

AMENDMENT NO. _____ Calendar No. _____

Purpose: To provide a complete substitute.

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

S. 3098

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

Referred to the Committee on _____ and
ordered to be printed

Ordered to lie on the table and to be printed

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

Viz:

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

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

4 **TABLE OF CONTENTS.**

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

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

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

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

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

TITLE I—ALTERNATIVE MINIMUM TAX RELIEF

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

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

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

TITLE II—EXTENSION OF INDIVIDUAL TAX PROVISIONS

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

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

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

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

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

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

Sec. 207. Qualified investment entities.

TITLE III—EXTENSION OF BUSINESS TAX PROVISIONS

Sec. 301. Extension and modification of research credit.

Sec. 302. New markets tax credit.

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

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

Sec. 305. Extension of 15-year straight-line cost recovery for qualified leasehold improvements and qualified restaurant improvements; 15-year straight-line cost recovery for certain improvements to retail space.

Sec. 306. Enhanced charitable deduction for contributions of food inventory.

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

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

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

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

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

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

TITLE IV—EXTENSION OF TAX ADMINISTRATION PROVISIONS

- Sec. 401. Permanent authority for undercover operations.
- Sec. 402. Permanent disclosures of certain tax return information.
- Sec. 403. Disclosure of information relating to terrorist activities.

TITLE V—EXTENSION OF CLEAN ENERGY PRODUCTION
INCENTIVES

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

TITLE VI—EXTENSION OF INCENTIVES TO IMPROVE ENERGY
EFFICIENCY

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

TITLE VII—CARBON MITIGATION PROVISIONS

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

TITLE VIII—TRANSPORTATION AND FUEL PROVISIONS

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

TITLE IX—ADDITIONAL TAX RELIEF

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

TITLE X—OTHER PROVISIONS

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

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

- Sec. 1101. Reserved.

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

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

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

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

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

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

6 **SEC. 102. EXTENSION OF INCREASED ALTERNATIVE MIN-**
7 **IMUM TAX EXEMPTION AMOUNT.**

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

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

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

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

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

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

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

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

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

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

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

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

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

19 (c) EFFECTIVE DATE.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8 “(B) IMPROVEMENTS MADE BY OWNER.—

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

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

20 “(i) the enlargement of the building,

21 “(ii) any elevator or escalator,

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

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

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

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

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

“(E)(ix) 39”.

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

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

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

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

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

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

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

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

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

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

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

1 **SEC. 309. BASIS ADJUSTMENT TO STOCK OF S CORPORA-**
2 **TIONS MAKING CHARITABLE CONTRIBU-**
3 **TIONS OF PROPERTY.**

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

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

11 **SEC. 310. INCREASE IN LIMIT ON COVER OVER OF RUM EX-**
12 **CISE TAX TO PUERTO RICO AND THE VIRGIN**
13 **ISLANDS.**

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

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

20 **SEC. 311. EXTENSION OF ECONOMIC DEVELOPMENT CRED-**
21 **IT FOR AMERICAN SAMOA.**

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

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

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

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

6 **SEC. 312. EXTENSION OF MINE RESCUE TEAM TRAINING**
7 **CREDIT.**

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

11 **SEC. 313. EXTENSION OF ELECTION TO EXPENSE AD-**
12 **VANCED MINE SAFETY EQUIPMENT.**

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

16 **SEC. 314. EXTENSION OF EXPENSING RULES FOR QUALI-**
17 **FIED FILM AND TELEVISION PRODUCTIONS.**

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

21 **SEC. 315. DEDUCTION ALLOWABLE WITH RESPECT TO IN-**
22 **COME ATTRIBUTABLE TO DOMESTIC PRO-**
23 **DUCTION ACTIVITIES IN PUERTO RICO.**

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

1 (1) by striking “first 2 taxable years” and in-
2 serting “first 4 taxable years”, and

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

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

8 **SEC. 316. EXTENSION OF QUALIFIED ZONE ACADEMY**
9 **BONDS.**

10 (a) **IN GENERAL.**—Paragraph (1) of section
11 1397E(e) is amended by striking “and 2007” and insert-
12 ing “2007, 2008, and 2009”.

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

16 **SEC. 317. INDIAN EMPLOYMENT CREDIT.**

17 (a) **IN GENERAL.**—Subsection (f) of section 45A (re-
18 lating to termination) is amended by striking “December
19 31, 2007” and inserting “December 31, 2009”.

