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BILL TRACKING REPORT: 107 Bill Tracking H.R. 3009
FULL TEXT VERSION(S) OF BILL: 107 H.R. 3009

An Act

To extend the Andean Trade Preference Act, to grant additional trade benefits under that Act, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Trade Act of 2002".

SEC. 2. ORGANIZATION OF ACT INTO DIVISIONS; TABLE OF CONTENTS.

(a) Divisions.--This Act is organized into 5 divisions as follows:

- (1) Division a.-- Trade Adjustment Assistance.
- (2) Division b.-- Bipartisan Trade Promotion Authority.
- (3) Division c.-- Andean Trade Preference Act.
- (4) Division d.-- Extension of Certain Preferential Trade Treatment and Other Provisions.
- (5) Division e.-- Miscellaneous Provisions.

(b) Table of Contents.--The table of contents for this Act is as follows:

- Sec. 1. Short title.
- Sec. 2. Organization of Act into divisions; table of contents.

DIVISION A--TRADE ADJUSTMENT ASSISTANCE

Sec. 101. Short title.

TITLE I--TRADE ADJUSTMENT ASSISTANCE PROGRAM

Subtitle A--Trade Adjustment Assistance For Workers

- Sec. 111. Reauthorization of trade adjustment assistance program.
- Sec. 112. Filing of petitions and provision of rapid response assistance; expedited review of petitions by secretary of labor.
- Sec. 113. Group eligibility requirements.
- Sec. 114. Qualifying requirements for trade readjustment allowances.
- Sec. 115. Waivers of training requirements.
- Sec. 116. Amendments to limitations on trade readjustment allowances.
- Sec. 117. Annual total amount of payments for training.
- Sec. 118. Provision of employer-based training.
- Sec. 119. Coordination with title I of the Workforce Investment Act of 1998.
- Sec. 120. Expenditure period.
- Sec. 121. Job search allowances.
- Sec. 122. Relocation allowances.
- Sec. 123. Repeal of NAFTA transitional adjustment assistance program.
- Sec. 124. Demonstration project for alternative trade adjustment assistance for older workers.

Sec. 125. Declaration of policy; sense of Congress.

Subtitle B--Trade Adjustment Assistance For Firms

Sec. 131. Reauthorization of program.

Subtitle C--Trade Adjustment Assistance For Farmers

- Sec. 141. Trade adjustment assistance for farmers.
- Sec. 142. Conforming amendments.
- Sec. 143. Study on TAA for fishermen.

Subtitle D--Effective Date

Sec. 151. Effective date.

TITLE II--CREDIT FOR HEALTH INSURANCE COSTS OF ELIGIBLE INDIVIDUALS

- Sec. 201. Credit for health insurance costs of individuals receiving a trade readjustment allowance or a benefit from the Pension Benefit Guaranty Corporation.
- Sec. 202. Advance payment of credit for health insurance costs of eligible individuals.
- Sec. 203. Health insurance assistance for eligible individuals.

TITLE III--CUSTOMS REAUTHORIZATION

Sec. 301. Short title.

Subtitle A--United States Customs Service

Chapter 1--Drug Enforcement and Other Noncommercial and Commercial Operations

- Sec. 311. Authorization of appropriations for noncommercial operations, commercial operations, and air and marine interdiction.
- Sec. 312. Antiterrorist and illicit narcotics detection equipment for the United States-Mexico border, United States-Canada border, and Florida and the Gulf Coast seaports.
- Sec. 313. Compliance with performance plan requirements.

Chapter 2--Child Cyber-smuggling Center of the Customs Service

Sec. 321. Authorization of appropriations for program to prevent child pornography/child sexual exploitation.

Chapter 3--Miscellaneous Provisions

- Sec. 331. Additional Customs Service officers for United States-Canada Border.
- Sec. 332. Study and report relating to personnel practices of the Customs Service.
- Sec. 333. Study and report relating to accounting and auditing procedures of the Customs Service.
- Sec. 334. Establishment and implementation of cost accounting system; reports.
- Sec. 335. Study and report relating to timeliness of prospective rulings.
- Sec. 336. Study and report relating to customs user fees.

Sec. 337. Fees for customs inspections at express courier facilities.

Sec. 338. National Customs Automation Program.

Sec. 339. Authorization of appropriations for customs staffing.

Chapter 4--Antiterrorism Provisions

Sec. 341. Immunity for United States officials that act in good faith.

Sec. 342. Emergency adjustments to offices, ports of entry, or staffing of the customs service.

Sec. 343. Mandatory advanced electronic information for cargo and other improved Customs reporting procedures.

Sec. 343A. Secure systems of transportation.

Sec. 344. Border search authority for certain contraband in outbound mail.

Sec. 345. Authorization of appropriations for reestablishment of customs operations in New York City.

Chapter 5--Textile Transshipment Provisions

Sec. 351. GAO audit of textile transshipment monitoring by Customs Service.

Sec. 352. Authorization of appropriations for textile transshipment enforcement operations.

Sec. 353. Implementation of the African Growth and Opportunity Act.

Subtitle B--Office of the United States Trade Representative

Sec. 361. Authorization of appropriations.

Subtitle C--United States International Trade Commission

Sec. 371. Authorization of appropriations.

Subtitle D--Other trade provisions

Sec. 381. Increase in aggregate value of articles exempt from duty acquired abroad by United States residents.

Sec. 382. Regulatory audit procedures.

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Sec. 3103. Articles eligible for preferential treatment.

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DIVISION A--TRADE ADJUSTMENT ASSISTANCE

Sec. 101. SHORT TITLE.

This division may be cited as the "Trade Adjustment Assistance Reform Act of 2002".

TITLE I--TRADE ADJUSTMENT ASSISTANCE PROGRAM

Subtitle A--Trade Adjustment Assistance For Workers

Sec. 111. REAUTHORIZATION OF TRADE ADJUSTMENT ASSISTANCE PROGRAM.

(a) Assistance for Workers.--Section 245 of the Trade Act of 1974 (19 U.S.C. 2317) is amended by striking "October 1, 1998, and ending September 30, 2001," each place it appears and inserting "October 1, 2001, and ending September 30, 2007,".

(b) Assistance for Firms.--Section 256(b) of the Trade Act of 1974 (19 U.S.C. 2346(b)) is amended by striking "October 1, 1998, and ending September 30, 2001" and inserting "October 1, 2001, and ending September 30, 2007,".

(c) Termination.--Section 285 of the Trade Act of 1974 is amended to read as follows:

Sec. 285. TERMINATION.

(a) Assistance for Workers.--

(1) In general.-- Except as provided in paragraph (2), trade adjustment assistance, vouchers, allowances, and other payments or benefits may not be provided under chapter 2 after September 30, 2007.

(2) Exception.-- Notwithstanding paragraph (1), a worker shall continue to receive trade adjustment assistance benefits and other benefits under chapter 2 for any week for which the worker meets the eligibility requirements of that chapter, if on or before September 30, 2007, the worker is--

(A) certified as eligible for trade adjustment assistance benefits under chapter 2 of this title; and

(B) otherwise eligible to receive trade adjustment assistance benefits under chapter 2.

(b) Other Assistance.--

(1) Assistance for firms.-- Technical assistance may not be provided under chapter 3 after September 30, 2007.

(2) Assistance for farmers.----

(A) In general.--Except as provided in subparagraph (B), adjustment assistance, vouchers, allowances, and other payments or benefits may not be provided under chapter 6 after September 30, 2007.

(B) Exception.--Notwithstanding subparagraph (A), an agricultural commodity producer (as defined in section 291(2)) shall continue to receive adjustment assistance benefits and other benefits under chapter 6, for any week for which the agricultural commodity producer meets the eligibility requirements of chapter 6, if on or before September 30, 2007, the agricultural commodity producer is--

(i) certified as eligible for adjustment assistance benefits under chapter 6; and

(ii) is otherwise eligible to receive adjustment assistance benefits under such chapter 6."

Sec. 112. FILING OF PETITIONS AND PROVISION OF RAPID RESPONSE ASSISTANCE; EXPEDITED REVIEW OF PETITIONS BY SECRETARY OF LABOR.

(a) Filing of Petitions and Provision of Rapid Response Assistance.--Section 221(a) of the Trade Act of 1974 (19 U.S.C. 2271(a)) is amended to read as follows:

(a)(1) A petition for certification of eligibility to apply for adjustment assistance for a group of workers under this chapter may be filed simultaneously with the Secretary and with the Governor of the State in which such workers' firm or subdivision is located by any of the following:

(A) The group of workers (including workers in an agricultural firm or subdivision of any agricultural firm).

(B) The certified or recognized union or other duly authorized representative of such workers.

(C) Employers of such workers, one-stop operators or one-stop partners (as defined in section 101 of the Workforce Investment Act of 1998 (29 U.S.C. 2801)), including State employment security agencies, or the State dislocated worker unit established under title I of such Act, on behalf of such workers.

(2) Upon receipt of a petition filed under paragraph (1), the Governor shall--

(A) ensure that rapid response assistance, and appropriate core and intensive services (as described in section 134 of the Workforce Investment Act of 1998 (29 U.S.C. 2864)) authorized under other Federal laws are made available to the workers covered by the petition to the extent authorized under such laws; and

(B) assist the Secretary in the review of the petition by verifying such information and providing such other assistance as the Secretary may request.

(3) Upon receipt of the petition, the Secretary shall promptly publish notice in the Federal Register that the Secretary has received the petition and initiated an investigation."

(b) Expedited Review of Petitions by Secretary of Labor.-- Section 223(a) of such Act (19 U.S.C. 2273(a)) is amended in the first sentence by striking "60 days" and inserting "40 days".

Sec. 113. GROUP ELIGIBILITY REQUIREMENTS.

(a) Trade Adjustment Assistance Program.--

(1) In general.-- Section 222 of the Trade Act of 1974 (19 U.S.C. 2272) is amended--

(A) by amending subsection (a) to read as follows:

(a) In General.--A group of workers (including workers in any agricultural firm or subdivision of an agricultural firm) shall be certified by the Secretary as eligible to apply for adjustment assistance under this chapter pursuant to a petition filed under section 221 if the Secretary determines that--

(1) a significant number or proportion of the workers in such workers' firm, or an appropriate subdivision of the firm, have become totally or partially separated, or are threatened to become totally or partially separated; and

(2)(A) (i) the sales or production, or both, of such firm or subdivision have decreased absolutely;

(ii) imports of articles like or directly competitive with articles produced by such firm or subdivision have increased; and

(iii) the increase in imports described in clause (ii) contributed importantly to such workers' separation or threat of separation and to the decline in the sales or production of such firm or subdivision; or (B)

(B)(i) there has been a shift in production by such workers' firm or subdivision to a foreign country of articles like or directly competitive with articles which are produced by such firm or subdivision; and

(ii)(I) the country to which the workers' firm has shifted production of the articles is a party to a free trade agreement with the United States;

(II) the country to which the workers' firm has shifted production of the articles is a beneficiary country under the Andean Trade Preference Act, African Growth and Opportunity Act, or the Caribbean Basin Economic Recovery Act; or

(III) there has been or is likely to be an increase in imports of articles that are like or directly competitive with articles which are or were produced by such firm or subdivision.";

(B) by redesignating subsection (b) as subsection (c); and

(C) by inserting after subsection (a) the following:

(b) Adversely affected secondary workers.--A group of workers (including workers in any agricultural firm or subdivision of an agricultural firm) shall be certified by the Secretary as eligible to apply for trade adjustment assistance benefits under this chapter if the Secretary determines that--

(1) a significant number or proportion of the workers in the workers' firm or an appropriate subdivision of the firm have become totally or partially separated, or are threatened to become totally or partially separated;

(2) the workers' firm (or subdivision) is a supplier or downstream producer to a firm (or subdivision) that employed a group of workers who received a certification of eligibility under subsection (a), and such supply or production is related to the article that was the basis for such certification (as defined in subsection (c) (3) and (4)); and

(3) either--

(A) the workers' firm is a supplier and the component parts it supplied to the firm (or subdivision) described in paragraph (2) accounted for at least 20 percent of the production or sales of the workers' firm; or

(B) a loss of business by the workers' firm with the firm (or subdivision) described in paragraph (2) contributed importantly to the workers' separation or threat of separation determined under paragraph (1)."

