
15          agreement with a producer or seller of such coal to  
16          export or ship such coal to a third party on behalf  
17          of the producer or seller of such coal and—

18                 (A) is indicated in the shipper’s export  
19                 declaration or other documentation as the ex-  
20                 porter of record, or

21                 (B) actually exported such coal to a for-  
22                 eign country or shipped such coal to a posses-  
23                 sion of the United States, or caused such coal  
24                 to be so exported or shipped.



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

3                   (A) is related to such coal producer  
4                   through any degree of common management,  
5                   stock ownership, or voting control,

6                   (B) is related (within the meaning of sec-  
7                   tion 144(a)(3) of the Internal Revenue Code of  
8                   1986) to such coal producer, or

9                   (C) has a contract, fee arrangement, or  
10                  any other agreement with such coal producer to  
11                  sell such coal to a third party on behalf of such  
12                  coal producer.

13           (4) SECRETARY.—The term “Secretary” means  
14           the Secretary of Treasury or the Secretary’s des-  
15           ignee.

16           (e) TIMING OF REFUND.—With respect to any claim  
17           for refund filed pursuant to this section, the Secretary  
18           shall determine whether the requirements of this section  
19           are met not later than 180 days after such claim is filed.  
20           If the Secretary determines that the requirements of this  
21           section are met, the claim for refund shall be paid not  
22           later than 180 days after the Secretary makes such deter-  
23           mination.

24           (f) INTEREST.—Any refund paid pursuant to this  
25           section shall be paid by the Secretary with interest from

1 the date of overpayment determined by using the overpay-  
2 ment rate and method under section 6621 of the Internal  
3 Revenue Code of 1986.

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

7 (1) in the case of a payment to a coal producer,  
8 the amount of tax paid under section 4121 of the  
9 Internal Revenue Code of 1986 with respect to such  
10 coal by such coal producer or a party related to such  
11 coal producer, and

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

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

20 (i) STANDING NOT CONFERRED.—

21 (1) EXPORTERS.—With respect to exporters,  
22 this section shall not confer standing upon an ex-  
23 porter to commence, or intervene in, any judicial or  
24 administrative proceeding concerning a claim for re-

1 fund by a coal producer of any Federal or State tax,  
2 fee, or royalty paid by the coal producer.

3 (2) COAL PRODUCERS.—With respect to coal  
4 producers, this section shall not confer standing  
5 upon a coal producer to commence, or intervene in,  
6 any judicial or administrative proceeding concerning  
7 a claim for refund by an exporter of any Federal or  
8 State tax, fee, or royalty paid by the producer and  
9 alleged to have been passed on to an exporter.

## 10 **TITLE VIII—TRANSPORTATION** 11 **AND FUEL PROVISIONS**

### 12 **SEC. 801. INCLUSION OF CELLULOSIC BIOFUEL IN BONUS** 13 **DEPRECIATION FOR BIOMASS ETHANOL** 14 **PLANT PROPERTY.**

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

17 “(3) CELLULOSIC BIOFUEL.—The term ‘cel-  
18 lulosic biofuel’ means any liquid fuel which is pro-  
19 duced from any lignocellulosic or hemicellulosic mat-  
20 ter that is available on a renewable or recurring  
21 basis.”.

22 (b) CONFORMING AMENDMENTS.—Subsection (l) of  
23 section 168 is amended—

1           (1) by striking “cellulosic biomass ethanol”  
2           each place it appears and inserting “cellulosic  
3           biofuel”,

4           (2) by striking “CELLULOSIC BIOMASS ETH-  
5           ANOL” in the heading of such subsection and insert-  
6           ing “CELLULOSIC BIOFUEL”, and

7           (3) by striking “CELLULOSIC BIOMASS ETH-  
8           ANOL” in the heading of paragraph (2) thereof and  
9           inserting “CELLULOSIC BIOFUEL”.

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, in taxable years  
13 ending after such date.

14 **SEC. 802. CREDITS FOR BIODIESEL AND RENEWABLE DIE-**  
15 **SEL.**

16          (a) IN GENERAL.—Sections 40A(g), 6426(c)(6), and  
17 6427(e)(5)(B) are each amended by striking “December  
18 31, 2008” and inserting “December 31, 2009”.

19          (b) INCREASE IN RATE OF CREDIT.—

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

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

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

3           (3) CONFORMING AMENDMENTS.—

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

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

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

12          (C) Paragraphs (2) and (3) of section  
13 40A(e) are each amended by striking “sub-  
14 section (b)(5)(C)” and inserting “subsection  
15 (b)(4)(C)”.

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

19          (c) UNIFORM TREATMENT OF DIESEL PRODUCED  
20 FROM BIOMASS.—Paragraph (3) of section 40A(f) is  
21 amended—

22           (1) by striking “diesel fuel” and inserting “liq-  
23 uid fuel”,

24           (2) by striking “using a thermal  
25 depolymerization process”, and

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

4           (d) COPRODUCTION OF RENEWABLE DIESEL WITH  
5           PETROLEUM FEEDSTOCK.—

6           (1) IN GENERAL.—Paragraph (3) of section  
7           40A(f) (defining renewable diesel) is amended by  
8           adding at the end the following new sentence: “Such  
9           term does not include any fuel derived from coproc-  
10          essing biomass with a feedstock which is not bio-  
11          mass. For purposes of this paragraph, the term ‘bio-  
12          mass’ has the meaning given such term by section  
13          45K(c)(3).”.

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

17          (e) EFFECTIVE DATE.—

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

22          (2) COPRODUCTION OF RENEWABLE DIESEL  
23          WITH PETROLEUM FEEDSTOCK.—The amendments  
24          made by subsection (d) shall apply to fuel produced,

1 and sold or used, after the date of the enactment of  
2 this Act.

3 **SEC. 803. CLARIFICATION THAT CREDITS FOR FUEL ARE**  
4 **DESIGNED TO PROVIDE AN INCENTIVE FOR**  
5 **UNITED STATES PRODUCTION.**

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

8 “(6) LIMITATION TO ALCOHOL WITH CONNEX-  
9 TION TO THE UNITED STATES.—No credit shall be  
10 determined under this section with respect to any al-  
11 cohol which is produced outside the United States  
12 for use as a fuel outside the United States. For pur-  
13 poses of this paragraph, the term ‘United States’ in-  
14 cludes any possession of the United States.”.

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

18 “(5) LIMITATION TO BIODIESEL WITH CONNEX-  
19 TION TO THE UNITED STATES.—No credit shall be  
20 determined under this section with respect to any  
21 biodiesel which is produced outside the United  
22 States for use as a fuel outside the United States.  
23 For purposes of this paragraph, the term ‘United  
24 States’ includes any possession of the United  
25 States.”.

1 (c) EXCISE TAX CREDIT.—

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

4 “(i) LIMITATION TO FUELS WITH CONNECTION TO  
5 THE UNITED STATES.—

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

10 “(2) BIODIESEL AND ALTERNATIVE FUELS.—

11 No credit shall be determined under this section  
12 with respect to any biodiesel or alternative fuel  
13 which is produced outside the United States for use  
14 as a fuel outside the United States.

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

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

21 “(5) LIMITATION TO FUELS WITH CONNECTION  
22 TO THE UNITED STATES.—No amount shall be pay-  
23 able under paragraph (1) or (2) with respect to any  
24 mixture or alternative fuel if credit is not allowed



1 with respect to such mixture or alternative fuel by  
2 reason of section 6426(i).”.

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

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

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

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

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

14 (a) CREDIT.—

15 (1) ALLOWANCE OF CREDIT.—Section 6426, as  
16 amended by this Act, is amended by redesignating  
17 subsections (f) through (i) as subsections (h)  
18 through (j), respectively, and by inserting after sub-  
19 section (e) the following new subsections:

20 “(f) ALTERNATIVE JET FUEL CREDIT.—

21 “(1) IN GENERAL.—For purposes of this sec-  
22 tion, the alternative jet fuel credit is the product of  
23 \$1.00 and the number of gallons of alternative jet  
24 fuel or gasoline gallon equivalents (as defined in  
25 subsection (d)(3)) of a nonliquid alternative jet fuel

1 sold by the taxpayer for use as a fuel in an aircraft,  
2 or so used by the taxpayer.

3 “(2) ALTERNATIVE JET FUEL.—For purposes  
4 of this section, the term ‘alternative jet fuel’ means  
5 an alternative fuel which meets the requirements of  
6 a Department of Defense specification for military  
7 jet fuel or an American Society of Testing and Ma-  
8 terials specification for aviation turbine fuel.

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

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

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

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

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

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

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

6                   (2) CONFORMING AMENDMENTS.—

7                   (A) Section 6426(a) is amended—

8                   (i) in paragraph (1), by striking “and  
9                   (e)” and inserting “(e), and (g)”,

10                  (ii) in paragraph (2), by striking  
11                  “subsection (d)” and inserting “sub-  
12                  sections (d) and (f)”, and

13                  (iii) in the second sentence, by strik-  
14                  ing “subsections (d) and (e)” and inserting  
15                  “subsections (d), (e), (f), and (g)”.