(b) Definitions.--Section 222(c) of such Act, as redesignated by paragraph (1)(A), is amended--

(1) in the matter preceding paragraph (1), by striking "subsection (a)(3)" and inserting "this section"; and

(2) by adding at the end the following:

(3) Downstream producer.-- The term 'downstream producer' means a firm that performs additional, value-added production processes for a firm or subdivision, including a firm that performs final assembly or finishing, directly for another firm (or subdivision), for articles that were the basis for a certification of eligibility under subsection (a) of a group of workers employed by such other firm, if the certification of eligibility under subsection (a) is based on an increase in imports from, or a shift in production to, Canada or Mexico.

(4) Supplier.-- The term 'supplier' means a firm that produces and supplies directly to another firm (or subdivision) component parts for articles that were the basis for a certification of eligibility under subsection (a) of a group of workers employed by such other firm."

Sec. 114. QUALIFYING REQUIREMENTS FOR TRADE READJUSTMENT ALLOWANCES.

(a) Clarification of Certain Reductions.--Section 231(a)(3)(B) of the Trade Act of 1974 (19 U.S.C. 2291(a)(3)(B)) is amended by inserting after "any unemployment insurance" the following: ", except additional compensation that is funded by a State and is not reimbursed from any Federal funds,".

(b) Enrollment in Training Requirement.--Section 231(a)(5)(A) of such Act (19 U.S.C. 2291(a)(5)(A)) is amended--

(1) by inserting (i)" after (A)";

(2) by adding "and" after the comma at the end; and

(3) by adding at the end the following:

(ii) the enrollment required under clause (i) occurs no later than the latest of--

(I) the last day of the 16th week after the worker's most recent total separation from adversely affected employment which meets the requirements of paragraphs (1) and (2),

(II) the last day of the 8th week after the week in which the Secretary issues a certification covering the worker,

(III) 45 days after the later of the dates specified in subclause (I) or (II), if the Secretary determines there are extenuating circumstances that justify an extension in the enrollment period, or

(IV) the last day of a period determined by the Secretary to be approved for enrollment after the termination of a waiver issued pursuant to subsection (c)."

Sec. 115. WAIVERS OF TRAINING REQUIREMENTS.

(a) In General.--Section 231(c) of the Trade Act of 1974 (19 U.S.C. 2291(c)) is amended to read as follows:

(c) Waivers of Training Requirements.--

(1) Issuance of waivers.-- The Secretary may issue a written statement to an adversely affected worker waiving the requirement to be enrolled in training described in subsection (a)(5)(A) if the Secretary determines that it is not feasible or appropriate for the worker, because of 1 or more of the following reasons:

(A) Recall.--The worker has been notified that the worker will be recalled by the firm from which the separation occurred.

(B) Marketable skills.--The worker possesses marketable skills for suitable employment (as determined pursuant to an assessment of the worker, which may include the profiling system under section 303(j) of the Social Security Act (42 U.S.C. 503(j)), carried out in accordance with guidelines issued by the Secretary) and there is a reasonable expectation of employment at equivalent wages in the foreseeable future.

(C) Retirement.--The worker is within 2 years of meeting all requirements for entitlement to either--

(i) old-age insurance benefits under title II of the Social Security Act (42 U.S.C. 401 et seq.) (except for application therefor); or

(ii) a private pension sponsored by an employer or labor organization.

(D) Health.--The worker is unable to participate in training due to the health of the worker, except that a waiver under this subparagraph shall not be construed to exempt a worker from requirements relating to the availability for work, active search for work, or refusal to accept work under Federal or State unemployment compensation laws.

(E) Enrollment unavailable.--The first available enrollment date for the approved training of the worker is within 60 days after the date of the determination made under this paragraph, or, if later, there are extenuating circumstances for the delay in enrollment, as determined pursuant to guidelines issued by the Secretary.

(F) Training not available.--Training approved by the Secretary is not reasonably available to the worker from either governmental agencies or private sources (which may include area vocational education schools, as defined in section 3 of the Carl D. Perkins Vocational and Technical Education Act of 1998 (20 U.S.C. 2302), and employers), no training that is suitable for the worker is available at a reasonable cost, or no training funds are available.

(2) Duration of waivers.----

(A) In general.--A waiver issued under paragraph (1) shall be effective for not more than 6 months after the date on which the waiver is issued, unless the Secretary determines otherwise.

(B) Revocation.--The Secretary shall revoke a waiver issued under paragraph (1) if the Secretary determines that the basis of a waiver is no longer applicable to the worker and shall notify the worker in writing of the revocation.

(3) Agreements under section 239.----

(A) Issuance by cooperating states.--Pursuant to an agreement under section 239, the Secretary may authorize a cooperating State to issue waivers as described in paragraph (1).

(B) Submission of statements.--An agreement under section 239 shall include a requirement that the cooperating State submit to the Secretary the written statements provided under paragraph (1) and a statement of the reasons for the waiver."

(b) Conforming Amendment.--Section 231(a)(5)(C) of such Act (19 U.S.C. 2291(a)(5)(C)) is amended by striking "certified".

Sec. 116. AMENDMENTS TO LIMITATIONS ON TRADE READJUSTMENT ALLOWANCES.

(a) Increase in Maximum Number of Weeks.--Section 233(a) of the Trade Act of 1974 (19 U.S.C. 2293(a)) is amended--

(1) in paragraph (2), by inserting after "104-week period" the following: (or, in the case of an adversely affected worker who requires a program of remedial education (as described in section 236(a)(5)(D)) in order to complete training approved for the worker under section 236, the 130-week period)"; and

(2) in paragraph (3), by striking "26" each place it appears and inserting "52".

(b) Special Rule Relating to Break in Training.--Section 233(f) of the Trade Act of 1974 (19 U.S.C. 2293(f)) is amended in the matter preceding paragraph (1) by striking "14 days" and inserting "30 days".

(c) Additional Weeks for Individuals in Need of Remedial Education.--Section 233 of the Trade Act of 1974 (19 U.S.C. 2293) is amended by adding at the end the following:

(g) Notwithstanding any other provision of this section, in order to assist an adversely affected worker to complete training approved for the worker under section 236 which includes a program of remedial education (as described in section 236(a)(5)(D)), and in accordance with regulations prescribed by the Secretary, payments may be made as trade readjustment allowances for up to 26 additional weeks in the 26-week period that follows the last week of entitlement to trade readjustment allowances otherwise payable under this chapter."

Sec. 117. ANNUAL TOTAL AMOUNT OF PAYMENTS FOR TRAINING.

Section 236(a)(2)(A) of the Trade Act of 1974 (19 U.S.C. 2296(a)(2)(A)) is amended by striking "\$ 80,000,000" and all that follows through "\$ 70,000,000" and inserting "\$ 220,000,000".

Sec. 118. PROVISION OF EMPLOYER-BASED TRAINING.

(a) In General.--Section 236(a)(5)(A) of the Trade Act of 1974 (19 U.S.C. 2296(a)(5)(A)) is amended to read as follows:

- (A) employer-based training, including--
 - (i) on-the-job training, and
 - (ii) customized training,".

(b) Reimbursement.--Section 236(c)(8) of such Act (19 U.S.C. 2296(c)(8)) is amended to read as follows:

(8) the employer is provided reimbursement of not more than 50 percent of the wage rate of the participant, for the cost of providing the training and additional supervision related to the training,".

(c) Definition.--Section 236 of such Act (19 U.S.C. 2296) is amended by adding at the end the following new subsection:

(f) For purposes of this section, the term 'customized training' means training that is--

- (1) designed to meet the special requirements of an employer or group of employers;
- (2) conducted with a commitment by the employer or group of employers to employ an individual upon successful completion of the training; and
- (3) for which the employer pays for a significant portion (but in no case less than 50 percent) of the cost of such training, as determined by the Secretary."

Sec. 119. COORDINATION WITH TITLE I OF THE WORKFORCE INVESTMENT ACT OF 1998.

Section 235 of the Trade Act of 1974 (19 U.S.C. 2295) is amended by inserting before the period at the end of the first sentence the following: ", including the services provided through one-stop delivery systems described in section 134(c) of the Workforce Investment Act of 1998 (29 U.S.C. 2864(c))".

Sec. 120. EXPENDITURE PERIOD.

Section 245 of the Trade Act of 1974 (19 U.S.C. 2317), as amended by section 111(a) of this Act, is further amended by amending subsection (b) to read as follows:

(b) Period of Expenditure.--Funds obligated for any fiscal year to carry out activities under sections 235 through 238 may be expended by each State receiving such funds during that fiscal year and the succeeding two fiscal years."

Sec. 121. JOB SEARCH ALLOWANCES.

Section 237 of the Trade Act of 1974 (19 U.S.C. 2297) is amended to read as follows:

Sec. 237. JOB SEARCH ALLOWANCES.

(a) Job Search Allowance Authorized.--

(1) In general.-- An adversely affected worker covered by a certification issued under subchapter A of this chapter may file an application with the Secretary for payment of a job search allowance.

(2) Approval of applications.-- The Secretary may grant an allowance pursuant to an application filed under paragraph (1) when all of the following apply:

(A) Assist adversely affected worker.--The allowance is paid to assist an adversely affected worker who has been totally separated in securing a job within the United States.

(B) Local employment not available.--The Secretary determines that the worker cannot reasonably be expected to secure suitable employment in the commuting area in which the worker resides.

(C) Application.--The worker has filed an application for the allowance with the Secretary before--

(i) the later of--

(I) the 365th day after the date of the certification under which the worker is certified as eligible; or

(II) the 365th day after the date of the worker's last total separation; or

(ii) the date that is the 182d day after the date on which the worker concluded training, unless the worker received a waiver under section 231(c).

(b) Amount of Allowance.--

(1) In general.-- An allowance granted under subsection (a) shall provide reimbursement to the worker of 90 percent of the cost of necessary job search expenses as prescribed by the Secretary in regulations.

(2) Maximum allowance.-- Reimbursement under this subsection may not exceed \$ 1,250 for any worker.

(3) Allowance for subsistence and transportation.-- Reimbursement under this subsection may not be made for subsistence and transportation expenses at levels exceeding those allowable under section 236(b) (1) and (2).

(c) Exception.--Notwithstanding subsection (b), the Secretary shall reimburse any adversely affected worker for necessary expenses incurred by the worker in participating in a job search program approved by the Secretary."

Sec. 122. RELOCATION ALLOWANCES.

Section 238 of the Trade Act of 1974 (19 U.S.C. 2298) is amended to read as follows:

Sec. 238. RELOCATION ALLOWANCES.

(a) Relocation Allowance Authorized.--

(1) In general.-- Any adversely affected worker covered by a certification issued under subchapter A of this chapter may file an application for a relocation allowance with the Secretary, and the Secretary may grant the relocation allowance, subject to the terms and conditions of this section.

(2) Conditions for granting allowance.-- A relocation allowance may be granted if all of the following terms and conditions are met:

(A) Assist an adversely affected worker.--The relocation allowance will assist an adversely affected worker in relocating within the United States.

(B) Local employment not available.--The Secretary determines that the worker cannot reasonably be expected to secure suitable employment in the commuting area in which the worker resides.

(C) Total separation.--The worker is totally separated from employment at the time relocation commences.

(D) Suitable employment obtained.--The worker--

(i) has obtained suitable employment affording a reasonable expectation of long-term duration in the area in which the worker wishes to relocate; or

(ii) has obtained a bona fide offer of such employment.

(E) Application.--The worker filed an application with the Secretary before--

(i) the later of--

(I) the 425th day after the date of the certification under subchapter A of this chapter; or

(II) the 425th day after the date of the worker's last total separation; or

(ii) the date that is the 182d day after the date on which the worker concluded training, unless the worker received a waiver under section 231(c).

(b) Amount of Allowance.--The relocation allowance granted to a worker under subsection (a) includes--

(1) 90 percent of the reasonable and necessary expenses (including, but not limited to, subsistence and transportation expenses at levels not exceeding those allowable under section 236(b) (1) and (2) specified in regulations prescribed by the Secretary, incurred in transporting the worker, the worker's family, and household effects; and

(2) a lump sum equivalent to 3 times the worker's average weekly wage, up to a maximum payment of \$ 1,250.

(c) Limitations.--A relocation allowance may not be granted to a worker unless--

(1) the relocation occurs within 182 days after the filing of the application for relocation assistance; or

(2) the relocation occurs within 182 days after the conclusion of training, if the worker entered a training program approved by the Secretary under section 236(b) (1) and (2)."

Sec. 123. REPEAL OF NAFTA TRANSITIONAL ADJUSTMENT ASSISTANCE PROGRAM.

(a) In General.--Subchapter D of chapter 2 of title II of such Act (19 U.S.C. 2331) is repealed.

(b) Conforming Amendments.--

(1) Section 225(b) (1) and (2) of the Trade Act of 1974 (19 U.S.C. 2275(b) (1) and (2)) is amended by striking "or subchapter D" each place it appears.

(2) Section 249A of such Act (19 U.S.C. 2322) is repealed.

(3) The table of contents of such Act is amended--

(A) by striking the item relating to section 249A; and

(B) by striking the items relating to subchapter D of chapter 2 of title II.

(4) Section 284(a) of such Act is amended by striking "or section 250(c)".

(c) Effective Date.--

(1) In general.-- The amendments made by this section shall apply with respect to petitions filed under chapter 2 of title II of the Trade Act of 1974, on or after the date that is 90 days after the date of enactment of this Act.

(2) Workers certified as eligible before effective date.-- Notwithstanding subsection (a), a worker receiving benefits under chapter 2 of title II of the Trade Act of 1974 shall continue to receive (or be eligible to receive) benefits and services under chapter 2 of title II of the Trade Act of 1974, as in effect on the day before the amendments made by this section take effect under subsection (a), for any week for which the worker meets the eligibility requirements of such chapter 2 as in effect on such date.

Sec. 124. DEMONSTRATION PROJECT FOR ALTERNATIVE TRADE ADJUSTMENT ASSISTANCE FOR OLDER WORKERS.

(a) Demonstration Program.--Chapter 2 of title II of the Trade Act of 1974 (19 U.S.C. 2271 et seq.) is amended by striking section 246 and inserting the following new section:

Sec. 246. DEMONSTRATION PROJECT FOR ALTERNATIVE TRADE ADJUSTMENT ASSISTANCE FOR OLDER WORKERS.

(a) In General.--

(1) Establishment.-- Not later than 1 year after the date of enactment of the Trade Adjustment Assistance Reform Act of 2002, the Secretary shall establish an alternative trade adjustment assistance program for older workers that provides the benefits described in paragraph (2).

(2) Benefits.--

(A) Payments.--A State shall use the funds provided to the State under section 241 to pay, for a period not to exceed 2 years, to a worker described in paragraph (3)(B), 50 percent of the difference between--

(i) the wages received by the worker from reemployment; and

(ii) the wages received by the worker at the time of separation.

(B) Health insurance.--A worker described in paragraph (3)(B) participating in the program established under paragraph (1) is eligible to receive, for a period not to exceed 2 years, a credit for health insurance costs under section 35 of the Internal Revenue Code of 1986, as added by section 201 of the Trade Act of 2002.

(3) Eligibility.----

(A) Firm eligibility.--

(i) In general.--The Secretary shall provide the opportunity for a group of workers on whose behalf a petition is filed under section 221 to request that the group of workers be certified for the alternative trade adjustment assistance program under this section at the time the petition is filed.

(ii) Criteria.--In determining whether to certify a group of workers as eligible for the alternative trade adjustment assistance program, the Secretary shall consider the following criteria:

(I) Whether a significant number of workers in the workers' firm are 50 years of age or older.

(II) Whether the workers in the workers' firm possess skills that are not easily transferable.

(III) The competitive conditions within the workers' industry.

(iii) Deadline.--The Secretary shall determine whether the workers in the group are eligible for the alternative trade adjustment assistance program by the date specified in section 223(a).

(B) Individual Eligibility.--A worker in the group that the Secretary has certified as eligible for the alternative trade adjustment assistance program may elect to receive benefits under the alternative trade adjustment assistance program if the worker--

(i) is covered by a certification under subchapter A of this chapter;

(ii) obtains reemployment not more than 26 weeks after the date of separation from the adversely affected employment;

(iii) is at least 50 years of age; and

(iv) earns not more than \$ 50,000 a year in wages from reemployment;

(v) is employed on a full-time basis as defined by State law in the State in which the worker is employed; and

(vi) does not return to the employment from which the worker was separated.

(4) Total amount of payments.-- The payments described in paragraph (2)(A) made to a worker may not exceed \$ 10,000 per worker during the 2-year eligibility period.

(5) Limitation on other benefits.-- Except as provided in section 238(a)(2)(B), if a worker is receiving payments pursuant to the program established under paragraph (1), the worker shall not be eligible to receive any other benefits under this title.

(b) Termination.--

(1) In general.-- Except as provided in paragraph (2), no payments may be made by a State under the program established under subsection (a)(1) after the date that is 5 years after the date on which such program is implemented by the State.

(2) Exception.-- Notwithstanding paragraph (1), a worker receiving payments under the program established under subsection (a)(1) on the termination date described in paragraph (1) shall continue to receive such payments provided that the worker meets the criteria described in subsection (a)(3)(B)."

(b) Table of Contents.--The Trade Act of 1974 (U.S.C. et seq.) is amended in the table of contents by inserting after the item relating to section 245 the following new item:

Sec. 246. Demonstration project for alternative trade adjustment assistance for older workers."

Sec. 125. DECLARATION OF POLICY; SENSE OF CONGRESS.

(a) Declaration of Policy.--Congress reiterates that, under the trade adjustment assistance program under chapter 2 of title II of the Trade Act of 1974, workers are eligible for transportation, childcare, and healthcare assistance, as well as other related assistance under programs administered by the Department of Labor.

(b) Sense of Congress.--It is the sense of Congress that the Secretary of Labor, working independently and in conjunction with the States, should, in accordance with section 225 of the Trade Act of 1974, provide more specific

information about benefit allowances, training, and other employment services, and the petition and application procedures (including appropriate filing dates) for such allowances, training, and services, under the trade adjustment assistance program under chapter 2 of title II of the Trade Act of 1974 to workers who are applying for, or are certified to receive, assistance under that program, including information on all other Federal assistance available to such workers.

Subtitle B--Trade Adjustment Assistance For Firms

Sec. 131. REAUTHORIZATION OF PROGRAM.

Section 256(b) of chapter 3 of title II of the Trade Act of 1974 (19 U.S.C. 2346(b)) is amended to read as follows:

(b) There are authorized to be appropriated to the Secretary \$ 16,000,000 for each of fiscal years 2003 through 2007, to carry out the Secretary's functions under this chapter in connection with furnishing adjustment assistance to firms. Amounts appropriated under this subsection shall remain available until expended."

Subtitle C--Trade Adjustment Assistance For Farmers**Sec. 141. TRADE ADJUSTMENT ASSISTANCE FOR FARMERS.**

(a) In General.--Title II of the Trade Act of 1974 (19 U.S.C. 2251 et seq.) is amended by adding at the end the following new chapter:

CHAPTER 6--ADJUSTMENT ASSISTANCE FOR FARMERS

Sec. 291. DEFINITIONS.

"In this chapter:

(1) Agricultural commodity.-- The term 'agricultural commodity' means any agricultural commodity (including livestock) in its raw or natural state.

(2) Agricultural commodity producer.-- The term 'agricultural commodity producer' has the same meaning as the term 'person' as prescribed by regulations promulgated under section 1001(5) of the Food Security Act of 1985 (7 U.S.C. 1308(5)).

(3) Contributed importantly.----

(A) In general.--The term 'contributed importantly' means a cause which is important but not necessarily more important than any other cause.

(B) Determination of contributed importantly.--The determination of whether imports of articles like or directly competitive with an agricultural commodity with respect to which a petition under this chapter was filed contributed importantly to a decline in the price of the agricultural commodity shall be made by the Secretary.

(4) Duly authorized representative.-- The term 'duly authorized representative' means an association of agricultural commodity producers.

(5) National average price.-- The term 'national average price' means the national average price paid to an agricultural commodity producer for an agricultural commodity in a marketing year as determined by the Secretary.

(6) Secretary.-- The term 'Secretary' means the Secretary of Agriculture.

Sec. 292. PETITIONS; GROUP ELIGIBILITY.

(a) In General.--A petition for a certification of eligibility to apply for adjustment assistance under this chapter may be filed with the Secretary by a group of agricultural commodity producers or by their duly authorized representative. Upon receipt of the petition, the Secretary shall promptly publish notice in the Federal Register that the Secretary has received the petition and initiated an investigation.

(b) Hearings.--If the petitioner, or any other person found by the Secretary to have a substantial interest in the proceedings, submits not later than 10 days after the date of the Secretary's publication under subsection (a) a request for a hearing, the Secretary shall provide for a public hearing and afford such interested person an opportunity to be present, to produce evidence, and to be heard.