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

20                  (C) Section 6426(i), as redesignated by  
21                  paragraph (1), is amended by striking “sub-  
22                  sections (d) and (e)” and inserting “subsections  
23                  (d), (e), (f), and (g)”.

24                  (D) Section 6426(j)(2), as added by this  
25                  Act and redesignated by paragraph (1), is

1           amended by striking “or alternative fuel” and  
2           inserting “, alternative fuel, or alternative jet  
3           fuel”.

4           (b) PAYMENTS.—

5           (1) IN GENERAL.—Paragraph (2) of section  
6           6427(e) is amended—

7                   (A) by inserting “, or if such person sells  
8                   or uses an alternative jet fuel (as defined in  
9                   section 6526(f)(2)) for a purpose described in  
10                  section 6426(f)(1) in such person’s trade or  
11                  business” after “trade or business”, and

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

14           (2) REGISTRATION.—Paragraph (4) of section  
15           6427(e) is amended by striking “or alternative fuel  
16           mixture credit” and inserting “, alternative fuel mix-  
17           ture credit, alternative jet fuel credit, or alternative  
18           jet fuel mixture credit”.

19           (3) TERMINATION.—Paragraph (6) of section  
20           6427(e), as amended by this Act, is amended by  
21           striking “and” at the end of subparagraph (C), by  
22           striking the period at the end of subparagraph (D)  
23           and inserting “and”, and by adding at the end the  
24           following new subparagraph:

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

5       (c) TIME FOR FILING CLAIMS.—Section  
6 6427(i)(3)(A) is amended by inserting “or an alternative  
7 jet fuel (as defined in section 6426(f)(2))” after  
8 “6426(d)(2)”.

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

12 **SEC. 806. CREDIT FOR NEW QUALIFIED PLUG-IN ELECTRIC**  
13 **DRIVE MOTOR VEHICLES.**

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

18 **“SEC. 30D. NEW QUALIFIED PLUG-IN ELECTRIC DRIVE**  
19 **MOTOR VEHICLES.**

20       “(a) ALLOWANCE OF CREDIT.—

21           “(1) IN GENERAL.—There shall be allowed as a  
22 credit against the tax imposed by this chapter for  
23 the taxable year an amount equal to the applicable  
24 amount with respect to each new qualified plug-in

1 electric drive motor vehicle placed in service by the  
2 taxpayer during the taxable year.

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

5 “(A) \$2,500, plus

6 “(B) \$400 for each kilowatt hour of trac-  
7 tion battery capacity of at least 5 kilowatt  
8 hours, plus

9 “(C) \$400 for each kilowatt hour of trac-  
10 tion battery capacity in excess of 5 kilowatt  
11 hours.

12 “(b) LIMITATIONS.—

13 “(1) LIMITATION BASED ON WEIGHT.—The  
14 amount of the credit allowed under subsection (a) by  
15 reason of subsection (a)(2)(A) shall not exceed—

16 “(A) \$7,500, in the case of any new quali-  
17 fied plug-in electric drive motor vehicle with a  
18 gross vehicle weight rating of not more than  
19 10,000 pounds,

20 “(B) \$10,000, in the case of any new  
21 qualified plug-in electric drive motor vehicle  
22 with a gross vehicle weight rating of more than  
23 10,000 pounds but not more than 14,000  
24 pounds,

1           “(C) \$12,500, in the case of any new  
2           qualified plug-in electric drive motor vehicle  
3           with a gross vehicle weight rating of more than  
4           14,000 pounds but not more than 26,000  
5           pounds, and

6           “(D) \$15,000, in the case of any new  
7           qualified plug-in electric drive motor vehicle  
8           with a gross vehicle weight rating of more than  
9           26,000 pounds.

10           “(2) LIMITATION ON NUMBER OF PASSENGER  
11           VEHICLES AND LIGHT TRUCKS ELIGIBLE FOR CRED-  
12           IT.—

13           “(A) IN GENERAL.—In the case of a new  
14           qualified plug-in electric drive motor vehicle  
15           sold during the phaseout period, only the appli-  
16           cable percentage of the credit otherwise allow-  
17           able under subsection (a) shall be allowed.

18           “(B) PHASEOUT PERIOD.—For purposes  
19           of this subsection, the phaseout period is the  
20           period beginning with the second calendar quar-  
21           ter following the calendar quarter which in-  
22           cludes the first date on which the total number  
23           of such new qualified plug-in electric drive  
24           motor vehicles sold for use in the United States  
25           after December 31, 2007, is at least 250,000.

1                   “(C) APPLICABLE PERCENTAGE.—For  
2 purposes of subparagraph (A), the applicable  
3 percentage is—

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

6                   “(ii) 25 percent for the 3d and 4th  
7 calendar quarters of the phaseout period,  
8 and

9                   “(iii) 0 percent for each calendar  
10 quarter thereafter.

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

14                   “(c) NEW QUALIFIED PLUG-IN ELECTRIC DRIVE  
15 MOTOR VEHICLE.—For purposes of this section, the term  
16 ‘new qualified plug-in electric drive motor vehicle’ means  
17 a motor vehicle—

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

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

22                   “(3) which, in the case of a passenger vehicle  
23 or light truck which has a gross vehicle weight rat-  
24 ing of not more than 8,500 pounds, has received a  
25 certificate of conformity under the Clean Air Act



1 and meets or exceeds the equivalent qualifying Cali-  
2 fornia low emission vehicle standard under section  
3 243(e)(2) of the Clean Air Act for that make and  
4 model year, and

5 “(A) in the case of a vehicle having a gross  
6 vehicle weight rating of 6,000 pounds or less,  
7 the Bin 5 Tier II emission standard established  
8 in regulations prescribed by the Administrator  
9 of the Environmental Protection Agency under  
10 section 202(i) of the Clean Air Act for that  
11 make and model year vehicle, and

12 “(B) in the case of a vehicle having a gross  
13 vehicle weight rating of more than 6,000  
14 pounds but not more than 8,500 pounds, the  
15 Bin 8 Tier II emission standard which is so es-  
16 tablished,

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

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

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

22 “(d) APPLICATION WITH OTHER CREDITS.—

23 “(1) BUSINESS CREDIT TREATED AS PART OF  
24 GENERAL BUSINESS CREDIT.—So much of the credit  
25 which would be allowed under subsection (a) for any

1 taxable year (determined without regard to this sub-  
2 section) that is attributable to property of a char-  
3 acter subject to an allowance for depreciation shall  
4 be treated as a credit listed in section 38(b) for such  
5 taxable year (and not allowed under subsection (a)).

6 “(2) PERSONAL CREDIT.—

7 “(A) IN GENERAL.—For purposes of this  
8 title, the credit allowed under subsection (a) for  
9 any taxable year (determined after application  
10 of paragraph (1)) shall be treated as a credit  
11 allowable under subpart A for such taxable  
12 year.

13 “(B) LIMITATION BASED ON AMOUNT OF  
14 TAX.—In the case of a taxable year to which  
15 section 26(a)(2) does not apply, the credit al-  
16 lowed under subsection (a) for any taxable year  
17 (determined after application of paragraph (1))  
18 shall not exceed the excess of—

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

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

1 “(e) OTHER DEFINITIONS AND SPECIAL RULES.—

2 For purposes of this section—

3 “(1) MOTOR VEHICLE.—The term ‘motor vehi-  
4 cle’ has the meaning given such term by section  
5 30(c)(2).

6 “(2) OTHER TERMS.—The terms ‘passenger  
7 automobile’, ‘light truck’, and ‘manufacturer’ have  
8 the meanings given such terms in regulations pre-  
9 scribed by the Administrator of the Environmental  
10 Protection Agency for purposes of the administra-  
11 tion of title II of the Clean Air Act (42 U.S.C. 7521  
12 et seq.).

13 “(3) TRACTION BATTERY CAPACITY.—Traction  
14 battery capacity shall be measured in kilowatt hours  
15 from a 100 percent state of charge to a zero percent  
16 state of charge.

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

21 “(5) NO DOUBLE BENEFIT.—The amount of  
22 any deduction or other credit allowable under this  
23 chapter for a new qualified plug-in electric drive  
24 motor vehicle shall be reduced by the amount of

1 credit allowed under subsection (a) for such vehicle  
2 for the taxable year.

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

14 “(7) PROPERTY USED OUTSIDE UNITED  
15 STATES, ETC., NOT QUALIFIED.—No credit shall be  
16 allowable under subsection (a) with respect to any  
17 property referred to in section 50(b)(1) or with re-  
18 spect to the portion of the cost of any property  
19 taken into account under section 179.

20 “(8) RECAPTURE.—The Secretary shall, by reg-  
21 ulations, provide for recapturing the benefit of any  
22 credit allowable under subsection (a) with respect to  
23 any property which ceases to be property eligible for  
24 such credit (including recapture in the case of a

1 lease period of less than the economic life of a vehi-  
2 cle).

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

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

12 “(A) the applicable provisions of the Clean  
13 Air Act for the applicable make and model year  
14 of the vehicle (or applicable air quality provi-  
15 sions of State law in the case of a State which  
16 has adopted such provision under a waiver  
17 under section 209(b) of the Clean Air Act), and

18 “(B) the motor vehicle safety provisions of  
19 sections 30101 through 30169 of title 49,  
20 United States Code.

21 “(f) REGULATIONS.—

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

1           “(2) COORDINATION IN PRESCRIPTION OF CER-  
2           TAIN REGULATIONS.—The Secretary of the Treas-  
3           ury, in coordination with the Secretary of Transpor-  
4           tation and the Administrator of the Environmental  
5           Protection Agency, shall prescribe such regulations  
6           as necessary to determine whether a motor vehicle  
7           meets the requirements to be eligible for a credit  
8           under this section.

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

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

14                       “(D) EXCLUSION OF PLUG-IN VEHICLES.—  
15                       Any vehicle with respect to which a credit is al-  
16                       lowable under section 30D (determined without  
17                       regard to subsection (d) thereof) shall not be  
18                       taken into account under this section.”.

19          (c) CREDIT MADE PART OF GENERAL BUSINESS  
20          CREDIT.—Section 38(b) is amended by striking “plus” at  
21          the end of paragraph (32), by striking the period at the  
22          end of paragraph (33) and inserting “plus”, and by add-  
23          ing at the end the following new paragraph:

1           “(34) the portion of the new qualified plug-in  
2 electric drive motor vehicle credit to which section  
3 30D(d)(1) applies.”.

4 (d) CONFORMING AMENDMENTS.—

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

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

10           (C) Section 25B(g)(2), as amended by section  
11 503, is amended by striking “and 25D” and insert-  
12 ing “, 25D, and 30D”.

13           (D) Section 26(a)(1), as amended by section  
14 503, is amended by striking “and 25D” and insert-  
15 ing “25D, and 30D”.

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

18           (2) Section 1016(a) is amended by striking  
19 “and” at the end of paragraph (35), by striking the  
20 period at the end of paragraph (36) and inserting “,  
21 and”, and by adding at the end the following new  
22 paragraph:

23           “(37) to the extent provided in section  
24 30D(f)(1).”.

1           (3) Section 6501(m) is amended by inserting  
2           “30D(f)(4),” after “30C(e)(5),”.

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

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

6           (e) TREATMENT OF ALTERNATIVE MOTOR VEHICLE  
7           CREDIT AS A PERSONAL CREDIT.—

8           (1) IN GENERAL.—Paragraph (2) of section  
9           30B(g) is amended to read as follows:

10           “(2) PERSONAL CREDIT.—The credit allowed  
11           under subsection (a) for any taxable year (after ap-  
12           plication of paragraph (1)) shall be treated as a  
13           credit allowable under subpart A for such taxable  
14           year.”.

15           (2) CONFORMING AMENDMENTS.—

16           (A) Subparagraph (A) of section 30C(d)(2)  
17           is amended by striking “sections 27, 30, and  
18           30B” and inserting “sections 27 and 30”.

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

21           (f) EFFECTIVE DATE.—

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



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

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

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

11                           **REDUCTION UNITS AND ADVANCED INSULA-**  
12                           **TION.**

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

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

17                           “(A) is designed to provide to a vehicle  
18                           those services (such as heat, air conditioning, or  
19                           electricity) that would otherwise require the op-  
20                           eration of the main drive engine while the vehi-  
21                           cle is temporarily parked or remains stationary  
22                           using one or more devices affixed to a tractor,  
23                           and

24                           “(B) is determined by the Administrator of  
25                           the Environmental Protection Agency, in con-

1 sultation with the Secretary of Energy and the  
2 Secretary of Transportation, to reduce idling of  
3 such vehicle at a motor vehicle rest stop or  
4 other location where such vehicles are tempo-  
5 rarily parked or remain stationary.

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

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

11 **SEC. 808. ALTERNATIVE FUEL VEHICLE REFUELING PROP-**  
12 **ERTY CREDIT.**

13 (a) **INCREASE IN CREDIT AMOUNT.**—Section 30C is  
14 amended—

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

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

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

22 (c) **EFFECTIVE DATE.**—The amendments made by  
23 this section shall apply to property placed in service after  
24 the date of the enactment of this Act, in taxable years  
25 ending after such date.

1 **SEC. 809. PERCENTAGE DEPLETION FOR MARGINAL WELL**  
2 **PRODUCTION.**

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

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

10 **SEC. 810. EXTENSION AND MODIFICATION OF ELECTION TO**  
11 **EXPENSE CERTAIN REFINERIES.**

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

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

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

19 (b) INCLUSION OF FUEL DERIVED FROM SHALE AND  
20 TAR SANDS.—

21 (1) IN GENERAL.—Subsection (d) of section  
22 179C is amended by inserting “, or directly from  
23 shale or tar sands” after “(as defined in section  
24 45K(c))”.

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

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.

7   **SEC. 811. TREATMENT OF QUALIFIED ALCOHOL FUEL MIX-**  
8                           **TURES AND QUALIFIED BIODIESEL FUEL MIX-**  
9                           **TURES AS TAXABLE FUELS.**

10          (a) IN GENERAL.—

11           (1) QUALIFIED ALCOHOL FUEL MIXTURES.—  
12           Paragraph (2) of section 4083(a) (relating to gaso-  
13           line) is amended—

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

16                   (B) by redesignating subparagraph (B) as  
17                   subparagraph (C), and

18                   (C) by inserting after subparagraph (A)  
19                   the following new subparagraph:

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

22           (2) QUALIFIED BIODIESEL FUEL MIXTURES.—  
23           Subparagraph (A) of section 4083(a)(3) (relating to  
24           diesel fuel) is amended by striking “and” at the end  
25           of clause (ii), by redesignating clause (iii) as clause

1 (iv), and inserting after clause (ii) the following new  
2 clause:

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

5 (b) MODIFICATION OF BIODIESEL CERTIFICATION  
6 REQUIREMENT.—Paragraph (4) of section 40A(b) is  
7 amended by striking “which identifies” and all that fol-  
8 lows and inserting “which—

9 “(A) identifies the product produced and  
10 the percentage of biodiesel and agri-biodiesel in  
11 the product, and

12 “(B) documents that the biodiesel was  
13 independently tested and meets the require-  
14 ments of ASTM D6751.”.

15 (c) INFORMATION REPORTING REQUIREMENT FOR  
16 PRODUCERS OF QUALIFIED MIXTURES.—Section 4101(d)  
17 (relating to information reporting) is amended to read as  
18 follows:

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

20 “(1) may require—

21 “(A) information reporting by any person  
22 registered under this section, and

23 “(B) information reporting by such other  
24 persons as the Secretary deems necessary to  
25 carry out this part, and

1           “(2) shall require information reporting by any  
2           person registered under this section and producing  
3           any qualified mixture (as defined in section  
4           40(b)(1)(B)) or any qualified biodiesel mixture (as  
5           defined in section 40A(b)(1)(B)).

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

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

## 12           **TITLE IX—ADDITIONAL TAX** 13           **RELIEF**

### 14          **SEC. 901. INCOME AVERAGING FOR AMOUNTS RECEIVED IN** 15                           **CONNECTION WITH THE EXXON VALDEZ LITI-** 16                           **GATION.**

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

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

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

4           (b) CONTRIBUTIONS OF AMOUNTS RECEIVED TO RE-  
5           TIREMENT ACCOUNTS.—

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

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

18                 (B) the amount of qualified settlement in-  
19                 come received by the individual during the tax-  
20                 able year.

21          (2) TIME WHEN CONTRIBUTIONS DEEMED  
22          MADE.—For purposes of paragraph (1), a qualified  
23          taxpayer shall be deemed to have made a contribu-  
24          tion to an eligible retirement plan on the last day of  
25          the taxable year in which such income is received if

1 the contribution is made on account of such taxable  
2 year and is made not later than the time prescribed  
3 by law for filing the return for such taxable year  
4 (not including extensions thereof).

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

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

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

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

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

20 (i) as having received the qualified  
21 settlement income—

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



1 in section 408(d)(3) of such Code,  
2 and

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

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

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

15 (D) section 408A(c)(3)(B) of the Internal  
16 Revenue Code of 1986 shall not apply with re-  
17 spect to amounts contributed to a Roth IRA (as  
18 defined under section 408A(b) of such Code) or  
19 a designated Roth contribution to an applicable  
20 retirement plan (within the meaning of section  
21 402A of such Code) under this paragraph.

22 (4) SPECIAL RULE FOR ROTH IRAS AND ROTH  
23 401(k)s.—For purposes of the Internal Revenue  
24 Code of 1986, if a contribution is made pursuant to  
25 paragraph (1) with respect to qualified settlement

1 income to a Roth IRA (as defined under section  
2 408A(b) of such Code) or as a designated Roth con-  
3 tribution to an applicable retirement plan (within  
4 the meaning of section 402A of such Code), then—

5 (A) the qualified settlement income shall  
6 be includible in taxable income, and

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

10 (5) ELIGIBLE RETIREMENT PLAN.—For pur-  
11 pose of this subsection, the term “eligible retirement  
12 plan” has the meaning given such term under sec-  
13 tion 402(c)(8)(B) of the Internal Revenue Code of  
14 1986.