(c) Group Eligibility Requirements.--The Secretary shall certify a group of agricultural commodity producers as eligible to apply for adjustment assistance under this chapter if the Secretary determines--

(1) that the national average price for the agricultural commodity, or a class of goods within the agricultural commodity, produced by the group for the most recent marketing year for which the national average price is

available is less than 80 percent of the average of the national average price for such agricultural commodity, or such class of goods, for the 5 marketing years preceding the most recent marketing year; and

(2) that increases in imports of articles like or directly competitive with the agricultural commodity, or class of goods within the agricultural commodity, produced by the group contributed importantly to the decline in price described in paragraph (1).

(d) Special Rule for Qualified Subsequent Years.--A group of agricultural commodity producers certified as eligible under section 293 shall be eligible to apply for assistance under this chapter in any qualified year after the year the group is first certified, if the Secretary determines that--

(1) the national average price for the agricultural commodity, or class of goods within the agricultural commodity, produced by the group for the most recent marketing year for which the national average price is available is equal to or less than the price determined under subsection (c)(1); and

(2) the requirements of subsection (c)(2) are met.

(e) Determination of Qualified Year and Commodity.--In this chapter:

(1) Qualified year.-- The term 'qualified year', with respect to a group of agricultural commodity producers certified as eligible under section 293, means each consecutive year after the year in which the group is certified and in which the Secretary makes the determination under subsection (c) or (d), as the case may be.

(2) Classes of goods within a commodity.-- In any case in which there are separate classes of goods within an agricultural commodity, the Secretary shall treat each class as a separate commodity in determining group eligibility, the national average price, and level of imports under this section and section 296.

Sec. 293. DETERMINATIONS BY SECRETARY OF AGRICULTURE.

(a) In General.--As soon as practicable after the date on which a petition is filed under section 292, but in any event not later than 40 days after that date, the Secretary shall determine whether the petitioning group meets the requirements of section 292 (c) or (d), as the case may be, and shall, if the group meets the requirements, issue a certification of eligibility to apply for assistance under this chapter covering agricultural commodity producers in any group that meets the requirements. Each certification shall specify the date on which eligibility under this chapter begins.

(b) Notice.--Upon making a determination on a petition, the Secretary shall promptly publish a summary of the determination in the Federal Register, together with the Secretary's reasons for making the determination.

(c) Termination of Certification.--Whenever the Secretary determines, with respect to any certification of eligibility under this chapter, that the decline in price for the agricultural commodity covered by the certification is no longer attributable to the conditions described in section 292, the Secretary shall terminate such certification and promptly cause notice of such termination to be published in the Federal Register, together with the Secretary's reasons for making such determination.

Sec. 294. STUDY BY SECRETARY OF AGRICULTURE WHEN INTERNATIONAL TRADE COMMISSION BEGINS

INVESTIGATION.

(a) In General.--Whenever the International Trade Commission (in this chapter referred to as the 'Commission') begins an investigation under section 202 with respect to an agricultural commodity, the Commission shall immediately notify the Secretary of the investigation. Upon receipt of the notification, the Secretary shall immediately conduct a study of--

(1) the number of agricultural commodity producers producing a like or directly competitive agricultural commodity who have been or are likely to be certified as eligible for adjustment assistance under this chapter, and

(2) the extent to which the adjustment of such producers to the import competition may be facilitated through the use of existing programs.

(b) Report.--Not later than 15 days after the day on which the Commission makes its report under section 202(f), the Secretary shall submit a report to the President setting forth the findings of the study described in subsection (a). Upon making the report to the President, the Secretary shall also promptly make the report public (with the exception of information which the Secretary determines to be confidential) and shall have a summary of the report published in the Federal Register.

Sec. 295. BENEFIT INFORMATION TO AGRICULTURAL COMMODITY PRODUCERS.

(a) In General.--The Secretary shall provide full information to agricultural commodity producers about the benefit allowances, training, and other employment services available under this title and about the petition and application procedures, and the appropriate filing dates, for such allowances, training, and services. The Secretary shall provide whatever assistance is necessary to enable groups to prepare petitions or applications for program benefits under this title.

(b) Notice of Benefits.--

(1) In general.-- The Secretary shall mail written notice of the benefits available under this chapter to each agricultural commodity producer that the Secretary has reason to believe is covered by a certification made under this chapter.

(2) Other notice.-- The Secretary shall publish notice of the benefits available under this chapter to agricultural commodity producers that are covered by each certification made under this chapter in newspapers of general circulation in the areas in which such producers reside.

(3) Other federal assistance.-- The Secretary shall also provide information concerning procedures for applying for and receiving all other Federal assistance and services available to workers facing economic distress.

Sec. 296. QUALIFYING REQUIREMENTS FOR AGRICULTURAL COMMODITY PRODUCERS.

(a) In General.--

(1) Requirements.-- Payment of a trade adjustment allowance shall be made to an adversely affected agricultural commodity producer covered by a certification under this chapter who files an application for such allowance within 90 days after the date on which the Secretary makes a determination and issues a certification of eligibility under section 293, if the following conditions are met:

(A) The producer submits to the Secretary sufficient information to establish the amount of agricultural commodity covered by the application filed under subsection (a) that was produced by the producer in the most recent year.

(B) The producer certifies that the producer has not received cash benefits under any provision of this title other than this chapter.

(C) The producer's net farm income (as determined by the Secretary) for the most recent year is less than the producer's net farm income for the latest year in which no adjustment assistance was received by the producer under this chapter.

(D) The producer certifies that the producer has met with an Extension Service employee or agent to obtain, at no cost to the producer, information and technical assistance that will assist the producer in adjusting to import competition with respect to the adversely affected agricultural commodity, including--

(i) information regarding the feasibility and desirability of substituting 1 or more alternative commodities for the adversely affected agricultural commodity; and

(ii) technical assistance that will improve the competitiveness of the production and marketing of the adversely affected agricultural commodity by the producer, including yield and marketing improvements.

(2) Limitations.----

(A) Adjusted gross income.--

(i) In general.--Notwithstanding any other provision of this chapter, an agricultural commodity producer shall not be eligible for assistance under this chapter in any year in which the average adjusted gross income of the producer exceeds the level set forth in section 1001D of the Food Security Act of 1985.

(ii) Certification.--To comply with the limitation under subparagraph (A), an individual or entity shall provide to the Secretary--

(I) a certification by a certified public accountant or another third party that is acceptable to the Secretary that the average adjusted gross income of the producer does not exceed the level set forth in section 1001D of the Food Security Act of 1985; or

(II) information and documentation regarding the adjusted gross income of the producer through other procedures established by the Secretary.

(B) Counter-cyclical payments.--The total amount of payments made to an agricultural producer under this chapter during any crop year may not exceed the limitation on counter-cyclical payments set forth in section 1001(c) of the Food Security Act of 1985.

(C) Definitions.--In this subsection:

(i) Adjusted gross income.--The term 'adjusted gross income' means adjusted gross income of an agricultural commodity producer--

(I) as defined in section 62 of the Internal Revenue Code of 1986 and implemented in accordance with procedures established by the Secretary; and

(II) that is earned directly or indirectly from all agricultural and nonagricultural sources of an individual or entity for a fiscal or corresponding crop year.

(ii) Average adjusted gross income.--

(I) In general.--The term 'average adjusted gross income' means the average adjusted gross income of a producer for each of the 3 preceding taxable years.

(II) Effective adjusted gross income.--In the case of a producer that does not have an adjusted gross income for each of the 3 preceding taxable years, the Secretary shall establish rules that provide the producer with an effective adjusted gross income for the applicable year.

(b) Amount of Cash Benefits.--

(1) In general.-- Subject to the provisions of section 298, an adversely affected agricultural commodity producer described in subsection (a) shall be entitled to adjustment assistance under this chapter in an amount equal to the product of--

(A) one-half of the difference between--

(i) an amount equal to 80 percent of the average of the national average price of the agricultural commodity covered by the application described in subsection (a) for the 5 marketing years preceding the most recent marketing year, and

(ii) the national average price of the agricultural commodity for the most recent marketing year, and

(B) the amount of the agricultural commodity produced by the agricultural commodity producer in the most recent marketing year.

(2) Special rule for subsequent qualified years.-- The amount of cash benefits for a qualified year shall be determined in the same manner as cash benefits are determined under paragraph (1) except that the average national price of the agricultural commodity shall be determined under paragraph (1)(A)(i) by using the 5-marketing-year period used to determine the amount of cash benefits for the first certification.

(c) Maximum Amount of Cash Assistance.--The maximum amount of cash benefits an agricultural commodity producer may receive in any 12-month period shall not exceed \$ 10,000.

(d) Limitations on Other Assistance.--An agricultural commodity producer entitled to receive a cash benefit under this chapter--

(1) shall not be eligible for any other cash benefit under this title, and

(2) shall be entitled to employment services and training benefits under part II of subchapter B of chapter 2.

Sec. 297. FRAUD AND RECOVERY OF OVERPAYMENTS.

(a) In General.--

(1) Repayment.-- If the Secretary, or a court of competent jurisdiction, determines that any person has received any payment under this chapter to which the person was not entitled, such person shall be liable to repay such amount to the Secretary, except that the Secretary may waive such repayment if the Secretary determines, in accordance with guidelines prescribed by the Secretary, that--

(A) the payment was made without fault on the part of such person; and

(B) requiring such repayment would be contrary to equity and good conscience.

(2) Recovery of overpayment.-- Unless an overpayment is otherwise recovered, or waived under paragraph (1), the Secretary shall recover the overpayment by deductions from any sums payable to such person under this chapter.

(b) False Statement.--A person shall, in addition to any other penalty provided by law, be ineligible for any further payments under this chapter--

(1) if the Secretary, or a court of competent jurisdiction, determines that the person--

(A) knowingly has made, or caused another to make, a false statement or representation of a material fact; or

(B) knowingly has failed, or caused another to fail, to disclose a material fact; and

(2) as a result of such false statement or representation, or of such nondisclosure, such person has received any payment under this chapter to which the person was not entitled.

(c) Notice and Determination.--Except for overpayments determined by a court of competent jurisdiction, no repayment may be required, and no deduction may be made, under this section until a determination under subsection (a)(1) by the Secretary has been made, notice of the determination and an opportunity for a fair hearing thereon has been given to the person concerned, and the determination has become final.

(d) Payment to Treasury.--Any amount recovered under this section shall be returned to the Treasury of the United States.

(e) Penalties.--Whoever makes a false statement of a material fact knowing it to be false, or knowingly fails to disclose a material fact, for the purpose of obtaining or increasing for himself or for any other person any payment authorized to be furnished under this chapter shall be fined not more than \$ 10,000 or imprisoned for not more than 1 year, or both.

Sec. 298. AUTHORIZATION OF APPROPRIATIONS.

(a) In General.--There are authorized to be appropriated and there are appropriated to the Department of Agriculture not to exceed \$ 90,000,000 for each of the fiscal years 2003 through 2007 to carry out the purposes of this chapter.