15 (c) TREATMENT OF QUALIFIED SETTLEMENT IN-  
16 COME UNDER EMPLOYMENT TAXES.—

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

22 (2) FICA.—For purposes of chapter 21 of the  
23 Internal Revenue Code of 1986 and section 209 of  
24 the Social Security Act, no portion of qualified set-

1 settlement income received by a qualified taxpayer shall  
2 be treated as wages.

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

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

8 (2) any individual who is a beneficiary of the  
9 estate of such a plaintiff who—

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

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

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

18 (1) otherwise includible in taxable income, and

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

1 **SEC. 902. CERTAIN GO ZONE INCENTIVES.**

2 (a) USE OF AMENDED INCOME TAX RETURNS TO  
3 TAKE INTO ACCOUNT RECEIPT OF CERTAIN HURRICANE-  
4 RELATED CASUALTY LOSS GRANTS BY DISALLOWING  
5 PREVIOUSLY TAKEN CASUALTY LOSS DEDUCTIONS.—

6 (1) IN GENERAL.—Notwithstanding any other  
7 provision of the Internal Revenue Code of 1986, if  
8 a taxpayer claims a deduction for any taxable year  
9 with respect to a casualty loss to a principal resi-  
10 dence (within the meaning of section 121 of such  
11 Code) resulting from Hurricane Katrina, Hurricane  
12 Rita, or Hurricane Wilma and in a subsequent tax-  
13 able year receives a grant under Public Law 109–  
14 148, 109–234, or 110–116 as reimbursement for  
15 such loss, such taxpayer may elect to file an amend-  
16 ed income tax return for the taxable year in which  
17 such deduction was allowed (and for any taxable  
18 year to which such deduction is carried) and reduce  
19 (but not below zero) the amount of such deduction  
20 by the amount of such reimbursement.

21 (2) TIME OF FILING AMENDED RETURN.—  
22 Paragraph (1) shall apply with respect to any grant  
23 only if any amended income tax returns with respect  
24 to such grant are filed not later than the later of—

1 (A) the due date for filing the tax return  
2 for the taxable year in which the taxpayer re-  
3 ceives such grant, or

4 (B) the date which is 1 year after the date  
5 of the enactment of this Act.

6 (3) WAIVER OF PENALTIES AND INTEREST.—

7 Any underpayment of tax resulting from the reduc-  
8 tion under paragraph (1) of the amount otherwise  
9 allowable as a deduction shall not be subject to any  
10 penalty or interest under such Code if such tax is  
11 paid not later than 1 year after the filing of the  
12 amended return to which such reduction relates.

13 (b) WAIVER OF DEADLINE ON CONSTRUCTION OF  
14 GO ZONE PROPERTY ELIGIBLE FOR BONUS DEPRECI-  
15 A-TION.—

16 (1) IN GENERAL.—Subparagraph (B) of section  
17 1400N(d)(3) is amended to read as follows:

18 “(B) without regard to ‘and before Janu-  
19 ary 1, 2009’ in clause (i) thereof, and”.

20 (2) EFFECTIVE DATE.—The amendment made  
21 by this subsection shall apply to property placed in  
22 service after December 31, 2007.

23 (c) INCLUSION OF CERTAIN COUNTIES IN GULF OP-  
24 PORTUNITY ZONE FOR PURPOSES OF TAX-EXEMPT BOND  
25 FINANCING.—

1           (1) IN GENERAL.—Subsection (a) of section  
2           1400N is amended by adding at the end the fol-  
3           lowing new paragraph:

4           “(8) INCLUSION OF CERTAIN COUNTIES.—For  
5           purposes of this subsection, the Gulf Opportunity  
6           Zone includes Colbert County, Alabama and Dallas  
7           County, Alabama.”.

8           (2) EFFECTIVE DATE.—The amendment made  
9           by this subsection shall take effect as if included in  
10          the provisions of the Gulf Opportunity Zone Act of  
11          2005 to which it relates.

12 **SEC. 903. ELECTION TO ACCELERATE AMT AND R AND D**  
13 **CREDITS IN LIEU OF BONUS DEPRECIATION.**

14          (a) IN GENERAL.—Section 168(k) is amended by  
15          adding at the end the following new paragraph:

16                 “(4) ELECTION TO ACCELERATE AMT AND R  
17                 AND D CREDITS IN LIEU OF BONUS DEPRECIA-  
18                 TION.—

19                         “(A) IN GENERAL.—If a corporation elects  
20                         to have this paragraph apply—

21                                 “(i) no additional depreciation shall be  
22                                 allowed under paragraph (1) for any quali-  
23                                 fied property placed in service during any  
24                                 taxable year to which paragraph (1) would  
25                                 otherwise apply, and

1                   “(ii) the limitations described in sub-  
2                   paragraph (B) for such taxable year shall  
3                   be increased by an aggregate amount not  
4                   in excess of the bonus depreciation amount  
5                   for such taxable year.

6                   “(B) LIMITATIONS TO BE INCREASED.—  
7                   The limitations described in this subparagraph  
8                   are—

9                   “(i) the limitation under section 38(e),  
10                  and

11                  “(ii) the limitation under section  
12                  53(e).

13                  “(C) BONUS DEPRECIATION AMOUNT.—  
14                  For purposes of this paragraph—

15                  “(i) IN GENERAL.—The bonus depre-  
16                  ciation amount for any applicable taxable  
17                  year is an amount equal to the product of  
18                  20 percent and the excess (if any) of—

19                         “(I) the aggregate amount of de-  
20                         preciation which would be determined  
21                         under this section for property placed  
22                         in service during the taxable year if  
23                         no election under this paragraph were  
24                         made, over





1 taken into account under subpara-  
2 graph (B)(ii) thereof, and

3 “(III) in the case of property  
4 which is a passenger aircraft, the  
5 written binding contract limitation  
6 under subparagraph (A)(iii)(I) thereof  
7 shall not apply.

8 “(iii) MAXIMUM AMOUNT.—The bonus  
9 depreciation amount for any applicable  
10 taxable year shall not exceed the applicable  
11 limitation under clause (iv), reduced (but  
12 not below zero) by the bonus depreciation  
13 amount for any preceding taxable year.

14 “(iv) APPLICABLE LIMITATION.—For  
15 purposes of clause (iii), the term ‘applica-  
16 ble limitation’ means, with respect to any  
17 taxpayer, the lesser of—

18 “(I) \$40,000,000, or

19 “(II) 10 percent of the sum of  
20 the amounts determined with respect  
21 to the taxpayer under clauses (ii) and  
22 (iii) of subparagraph (D).

23 “(v) AGGREGATION RULE.—All cor-  
24 porations which are treated as a single em-  
25 ployer under section 52(a) shall be treated

1 as 1 taxpayer for purposes of applying the  
2 limitation under this subparagraph and de-  
3 termining the applicable limitation under  
4 clause (iv).

5 “(D) ALLOCATION OF BONUS DEPRECIATION AMOUNTS.—

6  
7 “(i) IN GENERAL.—Subject to clauses  
8 (ii) and (iii), the taxpayer shall, at such  
9 time and in such manner as the Secretary  
10 may prescribe, specify the portion (if any)  
11 of the bonus depreciation amount which is  
12 to be allocated to each of the limitations  
13 described in subparagraph (B).

14 “(ii) BUSINESS CREDIT LIMITATION.—The portion of the bonus deprecia-  
15 tion amount allocated to the limitation de-  
16 scribed in subparagraph (B)(i) shall not  
17 exceed an amount equal to the portion of  
18 the credit allowable under section 38 for  
19 the taxable year which is allocable to busi-  
20 ness credit carryforwards to such taxable  
21 year which are—

22  
23 “(I) from taxable years beginning  
24 before January 1, 2006, and

1                   “(II) properly allocable (deter-  
2                   mined under the rules of section  
3                   38(d)) to the research credit deter-  
4                   mined under section 41(a).

5                   “(iii) ALTERNATIVE MINIMUM TAX  
6                   CREDIT LIMITATION.—The portion of the  
7                   bonus depreciation amount allocated to the  
8                   limitation described in subparagraph  
9                   (B)(ii) shall not exceed an amount equal to  
10                  the portion of the minimum tax credit al-  
11                  lowable under section 53 for the taxable  
12                  year which is allocable to the adjusted min-  
13                  imum tax imposed for taxable years begin-  
14                  ning before January 1, 2006.

15                  “(E) CREDIT REFUNDABLE.—Any aggre-  
16                  gate increases in the credits allowed under sec-  
17                  tion 38 or 53 by reason of this paragraph shall,  
18                  for purposes of this title, be treated as a credit  
19                  allowed to the taxpayer under subpart C of part  
20                  IV of subchapter A.

21                  “(F) OTHER RULES.—

22                  “(i) ELECTION.—Any election under  
23                  this paragraph (including any allocation  
24                  under subparagraph (D)) may be revoked  
25                  only with the consent of the Secretary.



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

## 4 **TITLE X—OTHER PROVISIONS**

### 5 **SEC. 1001. SECURE RURAL SCHOOLS AND COMMUNITY** 6 **SELF-DETERMINATION PROGRAM.**

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

#### 13 **“SECTION 1. SHORT TITLE.**

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

#### 16 **“SEC. 2. PURPOSES.**

17 “The purposes of this Act are—

18 “(1) to stabilize and transition payments to  
19 counties to provide funding for schools and roads  
20 that supplements other available funds;

21 “(2) to make additional investments in, and  
22 create additional employment opportunities through,  
23 projects that—

24 “(A)(i) improve the maintenance of exist-  
25 ing infrastructure;

1           “(ii) implement stewardship objectives that  
2           enhance forest ecosystems; and

3           “(iii) restore and improve land health and  
4           water quality;

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

6           “(C) have objectives that may include—

7                 “(i) road, trail, and infrastructure  
8                 maintenance or obliteration;

9                 “(ii) soil productivity improvement;

10                “(iii) improvements in forest eco-  
11                system health;

12                “(iv) watershed restoration and main-  
13                tenance;

14                “(v) the restoration, maintenance, and  
15                improvement of wildlife and fish habitat;

16                “(vi) the control of noxious and exotic  
17                weeds; and

18                “(vii) the reestablishment of native  
19                species; and

20           “(3) to improve cooperative relationships  
21           among—

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

24                “(B) the agencies that manage the Federal  
25                land.

1 **“SEC. 3. DEFINITIONS.**

2 “In this Act:

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

6 “(A) the number equal to the quotient ob-  
7 tained by dividing—

8 “(i) the base share for the eligible  
9 county; by

10 “(ii) the income adjustment for the el-  
11 igible county; by

12 “(B) the number equal to the sum of the  
13 quotients obtained under subparagraph (A) and  
14 paragraph (8)(A) for all eligible counties.

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

17 “(A) the quotient obtained by dividing—

18 “(i) the number of acres of Federal  
19 land described in paragraph (7)(A) in each  
20 eligible county; by

21 “(ii) the total number acres of Fed-  
22 eral land in all eligible counties in all eligi-  
23 ble States; and

24 “(B) the quotient obtained by dividing—

25 “(i) the amount equal to the average  
26 of the 3 highest 25-percent payments and

1 safety net payments made to each eligible  
2 State for each eligible county during the  
3 eligibility period; by

4 “(ii) the amount equal to the sum of  
5 the amounts calculated under clause (i)  
6 and paragraph (9)(B)(i) for all eligible  
7 counties in all eligible States during the  
8 eligibility period.

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

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

14 “(A) contains Federal land (as defined in  
15 paragraph (7)); and

16 “(B) elects to receive a share of the State  
17 payment or the county payment under section  
18 102(b).

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

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



1           “(7) FEDERAL LAND.—The term ‘Federal land’  
2 means—

3           “(A) land within the National Forest Sys-  
4 tem, as defined in section 11(a) of the Forest  
5 and Rangeland Renewable Resources Planning  
6 Act of 1974 (16 U.S.C. 1609(a)) exclusive of  
7 the National Grasslands and land utilization  
8 projects designated as National Grasslands ad-  
9 ministered pursuant to the Act of July 22,  
10 1937 (7 U.S.C. 1010–1012); and

11           “(B) such portions of the revested Oregon  
12 and California Railroad and reconveyed Coos  
13 Bay Wagon Road grant land as are or may  
14 hereafter come under the jurisdiction of the De-  
15 partment of the Interior, which have heretofore  
16 or may hereafter be classified as timberlands,  
17 and power-site land valuable for timber, that  
18 shall be managed, except as provided in the  
19 former section 3 of the Act of August 28, 1937  
20 (50 Stat. 875; 43 U.S.C. 1181c), for permanent  
21 forest production.

22           “(8) 50-PERCENT ADJUSTED SHARE.—The  
23 term ‘50-percent adjusted share’ means the number  
24 equal to the quotient obtained by dividing—

1           “(A) the number equal to the quotient ob-  
2           tained by dividing—

3                   “(i) the 50-percent base share for the  
4                   eligible county; by

5                   “(ii) the income adjustment for the el-  
6                   igible county; by

7           “(B) the number equal to the sum of the  
8           quotients obtained under subparagraph (A) and  
9           paragraph (1)(A) for all eligible counties.

10           “(9) 50-PERCENT BASE SHARE.—The term ‘50-  
11           percent base share’ means the number equal to the  
12           average of—

13                   “(A) the quotient obtained by dividing—

14                           “(i) the number of acres of Federal  
15                           land described in paragraph (7)(B) in each  
16                           eligible county; by

17                           “(ii) the total number acres of Fed-  
18                           eral land in all eligible counties in all eligi-  
19                           ble States; and

20                   “(B) the quotient obtained by dividing—

21                           “(i) the amount equal to the average  
22                           of the 3 highest 50-percent payments made  
23                           to each eligible county during the eligibility  
24                           period; by

1                   “(ii) the amount equal to the sum of  
2                   the amounts calculated under clause (i)  
3                   and paragraph (2)(B)(i) for all eligible  
4                   counties in all eligible States during the  
5                   eligibility period.

6                   “(10) 50-PERCENT PAYMENT.—The term ‘50-  
7                   percent payment’ means the payment that is the  
8                   sum of the 50-percent share otherwise paid to a  
9                   county pursuant to title II of the Act of August 28,  
10                  1937 (chapter 876; 50 Stat. 875; 43 U.S.C. 1181f),  
11                  and the payment made to a county pursuant to the  
12                  Act of May 24, 1939 (chapter 144; 53 Stat. 753; 43  
13                  U.S.C. 1181f–1 et seq.).

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

16                         “(A) \$500,000,000 for fiscal year 2008;  
17                         and

18                         “(B) for fiscal year 2009 and each fiscal  
19                         year thereafter, the amount that is equal to 90  
20                         percent of the full funding amount for the pre-  
21                         ceding fiscal year.

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

1           “(A) the per capita personal income for  
2 each eligible county; by

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

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

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

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

17           “(A) the Secretary of Agriculture or the  
18 designee of the Secretary of Agriculture with  
19 respect to the Federal land described in para-  
20 graph (7)(A); and

21           “(B) the Secretary of the Interior or the  
22 designee of the Secretary of the Interior with  
23 respect to the Federal land described in para-  
24 graph (7)(B).

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

4           “(17) 25-PERCENT PAYMENT.—The term ‘25-  
5           percent payment’ means the payment to States re-  
6           quired by the sixth paragraph under the heading of  
7           ‘FOREST SERVICE’ in the Act of May 23, 1908  
8           (35 Stat. 260; 16 U.S.C. 500), and section 13 of the  
9           Act of March 1, 1911 (36 Stat. 963; 16 U.S.C.  
10          500).

11   **“TITLE I—SECURE PAYMENTS**  
12   **FOR STATES AND COUNTIES**  
13   **CONTAINING FEDERAL LAND**

14   **“SEC. 101. SECURE PAYMENTS FOR STATES CONTAINING**  
15   **FEDERAL LAND.**

16          “(a) STATE PAYMENT.—For each of fiscal years  
17   2008 through 2011, the Secretary of Agriculture shall cal-  
18   culate for each eligible State an amount equal to the sum  
19   of the products obtained by multiplying—

20               “(1) the adjusted share for each eligible county  
21   within the eligible State; by

22               “(2) the full funding amount for the fiscal year.

23          “(b) COUNTY PAYMENT.—For each of fiscal years  
24   2008 through 2011, the Secretary of the Interior shall cal-  
25   culate for each eligible county that received a 50-percent

1 payment during the eligibility period an amount equal to  
2 the product obtained by multiplying—

3 “(1) the 50-percent adjusted share for the eligi-  
4 ble county; by

5 “(2) the full funding amount for the fiscal year.

6 **“SEC. 102. PAYMENTS TO STATES AND COUNTIES.**

7 “(a) PAYMENT AMOUNTS.—Except as provided in  
8 section 103, the Secretary of the Treasury shall pay to—

9 “(1) a State or territory of the United States  
10 an amount equal to the sum of the amounts elected  
11 under subsection (b) by each county within the State  
12 or territory for—

13 “(A) if the county is eligible for the 25-  
14 percent payment, the share of the 25-percent  
15 payment; or

16 “(B) the share of the State payment of the  
17 eligible county; and

18 “(2) a county an amount equal to the amount  
19 elected under subsection (b) by each county for—

20 “(A) if the county is eligible for the 50-  
21 percent payment, the 50-percent payment; or

22 “(B) the county payment for the eligible  
23 county.

24 “(b) ELECTION TO RECEIVE PAYMENT AMOUNT.—

25 “(1) ELECTION; SUBMISSION OF RESULTS.—

1           “(A) IN GENERAL.—The election to receive  
2           a share of the State payment, the county pay-  
3           ment, a share of the State payment and the  
4           county payment, a share of the 25-percent pay-  
5           ment, the 50-percent payment, or a share of the  
6           25-percent payment and the 50-percent pay-  
7           ment, as applicable, shall be made at the discre-  
8           tion of each affected county by August 1, 2008,  
9           and August 1 of each second fiscal year there-  
10          after, in accordance with paragraph (2), and  
11          transmitted to the Secretary concerned by the  
12          Governor of each eligible State.