(b) Proportionate Reduction.--If in any year the amount appropriated under this chapter is insufficient to meet the requirements for adjustment assistance payable under this chapter, the amount of assistance payable under this chapter shall be reduced proportionately."

(b) Effective Date.--The amendments made by this title shall take effect on the date that is 180 days after the date of enactment of this Act.

Sec. 142. CONFORMING AMENDMENTS.

(a) Judicial review.--

(1) Section 284(a) of the Trade Act of 1974 (19 U.S.C. 2395(a)) is amended--

(A) by inserting "an agricultural commodity producer (as defined in section 291(2)) aggrieved by a determination of the Secretary of Agriculture under section 293, " after Section 251 of this title,"; and

(B) in the second sentence of subsection (a) and in subsections (b) and (c), by striking "or the Secretary of Commerce" each place it appears and inserting ", the Secretary of Commerce, or the Secretary of Agriculture".

(b) Chapters 6.--The table of contents for title II of the Trade Act of 1974, as amended by subparagraph (A), is amended by inserting after the items relating to chapter 5 the following:

CHAPTER T16--Adjustment Assistance for Farmers

Sec. 291. Definitions.

Sec. 292. Petitions; group eligibility.

Sec. 293. Determinations by Secretary of Agriculture.

Sec. 294. Study by Secretary of Agriculture when International Trade Commission begins investigation.

Sec. 295. Benefit information to agricultural commodity producers.

Sec. 296. Qualifying requirements for agricultural commodity producers.

Sec. 297. Fraud and recovery of overpayments.

Sec. 298. Authorization of appropriations."

Sec. 143. STUDY ON TAA FOR FISHERMEN.

Not later than 1 year after the date of enactment of this Act, the Secretary of Commerce shall conduct a study and report to Congress regarding whether a trade adjustment assistance program is appropriate and feasible for fishermen. For purposes of the preceding sentence, the term "fishermen" means any person who is engaged in commercial fishing or is a United States fish processor.

Subtitle D--Effective Date**Sec. 151. EFFECTIVE DATE.**

(a) In General.--Except as otherwise provided in sections 123(c) and 141(b), and subsections (b), (c), and (d) of this section, the amendments made by this division shall apply to petitions for certification filed under chapter 2 or 3 of title II of the Trade Act of 1974 on or after the date that is 90 days after the date of enactment of this Act.

(b) Workers Certified as Eligible Before Effective Date.-- Notwithstanding subsection (a), a worker shall continue to receive (or be eligible to receive) trade adjustment assistance and other benefits under chapter 2 of title II of the Trade Act of 1974, as in effect on September 30, 2001, for any week for which the worker meets the eligibility requirements of such chapter 2 as in effect on such date, if on or before such date, the worker--

(1) was certified as eligible for trade adjustment assistance benefits under such chapter as in effect on such date; and

(2) would otherwise be eligible to receive trade adjustment assistance benefits under such chapter as in effect on such date.

(c) Workers Who Became Eligible During Qualified Period.--

(1) In general.-- Notwithstanding subsection (a) or any other provision of law, including section 285 of the Trade Act of 1974, any worker who would have been eligible to receive trade adjustment assistance or other benefits under chapter 2 of title II of the Trade Act of 1974 during the qualified period if such chapter 2 had been in effect during such period, shall be eligible to receive trade adjustment assistance and other benefits under chapter 2 of title II of the Trade Act of 1974, as in effect on September 30, 2001, for any week during the qualified period for which the worker meets the eligibility requirements of such chapter 2 as in effect on September 30, 2001.

(2) Qualified period.-- For purposes of this subsection, the term "qualified period" means the period beginning on January 11, 2002, and ending on the date that is 90 days after the date of enactment of this Act.

(d) Adjustment Assistance for Firms.--

(1) In general.-- Notwithstanding subsection (a) or any other provision of law, including section 285 of the Trade Act of 1974, and except as provided in paragraph (2), any firm that would have been eligible to receive adjustment assistance under chapter 3 of title II of the Trade Act of 1974 during the qualified period if such chapter 3 had been in effect during such period, shall be eligible to receive adjustment assistance under chapter 3 of title II of the Trade Act of 1974, as in effect on September 30, 2001, for any week during the qualified period for which the firm meets the eligibility requirements of such chapter 3 as in effect on September 30, 2001.

(2) Qualified period.-- For purposes of this subsection, the term "qualified period" means the period beginning on October 1, 2001, and ending on the date that is 90 days after the date of enactment of this Act.

TITLE II--CREDIT FOR HEALTH INSURANCE COSTS OF ELIGIBLE INDIVIDUALS**Sec. 201. CREDIT FOR HEALTH INSURANCE COSTS OF INDIVIDUALS RECEIVING A TRADE READJUSTMENT ALLOWANCE OR A BENEFIT FROM THE PENSION BENEFIT GUARANTY CORPORATION.**

(a) In General.--Subpart C of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to refundable credits) is amended by redesignating section 35 as section 36 and inserting after section 34 the following new section:

Sec. 35. HEALTH INSURANCE COSTS OF ELIGIBLE INDIVIDUALS.

(a) In General.--In the case of an individual, there shall be allowed as a credit against the tax imposed by subtitle A an amount equal to 65 percent of the amount paid by the taxpayer for coverage of the taxpayer and qualifying family members under qualified health insurance for eligible coverage months beginning in the taxable year.

(b) Eligible Coverage Month.--For purposes of this section--

(1) In general.-- The term 'eligible coverage month' means any month if--

- (A) as of the first day of such month, the taxpayer--
 - (i) is an eligible individual,
 - (ii) is covered by qualified health insurance, the premium for which is paid by the taxpayer,
 - (iii) does not have other specified coverage, and
 - (iv) is not imprisoned under Federal, State, or local authority, and

(B) such month begins more than 90 days after the date of the enactment of the Trade Act of 2002.

(2) Joint returns.-- In the case of a joint return, the requirements of paragraph (1)(A) shall be treated as met with respect to any month if at least 1 spouse satisfies such requirements.

(c) Eligible Individual.--For purposes of this section--

(1) In general.-- The term 'eligible individual' means--

- (A) an eligible TAA recipient,
- (B) an eligible alternative TAA recipient, and
- (C) an eligible PBGC pension recipient.

(2) Eligible taa recipient.-- The term 'eligible TAA recipient' means, with respect to any month, any individual who is receiving for any day of such month a trade readjustment allowance under chapter 2 of title II of the Trade Act of 1974 or who would be eligible to receive such allowance if section 231 of such Act were applied without regard to subsection (a)(3)(B) of such section. An individual shall continue to be treated as an eligible TAA recipient during the first month that such individual would otherwise cease to be an eligible TAA recipient by reason of the preceding sentence.

(3) Eligible alternative taa recipient.-- The term 'eligible alternative TAA recipient' means, with respect to any month, any individual who--

(A) is a worker described in section 246(a)(3)(B) of the Trade Act of 1974 who is participating in the program established under section 246(a)(1) of such Act, and

(B) is receiving a benefit for such month under section 246(a)(2) of such Act.

An individual shall continue to be treated as an eligible alternative TAA recipient during the first month that such individual would otherwise cease to be an eligible alternative TAA recipient by reason of the preceding sentence.

(4) Eligible pbgc pension recipient.-- The term 'eligible PBGC pension recipient' means, with respect to any month, any individual who--

(A) has attained age 55 as of the first day of such month, and

(B) is receiving a benefit for such month any portion of which is paid by the Pension Benefit Guaranty Corporation under title IV of the Employee Retirement Income Security Act of 1974.

(d) Qualifying Family Member.--For purposes of this section--

(1) In general.-- The term 'qualifying family member' means--

(A) the taxpayer's spouse, and

(B) any dependent of the taxpayer with respect to whom the taxpayer is entitled to a deduction under section 151(c).

Such term does not include any individual who has other specified coverage.

(2) Special dependency test in case of divorced parents, etc.-- If paragraph (2) or (4) of section 152(e) applies to any child with respect to any calendar year, in the case of any taxable year beginning in such calendar year, such child shall be treated as described in paragraph (1)(B) with respect to the custodial parent (within the meaning of section 152(e)(1)) and not with respect to the noncustodial parent.

(e) Qualified Health Insurance.--For purposes of this section--

(1) In general.-- The term 'qualified health insurance' means any of the following:

(A) Coverage under a COBRA continuation provision (as defined in section 9832(d)(1)).

(B) State-based continuation coverage provided by the State under a State law that requires such coverage.

(C) Coverage offered through a qualified State high risk pool (as defined in section 2744(c)(2) of the Public Health Service Act).

(D) Coverage under a health insurance program offered for State employees.

(E) Coverage under a State-based health insurance program that is comparable to the health insurance program offered for State employees.

(F) Coverage through an arrangement entered into by a State and--

(i) a group health plan (including such a plan which is a multiemployer plan as defined in section 3(37) of the Employee Retirement Income Security Act of 1974),

(ii) an issuer of health insurance coverage,

(iii) an administrator, or

(iv) an employer.

(G) Coverage offered through a State arrangement with a private sector health care coverage purchasing pool.

(H) Coverage under a State-operated health plan that does not receive any Federal financial participation.

(I) Coverage under a group health plan that is available through the employment of the eligible individual's spouse.

(J) In the case of any eligible individual and such individual's qualifying family members, coverage under individual health insurance if the eligible individual was covered under individual health insurance during the entire 30-day period that ends on the date that such individual became separated from the employment which qualified such individual for--

(i) in the case of an eligible TAA recipient, the allowance described in subsection (c)(2),

(ii) in the case of an eligible alternative TAA recipient, the benefit described in subsection (c)(3)(B), or

(iii) in the case of any eligible PBGC pension recipient, the benefit described in subsection (c)(4)(B).

For purposes of this subparagraph, the term 'individual health insurance' means any insurance which constitutes medical care offered to individuals other than in connection with a group health plan and does not include Federal- or State-based health insurance coverage.

(2) Requirements for state-based coverage.----

(A) In general.--The term 'qualified health insurance' does not include any coverage described in subparagraphs (B) through (H) of paragraph (1) unless the State involved has elected to have such coverage treated as qualified health insurance under this section and such coverage meets the following requirements:

(i) Guaranteed issue.--Each qualifying individual is guaranteed enrollment if the individual pays the premium for enrollment or provides a qualified health insurance costs credit eligibility certificate described in section 7527 and pays the remainder of such premium.

(ii) No imposition of preexisting condition exclusion.--No pre-existing condition limitations are imposed with respect to any qualifying individual.

(iii) Nondiscriminatory premium.--The total premium (as determined without regard to any subsidies) with respect to a qualifying individual may not be greater than the total premium (as so determined) for a similarly situated individual who is not a qualifying individual.

(iv) Same benefits.--Benefits under the coverage are the same as (or substantially similar to) the benefits provided to similarly situated individuals who are not qualifying individuals.

(B) Qualifying individual.--For purposes of this paragraph, the term 'qualifying individual' means--

(i) an eligible individual for whom, as of the date on which the individual seeks to enroll in the coverage described in subparagraphs (B) through (H) of paragraph (1), the aggregate of the periods of creditable coverage (as defined in section 9801(c)) is 3 months or longer and who, with respect to any month, meets the requirements of clauses (iii) and (iv) of subsection (b)(1)(A); and

(ii) the qualifying family members of such eligible individual.