13           “(B) FAILURE TO TRANSMIT.—If an elec-  
14          tion for an affected county is not transmitted to  
15          the Secretary concerned by the date specified  
16          under subparagraph (A), the affected county  
17          shall be considered to have elected to receive a  
18          share of the State payment, the county pay-  
19          ment, or a share of the State payment and the  
20          county payment, as applicable.

21          “(2) DURATION OF ELECTION.—

22           “(A) IN GENERAL.—A county election to  
23          receive a share of the 25-percent payment or  
24          50-percent payment, as applicable, shall be ef-  
25          fective for 2 fiscal years.

1           “(B) FULL FUNDING AMOUNT.—If a coun-  
2           ty elects to receive a share of the State payment  
3           or the county payment, the election shall be ef-  
4           fective for all subsequent fiscal years through  
5           fiscal year 2011.

6           “(3) SOURCE OF PAYMENT AMOUNTS.—The  
7           payment to an eligible State or eligible county under  
8           this section for a fiscal year shall be derived from—

9                   “(A) any amounts that are appropriated to  
10                  carry out this Act;

11                   “(B) any revenues, fees, penalties, or mis-  
12                  cellaneous receipts, exclusive of deposits to any  
13                  relevant trust fund, special account, or perma-  
14                  nent operating funds, received by the Federal  
15                  Government from activities by the Bureau of  
16                  Land Management or the Forest Service on the  
17                  applicable Federal land; and

18                   “(C) to the extent of any shortfall, out of  
19                  any amounts in the Treasury of the United  
20                  States not otherwise appropriated.

21           “(c) DISTRIBUTION AND EXPENDITURE OF PAY-  
22           MENTS.—

23                   “(1) DISTRIBUTION METHOD.—A State that re-  
24                  ceives a payment under subsection (a) for Federal  
25                  land described in section 3(7)(A) shall distribute the



1 appropriate payment amount among the appropriate  
2 counties in the State in accordance with—

3 “(A) the Act of May 23, 1908 (16 U.S.C.  
4 500); and

5 “(B) section 13 of the Act of March 1,  
6 1911 (36 Stat. 963; 16 U.S.C. 500).

7 “(2) EXPENDITURE PURPOSES.—Subject to  
8 subsection (d), payments received by a State under  
9 subsection (a) and distributed to counties in accord-  
10 ance with paragraph (1) shall be expended as re-  
11 quired by the laws referred to in paragraph (1).

12 “(d) EXPENDITURE RULES FOR ELIGIBLE COUN-  
13 TIES.—

14 “(1) ALLOCATIONS.—

15 “(A) USE OF PORTION IN SAME MANNER  
16 AS 25-PERCENT PAYMENT OR 50-PERCENT PAY-  
17 MENT, AS APPLICABLE.—Except as provided in  
18 paragraph (3)(B), if an eligible county elects to  
19 receive its share of the State payment or the  
20 county payment, not less than 80 percent, but  
21 not more than 85 percent, of the funds shall be  
22 expended in the same manner in which the 25-  
23 percent payments or 50-percent payment, as  
24 applicable, are required to be expended.

1           “(B) ELECTION AS TO USE OF BAL-  
2 ANCE.—Except as provided in subparagraph  
3 (C), an eligible county shall elect to do 1 or  
4 more of the following with the balance of any  
5 funds not expended pursuant to subparagraph  
6 (A):

7                   “(i) Reserve any portion of the bal-  
8 ance for projects in accordance with title  
9 II.

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

14                   “(iii) Return the portion of the bal-  
15 ance not reserved under clauses (i) and (ii)  
16 to the Treasury of the United States.

17           “(C) COUNTIES WITH MODEST DISTRIBUTIONS.—In the case of each eligible county to  
18 which more than \$100,000, but less than  
19 \$350,000, is distributed for any fiscal year pur-  
20 suant to either or both of paragraphs (1)(B)  
21 and (2)(B) of subsection (a), the eligible coun-  
22 ty, with respect to the balance of any funds not  
23 expended pursuant to subparagraph (A) for  
24 that fiscal year, shall—  
25

1 “(i) reserve any portion of the balance  
2 for—

3 “(I) carrying out projects under  
4 title II;

5 “(II) carrying out projects under  
6 title III; or

7 “(III) a combination of the pur-  
8 poses described in subclauses (I) and  
9 (II); or

10 “(ii) return the portion of the balance  
11 not reserved under clause (i) to the Treas-  
12 ury of the United States.

13 “(2) DISTRIBUTION OF FUNDS.—

14 “(A) IN GENERAL.—Funds reserved by an  
15 eligible county under subparagraph (B)(i) or  
16 (C)(i) of paragraph (1) for carrying out  
17 projects under title II shall be deposited in a  
18 special account in the Treasury of the United  
19 States.

20 “(B) AVAILABILITY.—Amounts deposited  
21 under subparagraph (A) shall—

22 “(i) be available for expenditure by  
23 the Secretary concerned, without further  
24 appropriation; and

1                   “(ii) remain available until expended  
2                   in accordance with title II.

3                   “(3) ELECTION.—

4                   “(A) NOTIFICATION.—

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

10                  “(ii) FAILURE TO ELECT.—Except as  
11                  provided in subparagraph (B), if the eligi-  
12                  ble county fails to make an election by the  
13                  date specified in clause (i), the eligible  
14                  county shall—

15                         “(I) be considered to have elected  
16                         to expend 85 percent of the funds in  
17                         accordance with paragraph (1)(A);  
18                         and

19                         “(II) return the balance to the  
20                         Treasury of the United States.

21                   “(B) COUNTIES WITH MINOR DISTRIBUTIONS.—In the case of each eligible county to  
22                   which less than \$100,000 is distributed for any  
23                   fiscal year pursuant to either or both of para-  
24                   graphs (1)(B) and (2)(B) of subsection (a), the  
25

1 eligible county may elect to expend all the funds  
2 in the same manner in which the 25-percent  
3 payments or 50-percent payments, as applica-  
4 ble, are required to be expended.

5 “(e) TIME FOR PAYMENT.—The payments required  
6 under this section for a fiscal year shall be made as soon  
7 as practicable after the end of that fiscal year.

8 **“SEC. 103. TRANSITION PAYMENTS TO STATES.**

9 “(a) DEFINITIONS.—In this section:

10 “(1) ADJUSTED AMOUNT.—The term ‘adjusted  
11 amount’ means, with respect to a covered State—

12 “(A) for fiscal year 2008, 90 percent of—

13 “(i) the sum of the amounts paid for  
14 fiscal year 2006 under section 102(a)(2)  
15 (as in effect on September 29, 2006) for  
16 the eligible counties in the covered State  
17 that have elected under section 102(b) to  
18 receive a share of the State payment for  
19 fiscal year 2008; and

20 “(ii) the sum of the amounts paid for  
21 fiscal year 2006 under section 103(a)(2)  
22 (as in effect on September 29, 2006) for  
23 the eligible counties in the State of Oregon  
24 that have elected under section 102(b) to

1 receive the county payment for fiscal year  
2 2008;

3 “(B) for fiscal year 2009, 76 percent of—

4 “(i) the sum of the amounts paid for  
5 fiscal year 2006 under section 102(a)(2)  
6 (as in effect on September 29, 2006) for  
7 the eligible counties in the covered State  
8 that have elected under section 102(b) to  
9 receive a share of the State payment for  
10 fiscal year 2009; and

11 “(ii) the sum of the amounts paid for  
12 fiscal year 2006 under section 103(a)(2)  
13 (as in effect on September 29, 2006) for  
14 the eligible counties in the State of Oregon  
15 that have elected under section 102(b) to  
16 receive the county payment for fiscal year  
17 2009; and

18 “(C) for fiscal year 2010, 65 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 receive a share of the State payment for  
25 fiscal year 2010; and

1                   “(ii) the sum of the amounts paid for  
2                   fiscal year 2006 under section 103(a)(2)  
3                   (as in effect on September 29, 2006) for  
4                   the eligible counties in the State of Oregon  
5                   that have elected under section 102(b) to  
6                   receive the county payment for fiscal year  
7                   2010.

8                   “(2) COVERED STATE.—The term ‘covered  
9                   State’ means each of the States of California, Lou-  
10                  isiana, Oregon, Pennsylvania, South Carolina, South  
11                  Dakota, Texas, and Washington.

12                  “(b) TRANSITION PAYMENTS.—For each of fiscal  
13                  years 2008 through 2010, in lieu of the payment amounts  
14                  that otherwise would have been made under paragraphs  
15                  (1)(B) and (2)(B) of section 102(a), the Secretary of the  
16                  Treasury shall pay the adjusted amount to each covered  
17                  State and the eligible counties within the covered State,  
18                  as applicable.

19                  “(c) DISTRIBUTION OF ADJUSTED AMOUNT.—Ex-  
20                  cept as provided in subsection (d), it is the intent of Con-  
21                  gress that the method of distributing the payments under  
22                  subsection (b) among the counties in the covered States  
23                  for each of fiscal years 2008 through 2010 be in the same  
24                  proportion that the payments were distributed to the eligi-  
25                  ble counties in fiscal year 2006.

1       “(d) DISTRIBUTION OF PAYMENTS IN CALI-  
2       FORNIA.—The following payments shall be distributed  
3       among the eligible counties in the State of California in  
4       the same proportion that payments under section  
5       102(a)(2) (as in effect on September 29, 2006) were dis-  
6       tributed to the eligible counties for fiscal year 2006:

7               “(1) Payments to the State of California under  
8       subsection (b).

9               “(2) The shares of the eligible counties of the  
10       State payment for California under section 102 for  
11       fiscal year 2011.

12       “(e) TREATMENT OF PAYMENTS.—For purposes of  
13       this Act, any payment made under subsection (b) shall be  
14       considered to be a payment made under section 102(a).

15       **“TITLE II—SPECIAL PROJECTS**  
16               **ON FEDERAL LAND**

17       **“SEC. 201. DEFINITIONS.**

18       “In this title:

19               “(1) PARTICIPATING COUNTY.—The term ‘par-  
20       ticipating county’ means an eligible county that  
21       elects under section 102(d) to expend a portion of  
22       the Federal funds received under section 102 in ac-  
23       cordance with this title.

24               “(2) PROJECT FUNDS.—The term ‘project  
25       funds’ means all funds an eligible county elects



1 under section 102(d) to reserve for expenditure in  
2 accordance with this title.

3 “(3) RESOURCE ADVISORY COMMITTEE.—The  
4 term ‘resource advisory committee’ means—

5 “(A) an advisory committee established by  
6 the Secretary concerned under section 205; or

7 “(B) an advisory committee determined by  
8 the Secretary concerned to meet the require-  
9 ments of section 205.

10 “(4) RESOURCE MANAGEMENT PLAN.—The  
11 term ‘resource management plan’ means—

12 “(A) a land use plan prepared by the Bu-  
13 reau of Land Management for units of the Fed-  
14 eral land described in section 3(7)(B) pursuant  
15 to section 202 of the Federal Land Policy and  
16 Management Act of 1976 (43 U.S.C. 1712); or

17 “(B) a land and resource management  
18 plan prepared by the Forest Service for units of  
19 the National Forest System pursuant to section  
20 6 of the Forest and Rangeland Renewable Re-  
21 sources Planning Act of 1974 (16 U.S.C.  
22 1604).

1 **“SEC. 202. GENERAL LIMITATION ON USE OF PROJECT**  
2 **FUNDS.**

3 “(a) **LIMITATION.**—Project funds shall be expended  
4 solely on projects that meet the requirements of this title.

5 “(b) **AUTHORIZED USES.**—Project funds may be  
6 used by the Secretary concerned for the purpose of enter-  
7 ing into and implementing cooperative agreements with  
8 willing Federal agencies, State and local governments, pri-  
9 vate and nonprofit entities, and landowners for protection,  
10 restoration, and enhancement of fish and wildlife habitat,  
11 and other resource objectives consistent with the purposes  
12 of this Act on Federal land and on non-Federal land where  
13 projects would benefit the resources on Federal land.

14 **“SEC. 203. SUBMISSION OF PROJECT PROPOSALS.**

15 “(a) **SUBMISSION OF PROJECT PROPOSALS TO SEC-**  
16 **RETARY CONCERNED.**—

17 “(1) **PROJECTS FUNDED USING PROJECT**  
18 **FUNDS.**—Not later than September 30 for fiscal  
19 year 2008, and each September 30 thereafter for  
20 each succeeding fiscal year through fiscal year 2011,  
21 each resource advisory committee shall submit to the  
22 Secretary concerned a description of any projects  
23 that the resource advisory committee proposes the  
24 Secretary undertake using any project funds re-  
25 served by eligible counties in the area in which the

1 resource advisory committee has geographic jurisdic-  
2 tion.

3 “(2) PROJECTS FUNDED USING OTHER  
4 FUNDS.—A resource advisory committee may submit  
5 to the Secretary concerned a description of any  
6 projects that the committee proposes the Secretary  
7 undertake using funds from State or local govern-  
8 ments, or from the private sector, other than project  
9 funds and funds appropriated and otherwise avail-  
10 able to do similar work.

11 “(3) JOINT PROJECTS.—Participating counties  
12 or other persons may propose to pool project funds  
13 or other funds, described in paragraph (2), and  
14 jointly propose a project or group of projects to a re-  
15 source advisory committee established under section  
16 205.

17 “(b) REQUIRED DESCRIPTION OF PROJECTS.—In  
18 submitting proposed projects to the Secretary concerned  
19 under subsection (a), a resource advisory committee shall  
20 include in the description of each proposed project the fol-  
21 lowing information:

22 “(1) The purpose of the project and a descrip-  
23 tion of how the project will meet the purposes of this  
24 title.

25 “(2) The anticipated duration of the project.

1           “(3) The anticipated cost of the project.

2           “(4) The proposed source of funding for the  
3 project, whether project funds or other funds.

4           “(5)(A) Expected outcomes, including how the  
5 project will meet or exceed desired ecological condi-  
6 tions, maintenance objectives, or stewardship objec-  
7 tives.

8           “(B) An estimate of the amount of any timber,  
9 forage, and other commodities and other economic  
10 activity, including jobs generated, if any, anticipated  
11 as part of the project.

12           “(6) A detailed monitoring plan, including  
13 funding needs and sources, that—

14               “(A) tracks and identifies the positive or  
15 negative impacts of the project, implementation,  
16 and provides for validation monitoring; and

17               “(B) includes an assessment of the fol-  
18 lowing:

19                   “(i) Whether or not the project met or  
20 exceeded desired ecological conditions; cre-  
21 ated local employment or training opportu-  
22 nities, including summer youth jobs pro-  
23 grams such as the Youth Conservation  
24 Corps where appropriate.

1                   “(ii) Whether the project improved  
2                   the use of, or added value to, any products  
3                   removed from land consistent with the pur-  
4                   poses of this title.

5                   “(7) An assessment that the project is to be in  
6                   the public interest.

7                   “(c) AUTHORIZED PROJECTS.—Projects proposed  
8                   under subsection (a) shall be consistent with section 2.

9                   **“SEC. 204. EVALUATION AND APPROVAL OF PROJECTS BY**  
10                   **SECRETARY CONCERNED.**

11                   “(a) CONDITIONS FOR APPROVAL OF PROPOSED  
12                   PROJECT.—The Secretary concerned may make a decision  
13                   to approve a project submitted by a resource advisory com-  
14                   mittee under section 203 only if the proposed project satis-  
15                   fies each of the following conditions:

16                   “(1) The project complies with all applicable  
17                   Federal laws (including regulations).

18                   “(2) The project is consistent with the applica-  
19                   ble resource management plan and with any water-  
20                   shed or subsequent plan developed pursuant to the  
21                   resource management plan and approved by the Sec-  
22                   retary concerned.

23                   “(3) The project has been approved by the re-  
24                   source advisory committee in accordance with sec-

1           tion 205, including the procedures issued under sub-  
2           section (e) of that section.

3           “(4) A project description has been submitted  
4           by the resource advisory committee to the Secretary  
5           concerned in accordance with section 203.

6           “(5) The project will improve the maintenance  
7           of existing infrastructure, implement stewardship ob-  
8           jectives that enhance forest ecosystems, and restore  
9           and improve land health and water quality.

10          “(b) ENVIRONMENTAL REVIEWS.—

11          “(1) REQUEST FOR PAYMENT BY COUNTY.—

12          The Secretary concerned may request the resource  
13          advisory committee submitting a proposed project to  
14          agree to the use of project funds to pay for any envi-  
15          ronmental review, consultation, or compliance with  
16          applicable environmental laws required in connection  
17          with the project.

18          “(2) CONDUCT OF ENVIRONMENTAL REVIEW.—

19          If a payment is requested under paragraph (1) and  
20          the resource advisory committee agrees to the ex-  
21          penditure of funds for this purpose, the Secretary  
22          concerned shall conduct environmental review, con-  
23          sultation, or other compliance responsibilities in ac-  
24          cordance with Federal laws (including regulations).

25          “(3) EFFECT OF REFUSAL TO PAY.—

1           “(A) IN GENERAL.—If a resource advisory  
2 committee does not agree to the expenditure of  
3 funds under paragraph (1), the project shall be  
4 deemed withdrawn from further consideration  
5 by the Secretary concerned pursuant to this  
6 title.

7           “(B) EFFECT OF WITHDRAWAL.—A with-  
8 drawal under subparagraph (A) shall be deemed  
9 to be a rejection of the project for purposes of  
10 section 207(c).

11       “(c) DECISIONS OF SECRETARY CONCERNED.—

12           “(1) REJECTION OF PROJECTS.—

13           “(A) IN GENERAL.—A decision by the Sec-  
14 retary concerned to reject a proposed project  
15 shall be at the sole discretion of the Secretary  
16 concerned.

17           “(B) NO ADMINISTRATIVE APPEAL OR JU-  
18 DICIAL REVIEW.—Notwithstanding any other  
19 provision of law, a decision by the Secretary  
20 concerned to reject a proposed project shall not  
21 be subject to administrative appeal or judicial  
22 review.