(3) Exception.-- The term 'qualified health insurance' shall not include--

(A) a flexible spending or similar arrangement, and

(B) any insurance if substantially all of its coverage is of excepted benefits described in section 9832(c).

(f) Other Specified Coverage.--For purposes of this section, an individual has other specified coverage for any month if, as of the first day of such month--

(1) Subsidized coverage.----

(A) In general.--Such individual is covered under any insurance which constitutes medical care (except insurance substantially all of the coverage of which is of excepted benefits described in section 9832(c)) under any health plan maintained by any employer (or former employer) of the taxpayer or the taxpayer's spouse and at least 50 percent of the cost of such coverage (determined under section 4980B) is paid or incurred by the employer.

(B) Eligible alternative TAA recipients.--In the case of an eligible alternative TAA recipient, such individual is either--

(i) eligible for coverage under any qualified health insurance (other than insurance described in subparagraph (A), (B), or (F) of subsection (e)(1)) under which at least 50 percent of the cost of coverage (determined under section 4980B(f)(4)) is paid or incurred by an employer (or former employer) of the taxpayer or the taxpayer's spouse, or

(ii) covered under any such qualified health insurance under which any portion of the cost of coverage (as so determined) is paid or incurred by an employer (or former employer) of the taxpayer or the taxpayer's spouse.

(C) Treatment of cafeteria plans.--For purposes of subparagraphs (A) and (B), the cost of coverage shall be treated as paid or incurred by an employer to the extent the coverage is in lieu of a right to receive cash or other qualified benefits under a cafeteria plan (as defined in section 125(d)).

(2) Coverage under medicare, medicaid, or schip.-- Such individual--

(A) is entitled to benefits under part A of title XVIII of the Social Security Act or is enrolled under part B of such title, or

(B) is enrolled in the program under title XIX or XXI of such Act (other than under section 1928 of such Act).

(3) Certain other coverage.-- Such individual--

(A) is enrolled in a health benefits plan under chapter 89 of title 5, United States Code, or

(B) is entitled to receive benefits under chapter 55 of title 10, United States Code.

(g) Special Rules.--

(1) Coordination with advance payments of credit.-- With respect to any taxable year, the amount which would (but for this subsection) be allowed as a credit to the taxpayer under subsection (a) shall be reduced (but not below zero) by the aggregate amount paid on behalf of such taxpayer under section 7527 for months beginning in such taxable year.

(2) Coordination with other deductions.-- Amounts taken into account under subsection (a) shall not be taken into account in determining any deduction allowed under section 162(l) or 213.

(3) MSA distributions.-- Amounts distributed from an Archer MSA (as defined in section 220(d)) shall not be taken into account under subsection (a).

(4) Denial of credit to dependents.-- No credit shall be allowed under this section to any individual with respect to whom a deduction under section 151 is allowable to another taxpayer for a taxable year beginning in the calendar year in which such individual's taxable year begins.

(5) Both spouses eligible individuals.-- The spouse of the taxpayer shall not be treated as a qualifying family member for purposes of subsection (a), if--

(A) the taxpayer is married at the close of the taxable year,

(B) the taxpayer and the taxpayer's spouse are both eligible individuals during the taxable year, and

(C) the taxpayer files a separate return for the taxable year.

(6) Marital status; certain married individuals living apart.-- Rules similar to the rules of paragraphs (3) and (4) of section 21(e) shall apply for purposes of this section.

(7) Insurance which covers other individuals.-- For purposes of this section, rules similar to the rules of section 213(d)(6) shall apply with respect to any contract for qualified health insurance under which amounts are payable for coverage of an individual other than the taxpayer and qualifying family members.

(8) Treatment of payments.-- For purposes of this section--

(A) Payments by secretary.--Payments made by the Secretary on behalf of any individual under section 7527 (relating to advance payment of credit for health insurance costs of eligible individuals) shall be treated as having been made by the taxpayer on the first day of the month for which such payment was made.

(B) Payments by taxpayer.--Payments made by the taxpayer for eligible coverage months shall be treated as having been made by the taxpayer on the first day of the month for which such payment was made.

(9) Regulations.-- The Secretary may prescribe such regulations and other guidance as may be necessary or appropriate to carry out this section, section 6050T, and section 7527."

(b) Promotion of State High Risk Pools.--Title XXVII of the Public Health Service Act is amended by inserting after section 2744 the following new section:

Sec. 2745. PROMOTION OF QUALIFIED HIGH RISK POOLS.

(a) Seed Grants to States.--The Secretary shall provide from the funds appropriated under subsection (c)(1) a grant of up to \$ 1,000,000 to each State that has not created a qualified high risk pool as of the date of the enactment of this section for the State's costs of creation and initial operation of such a pool.

(b) Matching Funds for Operation of Pools.--

(1) In general.-- In the case of a State that has established a qualified high risk pool that--

(A) restricts premiums charged under the pool to no more than 150 percent of the premium for applicable standard risk rates;

(B) offers a choice of two or more coverage options through the pool; and

(C) has in effect a mechanism reasonably designed to ensure continued funding of losses incurred by the State after the end of fiscal year 2004 in connection with operation of the pool;

the Secretary shall provide, from the funds appropriated under subsection (c)(2) and allotted to the State under paragraph (2), a grant of up to 50 percent of the losses

incurred by the State in connection with the operation of the pool.

(2) Allotment.-- The amounts appropriated under subsection (c)(2) for a fiscal year shall be made available to the States in accordance with a formula that is based upon the number of uninsured individuals in the States.

(c) Funding.--Out of any money in the Treasury of the United States not otherwise appropriated, there are authorized and appropriated--

(1) \$ 20,000,000 for fiscal year 2003 to carry out subsection (a); and

(2) \$ 40,000,000 for each of fiscal years 2003 and 2004 to carry out subsection (b).

Funds appropriated under this subsection for a fiscal year shall remain available for obligation through the end of the following fiscal year. Nothing in this section shall be construed as providing a State with an entitlement to a grant under this section.

(d) Qualified High Risk Pool and State Defined.--For purposes of this section, the term 'qualified high risk pool' has the meaning given such term in section 2744(c)(2) and the term 'State' means any of the 50 States and the District of Columbia."

(c) Conforming Amendments.--

(1) Paragraph (2) of section 1324(b) of title 31, United States Code, is amended by inserting before the period ", or from section 35 of such Code".

(2) The table of sections for subpart C of part IV of chapter 1 of the Internal Revenue Code of 1986 is amended by striking the last item and inserting the following new items:

Sec. 35. Health insurance costs of eligible individuals.

Sec. 36. Overpayments of tax."

(d) Effective Date.--

(1) In general.-- Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 2001.

(2) State high risk pools.-- The amendment made by subsection (b) shall take effect on the date of the enactment of this Act.

Sec. 202. ADVANCE PAYMENT OF CREDIT FOR HEALTH INSURANCE COSTS OF ELIGIBLE INDIVIDUALS.

(a) In General.--Chapter 77 of the Internal Revenue Code of 1986 (relating to miscellaneous provisions) is amended by adding at the end the following new section:

Sec. 7527. ADVANCE PAYMENT OF CREDIT FOR HEALTH INSURANCE COSTS OF ELIGIBLE INDIVIDUALS.

(a) General Rule.--Not later than August 1, 2003, the Secretary shall establish a program for making payments on behalf of certified individuals to providers of qualified health insurance (as defined in section 35(e)) for such individuals.

(b) Limitation on Advance Payments During any Taxable Year.--The Secretary may make payments under subsection (a) only to the extent that the total amount of such payments made on behalf of any individual during the taxable year does not exceed 65 percent of the amount paid by the taxpayer for coverage of the taxpayer and qualifying family members under qualified health insurance for eligible coverage months beginning in the taxable year.

(c) Certified Individual.--For purposes of this section, the term 'certified individual' means any individual for whom a

qualified health insurance costs credit eligibility certificate is in effect.

(d) Qualified Health Insurance Costs Credit Eligibility Certificate.--For purposes of this section, the term 'qualified health insurance costs credit eligibility certificate' means any written statement that an individual is an eligible individual (as defined in section 35(c)) if such statement provides such information as the Secretary may require for purposes of this section and--

(1) in the case of an eligible TAA recipient (as defined in section 35(c)(2)) or an eligible alternative TAA recipient (as defined in section 35(c)(3)), is certified by the Secretary of Labor (or by any other person or entity designated by the Secretary), or

(2) in the case of an eligible PBGC pension recipient (as defined in section 35(c)(4)), is certified by the Pension Benefit Guaranty Corporation (or by any other person or entity designated by the Secretary).".

(b) Disclosure of Return Information for Purposes of Carrying out a Program for Advance Payment of Credit for Health Insurance Costs of Eligible Individuals.--

(1) In general.-- Subsection (l) of section 6103 of such Code (relating to disclosure of returns and return information for purposes other than tax administration) is amended by adding at the end the following new paragraph:

(18) Disclosure of return information for purposes of carrying out a program for advance payment of credit for health insurance costs of eligible individuals.-- The Secretary may disclose to providers of health insurance for any certified individual (as defined in section 7527(c)) return information with respect to such certified individual only to the extent necessary to carry out the program established by section 7527 (relating to advance payment of credit for health insurance costs of eligible individuals).".

(2) Procedures and recordkeeping related to disclosures.-- Subsection (p) of such section is amended--

(A) in paragraph (3)(A) by striking "or (17)" and inserting (17), or (18)", and

(B) in paragraph (4) by inserting "or (17)" after "any other person described in subsection (l)(16)" each place it appears.

(3) Unauthorized inspection of returns or return information.-- Section 7213A(a)(1)(B) of such Code is amended by striking Section 6103(n)" and inserting "subsection (l)(18) or (n) of section 6103".

(c) Information Reporting.--

(1) In general.-- Subpart B of part III of subchapter A of chapter 61 of the Internal Revenue Code of 1986 (relating to information concerning transactions with other persons) is amended by inserting after section 6050S the following new section:

Sec. 6050T. RETURNS RELATING TO CREDIT FOR HEALTH INSURANCE COSTS OF ELIGIBLE INDIVIDUALS.

(a) Requirement of Reporting.--Every person who is entitled to receive payments for any month of any calendar year under section 7527 (relating to advance payment of credit for health insurance costs of eligible individuals) with respect to any certified individual (as defined in section 7527(c)) shall, at such time as the Secretary may prescribe, make the return described in subsection (b) with respect to each such individual.

(b) Form and Manner of Returns.--A return is described in this subsection if such return--

(1) is in such form as the Secretary may prescribe, and
(2) contains--

(A) the name, address, and TIN of each individual referred to in subsection (a),

(B) the number of months for which amounts were entitled to be received with respect to such individual under section 7527 (relating to advance payment of credit for health insurance costs of eligible individuals),

(C) the amount entitled to be received for each such month, and

(D) such other information as the Secretary may prescribe.

(c) Statements To Be Furnished to Individuals With Respect to Whom Information Is Required.--Every person required to make a return under subsection (a) shall furnish to each individual whose name is required to be set forth in such return a written statement showing--

(1) the name and address of the person required to make such return and the phone number of the information contact for such person, and

(2) the information required to be shown on the return with respect to such individual.

The written statement required under the preceding sentence shall be furnished on or before January 31 of the year following the calendar year for which the return under subsection (a) is required to be made.".

(2) Assessable penalties.----

(A) Subparagraph (B) of section 6724(d)(1) of such Code (relating to definitions) is amended by redesignating clauses (xi) through (xvii) as clauses (xii) through (xviii), respectively, and by inserting after clause (x) the following new clause:

(xi) section 6050T (relating to returns relating to credit for health insurance costs of eligible individuals).".

(B) Paragraph (2) of section 6724(d) of such Code is amended by striking "or" at the end of subparagraph (Z), by striking the period at the end of subparagraph (AA) and inserting ", or", and by adding after subparagraph (AA) the following new subparagraph:

(BB) section 6050T (relating to returns relating to credit for health insurance costs of eligible individuals).".

(d) Clerical Amendments.--

(1) Advance payment.-- The table of sections for chapter 77 of the Internal Revenue Code of 1986 is amended by adding at the end the following new item:

Sec. 7527. Advance payment of credit for health insurance costs of eligible individuals.".

(2) Information reporting.-- The table of sections for subpart B of part III of subchapter A of chapter 61 of such Code is amended by inserting after the item relating to section 6050S the following new item:

Sec. 6050T. Returns relating to credit for health insurance costs of eligible individuals.".

(e) Effective Date.--The amendments made by this section shall take effect on the date of the enactment of this Act.

Sec. 203. HEALTH INSURANCE ASSISTANCE FOR

ELIGIBLE INDIVIDUALS.

(a) Eligibility for Grants.--Section 173(a) of the Workforce Investment Act of 1998 (29 U.S.C. 2918(a)) is amended--

- (1) in paragraph (2), by striking "and" at the end;
- (2) in paragraph (3), by striking the period and inserting "; and"; and
- (3) by adding at the end the following:
- (4) from funds appropriated under section 174(c)--
 - (A) to a State or entity (as defined in section 173(c)(1)(B)) to carry out subsection (f), including providing assistance to eligible individuals; and

(B) to a State or entity (as so defined) to carry out subsection (g), including providing assistance to eligible individuals."

(b) Use of Funds for Health Insurance Coverage.--Section 173 of the Workforce Investment Act of 1998 (29 U.S.C. 2918) is amended by adding at the end the following:

(f) Health Insurance Coverage Assistance for Eligible Individuals.--

(1) In general.-- Funds made available to a State or entity under paragraph (4)(A) of subsection (a) may be used by the State or entity for the following:

- (A) Health insurance coverage.--To assist an eligible individual and such individual's qualifying family members in enrolling in qualified health insurance.
- (B) Administrative and start-up expenses.--To pay the administrative expenses related to the enrollment of eligible individuals and such individuals' qualifying family members in qualified health insurance, including--
 - (i) eligibility verification activities;
 - (ii) the notification of eligible individuals of available qualified health insurance options;
 - (iii) processing qualified health insurance costs credit eligibility certificates provided for under section 7527 of the Internal Revenue Code of 1986;
 - (iv) providing assistance to eligible individuals in enrolling in qualified health insurance;
 - (v) the development or installation of necessary data management systems; and
 - (vi) any other expenses determined appropriate by the Secretary, including start-up costs and on going administrative expenses to carry out clauses (iv) through (ix) of paragraph (2)(A).

(2) Qualified health insurance.-- For purposes of this subsection and subsection (g)--

(A) In general.--The term 'qualified health insurance' means any of the following:

- (i) Coverage under a COBRA continuation provision (as defined in section 733(d)(1) of the Employee Retirement Income Security Act of 1974).
- (ii) State-based continuation coverage provided by the State under a State law that requires such coverage.
- (iii) Coverage offered through a qualified State high risk pool (as defined in section 2744(c)(2) of the Public Health Service Act).
- (iv) Coverage under a health insurance program offered for State employees.

(v) Coverage under a State-based health insurance program that is comparable to the health insurance program offered for State employees.

(vi) Coverage through an arrangement entered into by a State and--

(I) a group health plan (including such a plan which is a multiemployer plan as defined in section 3(37) of the Employee Retirement Income Security Act of 1974),

- (II) an issuer of health insurance coverage,
- (III) an administrator, or
- (IV) an employer.

(vii) Coverage offered through a State arrangement with a private sector health care coverage purchasing pool.

(viii) Coverage under a State-operated health plan that does not receive any Federal financial participation.

(ix) Coverage under a group health plan that is available through the employment of the eligible individual's spouse.

(x) In the case of any eligible individual and such individual's qualifying family members, coverage under individual health insurance if the eligible individual was covered under individual health insurance during the entire 30-day period that ends on the date that such individual became separated from the employment which qualified such individual for--

(I) in the case of an eligible TAA recipient, the allowance described in section 35(c)(2) of the Internal Revenue Code of 1986,

(II) in the case of an eligible alternative TAA recipient, the benefit described in section 35(c)(3)(B) of such Code, or

(III) in the case of any eligible PBGC pension recipient, the benefit described in section 35(c)(4)(B) of such Code. For purposes of this clause, the term 'individual health insurance' means any insurance which constitutes medical care offered to individuals other than in connection with a group health plan and does not include Federal- or State-based health insurance coverage.

(B) Requirements for state-based coverage.--

(i) In general.--The term 'qualified health insurance' does not include any coverage described in clauses (ii) through (viii) of subparagraph (A) unless the State involved has elected to have such coverage treated as qualified health insurance under this paragraph and such coverage meets the following requirements:

(I) Guaranteed issue.--Each qualifying individual is guaranteed enrollment if the individual pays the premium for enrollment or provides a qualified health insurance costs credit eligibility certificate described in section 7527 of the Internal Revenue Code of 1986 and pays the remainder of such premium.

(II) No imposition of preexisting condition exclusion.--No pre-existing condition limitations are imposed with respect to any qualifying individual.

(III) Nondiscriminatory premium.--The total premium (as determined without regard to any subsidies) with respect to a qualifying individual may not be greater than the total premium (as so determined) for a similarly situated individual who is not a qualifying individual.

(IV) Same benefits.--Benefits under the coverage are the same as (or substantially similar to) the benefits provided to similarly situated individuals who are not qualifying individuals.

(ii) Qualifying individual.--For purposes of this subparagraph, the term 'qualifying individual' means--

(I) an eligible individual for whom, as of the date on which the individual seeks to enroll in clauses (ii) through (viii) of subparagraph (A), the aggregate of the periods of creditable coverage (as defined in section 9801(c) of the Internal Revenue Code of 1986) is 3 months or longer and who, with respect to any month, meets the requirements of clauses (iii) and (iv) of section 35(b)(1)(A) of such Code; and

(II) the qualifying family members of such eligible individual.

(C) Exception.--The term 'qualified health insurance' shall not include--

(i) a flexible spending or similar arrangement, and

(ii) any insurance if substantially all of its coverage is of excepted benefits described in section 733(c) of the Employee Retirement Income Security Act of 1974.

(3) Availability of funds.----

(A) Expedited procedures.--With respect to applications submitted by States or entities for grants under this subsection, the Secretary shall--

(i) not later than 15 days after the date on which the Secretary receives a completed application from a State or entity, notify the State or entity of the determination of the Secretary with respect to the approval or disapproval of such application;

(ii) in the case of an application of a State or other entity that is disapproved by the Secretary, provide technical assistance, at the request of the State or entity, in a timely manner to enable the State or entity to submit an approved application; and

(iii) develop procedures to expedite the provision of funds to States and entities with approved applications.

(B) Availability and distribution of funds.--The Secretary shall ensure that funds made available under section 174(c)(1)(A) to carry out subsection (a)(4)(A) are available to States and entities throughout the period described in section 174(c)(2)(A).

(4) Eligible individual defined.-- For purposes of this subsection and subsection (g), the term 'eligible individual' means--

(A) an eligible TAA recipient (as defined in section 35(c)(2) of the Internal Revenue Code of 1986),

(B) an eligible alternative TAA recipient (as defined in section 35(c)(3) of the Internal Revenue Code of 1986), and

(C) an eligible PBGC pension recipient (as defined in section 35(c)(4) of the Internal Revenue Code of 1986),

who, as of the first day of the month, does not have other specified coverage and is not imprisoned under Federal, State, or local authority.

(5) Qualifying family member defined.-- For purposes of this subsection and subsection (g)--

(A) In general.--The term 'qualifying family member' means--

(i) the eligible individual's spouse, and

(ii) any dependent of the eligible individual with respect to whom the individual is entitled to a deduction under section 151(c) of the Internal Revenue Code of 1986.

Such term does not include any individual who has other specified coverage.

(B) Special dependency test in case of divorced parents, etc.--If paragraph (2) or (4) of section 152(e) of such Code applies to any child with respect to any calendar year, in the case of any taxable year beginning in such calendar year, such child shall be treated as described in subparagraph (A)(ii) with respect to the custodial parent (within the meaning of section 152(e)(1) of such Code) and not with respect to the noncustodial parent.

(6) State.-- For purposes of this subsection and subsection (g), the term 'State' includes an entity as defined in subsection (c)(1)(B).

(7) Other specified coverage.-- For purposes of this subsection, an individual has other specified coverage for any month if, as of the first day of such month--

(A) Subsidized coverage.--

(i) In general.--Such individual is covered under any insurance which constitutes medical care (except insurance substantially all of the coverage of which is of excepted benefits described in section 9832(c) of the Internal Revenue Code of 1986) under any health plan maintained by any employer (or former employer) of the taxpayer or the taxpayer's spouse and at least 50 percent of the cost of such coverage (determined under section 4980B of such Code) is paid or incurred by the employer.

(ii) Eligible alternative TAA recipients.--In the case of an eligible alternative TAA recipient (as defined in section 35(c)(3) of the Internal Revenue Code of 1986), such individual is either--

(I) eligible for coverage under any qualified health insurance (other than insurance described in clause (i), (ii), or (vi) of paragraph (2)(A)) under which at least 50 percent of the cost of coverage (determined under section 4980B(f)(4) of such Code) is paid or incurred by an employer (or former employer) of the taxpayer or the taxpayer's spouse, or

(II) covered under any such qualified health insurance under which any portion of the cost of coverage (as so determined) is paid or incurred by an employer (or former employer) of the taxpayer or the taxpayer's spouse.

(iii) Treatment of cafeteria plans.--For purposes of clauses (i) and (ii), the cost of coverage shall be treated as paid or incurred by an employer to the extent the coverage is in lieu of a right to receive cash or other qualified benefits under a cafeteria plan (as defined in section 125(d) of the Internal Revenue Code of 1986).

(B) Coverage under medicare, medicaid, or schip.-- Such individual--

(i) is entitled to benefits under part A of title XVIII of the Social Security Act or is enrolled under part B of such title, or

(ii) is enrolled in the program under title XIX or XXI of such Act (other than under section 1928 of such Act).