23           “(C) NOTICE OF REJECTION.—Not later  
24 than 30 days after the date on which the Sec-  
25 retary concerned makes the rejection decision,

1           the Secretary concerned shall notify in writing  
2           the resource advisory committee that submitted  
3           the proposed project of the rejection and the  
4           reasons for rejection.

5           “(2) NOTICE OF PROJECT APPROVAL.—The  
6           Secretary concerned shall publish in the Federal  
7           Register notice of each project approved under sub-  
8           section (a) if the notice would be required had the  
9           project originated with the Secretary.

10          “(d) SOURCE AND CONDUCT OF PROJECT.—Once the  
11         Secretary concerned accepts a project for review under  
12         section 203, the acceptance shall be deemed a Federal ac-  
13         tion for all purposes.

14          “(e) IMPLEMENTATION OF APPROVED PROJECTS.—

15                 “(1) COOPERATION.—Notwithstanding chapter  
16                 63 of title 31, United States Code, using project  
17                 funds the Secretary concerned may enter into con-  
18                 tracts, grants, and cooperative agreements with  
19                 States and local governments, private and nonprofit  
20                 entities, and landowners and other persons to assist  
21                 the Secretary in carrying out an approved project.

22                 “(2) BEST VALUE CONTRACTING.—

23                         “(A) IN GENERAL.—For any project in-  
24                         volving a contract authorized by paragraph (1)  
25                         the Secretary concerned may elect a source for



1 performance of the contract on a best value  
2 basis.

3 “(B) FACTORS.—The Secretary concerned  
4 shall determine best value based on such factors  
5 as—

6 “(i) the technical demands and com-  
7 plexity of the work to be done;

8 “(ii)(I) the ecological objectives of the  
9 project; and

10 “(II) the sensitivity of the resources  
11 being treated;

12 “(iii) the past experience by the con-  
13 tractor with the type of work being done,  
14 using the type of equipment proposed for  
15 the project, and meeting or exceeding de-  
16 sired ecological conditions; and

17 “(iv) the commitment of the con-  
18 tractor to hiring highly qualified workers  
19 and local residents.

20 “(3) MERCHANTABLE TIMBER CONTRACTING  
21 PILOT PROGRAM.—

22 “(A) ESTABLISHMENT.—The Secretary  
23 concerned shall establish a pilot program to im-  
24 plement a certain percentage of approved

1 projects involving the sale of merchantable tim-  
2 ber using separate contracts for—

3 “(i) the harvesting or collection of  
4 merchantable timber; and

5 “(ii) the sale of the timber.

6 “(B) ANNUAL PERCENTAGES.—Under the  
7 pilot program, the Secretary concerned shall en-  
8 sure that, on a nationwide basis, not less than  
9 the following percentage of all approved projects  
10 involving the sale of merchantable timber are  
11 implemented using separate contracts:

12 “(i) For fiscal year 2008, 35 percent.

13 “(ii) For fiscal year 2009, 45 percent.

14 “(iii) For each of fiscal years 2010  
15 and 2011, 50 percent.

16 “(C) INCLUSION IN PILOT PROGRAM.—The  
17 decision whether to use separate contracts to  
18 implement a project involving the sale of mer-  
19 chantable timber shall be made by the Sec-  
20 retary concerned after the approval of the  
21 project under this title.

22 “(D) ASSISTANCE.—

23 “(i) IN GENERAL.—The Secretary  
24 concerned may use funds from any appro-  
25 priated account available to the Secretary

1 for the Federal land to assist in the ad-  
2 ministration of projects conducted under  
3 the pilot program.

4 “(ii) MAXIMUM AMOUNT OF ASSIST-  
5 ANCE.—The total amount obligated under  
6 this subparagraph may not exceed  
7 \$1,000,000 for any fiscal year during  
8 which the pilot program is in effect.

9 “(E) REVIEW AND REPORT.—

10 “(i) INITIAL REPORT.—Not later than  
11 September 30, 2010, the Comptroller Gen-  
12 eral shall submit to the Committees on Ag-  
13 riculture, Nutrition, and Forestry and En-  
14 ergy and Natural Resources of the Senate  
15 and the Committees on Agriculture and  
16 Natural Resources of the House of Rep-  
17 resentatives a report assessing the pilot  
18 program.

19 “(ii) ANNUAL REPORT.—The Sec-  
20 retary concerned shall submit to the Com-  
21 mittees on Agriculture, Nutrition, and For-  
22 estry and Energy and Natural Resources  
23 of the Senate and the Committees on Agri-  
24 culture and Natural Resources of the

1 House of Representatives an annual report  
2 describing the results of the pilot program.

3 “(f) REQUIREMENTS FOR PROJECT FUNDS.—The  
4 Secretary shall ensure that at least 50 percent of all  
5 project funds be used for projects that are primarily dedi-  
6 cated—

7 “(1) to road maintenance, decommissioning, or  
8 obliteration; or

9 “(2) to restoration of streams and watersheds.

10 **“SEC. 205. RESOURCE ADVISORY COMMITTEES.**

11 “(a) ESTABLISHMENT AND PURPOSE OF RESOURCE  
12 ADVISORY COMMITTEES.—

13 “(1) ESTABLISHMENT.—The Secretary con-  
14 cerned shall establish and maintain resource advi-  
15 sory committees to perform the duties in subsection  
16 (b), except as provided in paragraph (4).

17 “(2) PURPOSE.—The purpose of a resource ad-  
18 visory committee shall be—

19 “(A) to improve collaborative relationships;  
20 and

21 “(B) to provide advice and recommenda-  
22 tions to the land management agencies con-  
23 sistent with the purposes of this title.

24 “(3) ACCESS TO RESOURCE ADVISORY COMMIT-  
25 TEES.—To ensure that each unit of Federal land

1 has access to a resource advisory committee, and  
2 that there is sufficient interest in participation on a  
3 committee to ensure that membership can be bal-  
4 anced in terms of the points of view represented and  
5 the functions to be performed, the Secretary con-  
6 cerned may, establish resource advisory committees  
7 for part of, or 1 or more, units of Federal land.

8 “(4) EXISTING ADVISORY COMMITTEES.—

9 “(A) IN GENERAL.—An advisory com-  
10 mittee that meets the requirements of this sec-  
11 tion, a resource advisory committee established  
12 before September 29, 2006, or an advisory com-  
13 mittee determined by the Secretary concerned  
14 before September 29, 2006, to meet the re-  
15 quirements of this section may be deemed by  
16 the Secretary concerned to be a resource advi-  
17 sory committee for the purposes of this title.

18 “(B) CHARTER.—A charter for a com-  
19 mittee described in subparagraph (A) that was  
20 filed on or before September 29, 2006, shall be  
21 considered to be filed for purposes of this Act.

22 “(C) BUREAU OF LAND MANAGEMENT AD-  
23 VISORY COMMITTEES.—The Secretary of the In-  
24 terior may deem a resource advisory committee  
25 meeting the requirements of subpart 1784 of

1 part 1780 of title 43, Code of Federal Regula-  
2 tions, as a resource advisory committee for the  
3 purposes of this title.

4 “(b) DUTIES.—A resource advisory committee  
5 shall—

6 “(1) review projects proposed under this title by  
7 participating counties and other persons;

8 “(2) propose projects and funding to the Sec-  
9 retary concerned under section 203;

10 “(3) provide early and continuous coordination  
11 with appropriate land management agency officials  
12 in recommending projects consistent with purposes  
13 of this Act under this title;

14 “(4) provide frequent opportunities for citizens,  
15 organizations, tribes, land management agencies,  
16 and other interested parties to participate openly  
17 and meaningfully, beginning at the early stages of  
18 the project development process under this title;

19 “(5)(A) monitor projects that have been ap-  
20 proved under section 204; and

21 “(B) advise the designated Federal official on  
22 the progress of the monitoring efforts under sub-  
23 paragraph (A); and

24 “(6) make recommendations to the Secretary  
25 concerned for any appropriate changes or adjust-

1       ments to the projects being monitored by the re-  
2       source advisory committee.

3       “(c) APPOINTMENT BY THE SECRETARY.—

4             “(1) APPOINTMENT AND TERM.—

5                     “(A) IN GENERAL.—The Secretary con-  
6                     cerned, shall appoint the members of resource  
7                     advisory committees for a term of 4 years be-  
8                     ginning on the date of appointment.

9                     “(B) REAPPOINTMENT.—The Secretary  
10                    concerned may reappoint members to subse-  
11                    quent 4-year terms.

12             “(2) BASIC REQUIREMENTS.—The Secretary  
13             concerned shall ensure that each resource advisory  
14             committee established meets the requirements of  
15             subsection (d).

16             “(3) INITIAL APPOINTMENT.—Not later than  
17             180 days after the date of the enactment of this Act,  
18             the Secretary concerned shall make initial appoint-  
19             ments to the resource advisory committees.

20             “(4) VACANCIES.—The Secretary concerned  
21             shall make appointments to fill vacancies on any re-  
22             source advisory committee as soon as practicable  
23             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—SPENDING REDUC-**  
18 **TIONS AND APPROPRIATE**  
19 **REVENUE RAISERS FOR NEW**  
20 **TAX RELIEF POLICY**

21 **SEC. 1101. RESERVED.**