(C) Certain other coverage.--Such individual--

(i) is enrolled in a health benefits plan under chapter 89 of title 5, United States Code, or

(ii) is entitled to receive benefits under chapter 55 of title 10, United States Code.

(g) Interim Health Insurance Coverage and Other Assistance.--

(1) In general.-- Funds made available to a State or entity under paragraph (4)(B) of subsection (a) may be used by the State or entity to provide assistance and support services to eligible individuals, including health care coverage to the extent provided under subsection (f)(1)(A), transportation, child care, dependent care, and income assistance.

(2) Income support.-- With respect to any income assistance provided to an eligible individual with such funds, such assistance shall supplement and not supplant other income support or assistance provided under chapter 2 of title II of the Trade Act of 1974 (19 U.S.C. 2271 et seq.) (as in effect on the day before the effective date of the Trade Act of 2002) or the unemployment compensation laws of the State where the eligible individual resides.

(3) Health insurance coverage.-- With respect to any assistance provided to an eligible individual with such funds in enrolling in qualified health insurance, the following rules shall apply:

(A) The State or entity may provide assistance in obtaining such coverage to the eligible individual and to such individual's qualifying family members.

(B) Such assistance shall supplement and may not supplant any other State or local funds used to provide health care coverage and may not be included in determining the amount of non-Federal contributions required under any program.

(4) Availability of funds.----

(A) Expedited procedures.--With respect to applications submitted by States or entities for grants under this subsection, the Secretary shall--

(i) not later than 15 days after the date on which the Secretary receives a completed application from a State or entity, notify the State or entity of the determination of the Secretary with respect to the approval or disapproval of such application;

(ii) in the case of an application of a State or entity that is disapproved by the Secretary, provide technical assistance, at the request of the State or entity, in a timely manner to enable the State or entity to submit an approved application; and

(iii) develop procedures to expedite the provision of funds to States and entities with approved applications.

(B) Availability and distribution of funds.--The Secretary shall ensure that funds made available under section 174(c)(1)(B) to carry out subsection (a)(4)(B) are available to States and entities throughout the period described in section 174(c)(2)(B).

(5) Inclusion of certain individuals as eligible individuals.-- For purposes of this subsection, the term 'eligible individual' includes an individual who is a member of a group of workers certified after April 1, 2002, under chapter 2 of title II of the Trade Act of 1974 (as in effect on the day before the effective date of the Trade Act of 2002) and is participating in the trade adjustment allowance program under such chapter (as so in effect) or who would be determined to be participating in such program under such chapter (as so in effect) if such chapter were applied without regard to section 231(a)(3)(B) of the Trade Act of 1974 (as so in effect)."

(c) Authorization of Appropriations.--Section 174 of the Workforce Investment Act of 1998 (29 U.S.C. 2919) is amended by adding at the end the following:

(c) Assistance for Eligible Workers.--

(1) Authorization and appropriation for fiscal year 2002.-- There are authorized to be appropriated and appropriated--

(A) to carry out subsection (a)(4)(A) of section 173, \$ 10,000,000 for fiscal year 2002; and

(B) to carry out subsection (a)(4)(B) of section 173, \$ 50,000,000 for fiscal year 2002.

(2) Authorization of appropriations for subsequent fiscal years.-- There are authorized to be appropriated--

(A) to carry out subsection (a)(4)(A) of section 173, \$ 60,000,000 for each of fiscal years 2003 through 2007; and

(B) to carry out subsection (a)(4)(B) of section 173--

(i) \$ 100,000,000 for fiscal year 2003; and

(ii) \$ 50,000,000 for fiscal year 2004.

(3) Availability of funds.-- Funds appropriated pursuant to--

(A) paragraphs (1)(A) and (2)(A) for each fiscal year shall, notwithstanding section 189(g), remain available for obligation during the pendency of any outstanding claim under the Trade Act of 1974, as amended by the Trade Act of 2002; and

(B) paragraph (1)(B) and (2)(B), for each fiscal year shall, notwithstanding section 189(g), remain available during the period that begins on the date of enactment of the Trade Act of 2002 and ends on September 30, 2004."

(d) Conforming Amendment.--Section 132(a)(2)(A) of the Workforce Investment Act of 1998 (29 U.S.C. 2862(a)(2)(A)) is amended by inserting ", other than under subsection (a)(4), (f), and (g)" after "grants".

(e) Temporary Extension of COBRA Election Period for Certain Individuals.--

(1) ERISA amendments.-- Section 605 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1165) is amended--

(A) by inserting (a) In General.--" before "For purposes of this part"; and

(B) by adding at the end the following:

(b) Temporary Extension of COBRA Election Period for Certain Individuals.--

(1) In general.-- In the case of a nonelecting TAA-eligible individual and notwithstanding subsection (a), such individual may elect continuation coverage under this part during the 60-day period that begins on the first day of the month in which the individual becomes a TAA-eligible individual, but only if such election is made not later than 6 months after the date of the TAA-related loss of coverage.

(2) Commencement of coverage; no reach-back.-- Any continuation coverage elected by a TAA-eligible individual under paragraph (1) shall commence at the beginning of the 60-day election period described in such paragraph and shall not include any period prior to such 60-day election period.

(3) Preexisting conditions.-- With respect to an individual who elects continuation coverage pursuant to paragraph (1), the period--

(A) beginning on the date of the TAA-related loss of coverage, and

(B) ending on the first day of the 60-day election period described in paragraph (1),

shall be disregarded for purposes of determining the 63-day periods referred to in section 701(c)(2), section 2701(c)(2) of the Public Health Service Act, and section 9801(c)(2) of the Internal Revenue Code of 1986.

(4) Definitions.-- For purposes of this subsection:

(A) Nonelecting taa-eligible individual.--The term 'nonelecting TAA-eligible individual' means a TAA-eligible individual who--

(i) has a TAA-related loss of coverage; and

(ii) did not elect continuation coverage under this part during the TAA-related election period.

(B) TAA-eligible individual.--The term 'TAA-eligible individual' means--

(i) an eligible TAA recipient (as defined in paragraph (2) of section 35(c) of the Internal Revenue Code of 1986), and

(ii) an eligible alternative TAA recipient (as defined in paragraph (3) of such section).

(C) TAA-related election period.--The term 'TAA-related election period' means, with respect to a TAA-related loss of coverage, the 60-day election period under this part which is a direct consequence of such loss.

(D) TAA-related loss of coverage.--The term 'TAA-related loss of coverage' means, with respect to an individual whose separation from employment gives rise to being an TAA-eligible individual, the loss of health benefits coverage associated with such separation."

(2) PHS Act amendments.-- Section 2205 of the Public Health Service Act (42 U.S.C. 300bb-5) is amended--

(A) by inserting (a) In General.--" before "For purposes of this title"; and

(B) by adding at the end the following:

(b) Temporary Extension of COBRA Election Period for Certain Individuals.--

(1) In general.-- In the case of a nonelecting TAA-eligible individual and notwithstanding subsection (a), such individual may elect continuation coverage under this title during the 60-day period that begins on the first day of the month in which the individual becomes a TAA-eligible individual, but only if such election is made not later than 6 months after the date of the TAA-related loss of coverage.

(2) Commencement of coverage; no reach-back.-- Any continuation coverage elected by a TAA-eligible individual under paragraph (1) shall commence at the beginning of the 60-day election period described in such paragraph and shall not include any period prior to such 60-day election period.

(3) Preexisting conditions.-- With respect to an individual who elects continuation coverage pursuant to paragraph (1), the period--

(A) beginning on the date of the TAA-related loss of coverage, and

(B) ending on the first day of the 60-day election period described in paragraph (1),

shall be disregarded for purposes of determining the 63-day periods referred to in section 2701(c)(2), section 701(c)(2)

of the Employee Retirement Income Security Act of 1974, and section 9801(c)(2) of the Internal Revenue Code of 1986.

(4) Definitions.-- For purposes of this subsection:

(A) Nonelecting taa-eligible individual.--The term 'nonelecting TAA-eligible individual' means a TAA-eligible individual who--

(i) has a TAA-related loss of coverage; and

(ii) did not elect continuation coverage under this part during the TAA-related election period.

(B) TAA-eligible individual.--The term 'TAA-eligible individual' means--

(i) an eligible TAA recipient (as defined in paragraph (2) of section 35(c) of the Internal Revenue Code of 1986), and

(ii) an eligible alternative TAA recipient (as defined in paragraph (3) of such section).

(C) TAA-related election period.--The term 'TAA-related election period' means, with respect to a TAA-related loss of coverage, the 60-day election period under this part which is a direct consequence of such loss.

(D) TAA-related loss of coverage.--The term 'TAA-related loss of coverage' means, with respect to an individual whose separation from employment gives rise to being an TAA-eligible individual, the loss of health benefits coverage associated with such separation."

(3) IRC amendments.-- Paragraph (5) of section 4980B(f) of the Internal Revenue Code of 1986 (relating to election) is amended by adding at the end the following:

(C) Temporary extension of cobra election period for certain individuals.--

(i) In general.--In the case of a nonelecting TAA-eligible individual and notwithstanding subparagraph (A), such individual may elect continuation coverage under this subsection during the 60-day period that begins on the first day of the month in which the individual becomes a TAA-eligible individual, but only if such election is made not later than 6 months after the date of the TAA-related loss of coverage.

(ii) Commencement of coverage; no reach-back.-- Any continuation coverage elected by a TAA-eligible individual under clause (i) shall commence at the beginning of the 60-day election period described in such paragraph and shall not include any period prior to such 60-day election period.

(iii) Preexisting conditions.--With respect to an individual who elects continuation coverage pursuant to clause (i), the period--

(I) beginning on the date of the TAA-related loss of coverage, and

(II) ending on the first day of the 60-day election period described in clause (i), shall be disregarded for purposes of determining the 63-day periods referred to in section 9801(c)(2), section 701(c)(2) of the Employee Retirement Income Security Act of 1974, and section 2701(c)(2) of the Public Health Service Act.

(iv) Definitions.--For purposes of this subsection:

(I) Nonelecting taa-eligible individual.--The term 'nonelecting TAA-eligible individual' means a TAA-eligible individual who has a TAA-related loss of coverage and did not elect continuation coverage under this subsection during the TAA-related election period.

(II) TAA-eligible individual.--The term 'TAA-eligible individual' means an eligible TAA recipient (as defined in paragraph (2) of section 35(c)) and an eligible alternative TAA recipient (as defined in paragraph (3) of such section).

(III) TAA-related election period.--The term 'TAA-related election period' means, with respect to a TAA-related loss of coverage, the 60-day election period under this subsection which is a direct consequence of such loss.

(IV) TAA-related loss of coverage.--The term 'TAA-related loss of coverage' means, with respect to an individual whose

separation from employment gives rise to being an TAA-eligible individual, the loss of health benefits coverage associated with such separation."

(f) Rule of Construction.--Nothing in this title (or the amendments made by this title), other than provisions relating to COBRA continuation coverage and reporting requirements, shall be construed as creating any new mandate on any party regarding health insurance coverage.