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

1 **SEC. 318. ACCELERATED DEPRECIATION FOR BUSINESS**
2 **PROPERTY ON INDIAN RESERVATION.**

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

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

9 **SEC. 319. RAILROAD TRACK MAINTENANCE.**

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

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

16 **SEC. 320. SEVEN-YEAR COST RECOVERY PERIOD FOR MO-**
17 **TOSPORTS RACING TRACK FACILITY.**

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

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

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

4 **SEC. 321. EXPENSING OF ENVIRONMENTAL REMEDIATION**
5 **COSTS.**

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

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

12 **SEC. 322. EXTENSION OF WORK OPPORTUNITY TAX CREDIT**
13 **FOR HURRICANE KATRINA EMPLOYEES.**

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

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

20 **SEC. 323. EXTENSION OF INCREASED REHABILITATION**
21 **CREDIT FOR STRUCTURES IN THE GULF OP-**
22 **PORTUNITY ZONE.**

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

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

4 **TITLE IV—EXTENSION OF TAX**
5 **ADMINISTRATION PROVISIONS**

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

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

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

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

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

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

24 (2) by striking subparagraph (B).

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

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

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

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

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

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

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

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

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

3 (1) Paragraph (1).

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

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

6 (4) Paragraph (4).

7 (5) Paragraph (5).

8 (6) Paragraph (6).

9 (7) Paragraph (7).

10 (8) Paragraph (8).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

9 (2) by striking “COMBUSTION”.

10 (e) EFFECTIVE DATES.—

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

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

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

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

25 (a) EXTENSION OF CREDIT.—

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

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

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

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

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

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

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

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

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

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

17 (2) CONFORMING AMENDMENTS.—

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

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

1 (e) EFFECTIVE DATES.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

9 “(2) CARRYFORWARD OF UNUSED CREDIT.—

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

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

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

6 (2) CONFORMING AMENDMENTS.—

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

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

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

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

17 (d) EFFECTIVE DATE.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8 (b) INDEPENDENT TRANSMISSION COMPANY.—

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

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

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

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

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

10 (b) QUALIFIED BIOMASS FUEL PROPERTY.—

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

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

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

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

19 “(F) a stove—

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

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

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

3 “(ii) which—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

12 (b) ELIGIBLE PRODUCTION.—

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

16 (A) by striking paragraph (2),

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

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

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

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

3 (c) TYPES OF ENERGY EFFICIENT APPLIANCES.—

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

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

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

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

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

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

14 (d) AGGREGATE CREDIT AMOUNT ALLOWED.—

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

18 “(1) AGGREGATE CREDIT AMOUNT ALLOWED.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 (c) AUTHORIZATION OF ADDITIONAL PROJECTS.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7 (ii),

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

9 (iv), and

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

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

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

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

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

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

3 (e) EFFECTIVE DATES.—

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

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

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

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

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

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

5 “(A) \$350,000,000, plus

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

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

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

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

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

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

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

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

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

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

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

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

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

23 (a) REFUND.—

24 (1) COAL PRODUCERS.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20 (i) STANDING NOT CONFERRED.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

19 (b) INCREASE IN RATE OF CREDIT.—

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

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

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

3 (3) CONFORMING AMENDMENTS.—

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

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

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

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

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

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

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

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

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

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

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

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

17 (e) EFFECTIVE DATE.—

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

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

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

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

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

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

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

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

1 (c) EXCISE TAX CREDIT.—

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

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

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

10 “(2) BIODIESEL AND ALTERNATIVE FUELS.—

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

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

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

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

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

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

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

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

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

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

14 (a) CREDIT.—

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

20 “(f) ALTERNATIVE JET FUEL CREDIT.—

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

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

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

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

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

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

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

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

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

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

6 (2) CONFORMING AMENDMENTS.—

7 (A) Section 6426(a) is amended—

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

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

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

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

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

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

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

4 (b) PAYMENTS.—

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

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

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

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

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

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

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

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

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

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

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

20 “(a) ALLOWANCE OF CREDIT.—

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

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

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

5 “(A) \$2,500, plus

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

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

12 “(b) LIMITATIONS.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

22 “(d) APPLICATION WITH OTHER CREDITS.—

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

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

6 “(2) PERSONAL CREDIT.—

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

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

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

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

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

2 For purposes of this section—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21 “(f) REGULATIONS.—

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

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

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

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

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

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

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

4 (d) CONFORMING AMENDMENTS.—

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

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

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

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

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

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

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

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

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

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

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

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

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

15 (2) CONFORMING AMENDMENTS.—

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

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

21 (f) EFFECTIVE DATE.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10 (a) IN GENERAL.—

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

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

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

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

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

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

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

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

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

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

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

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

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

20 “(1) may require—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18 (1) otherwise includible in taxable income, and

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

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

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

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

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

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

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

6 (3) WAIVER OF PENALTIES AND INTEREST.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18 “(I) \$40,000,000, or

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

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

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

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

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

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

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

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

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

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

21 “(F) OTHER RULES.—

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

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

4 **TITLE X—OTHER PROVISIONS**

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

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

13 **“SECTION 1. SHORT TITLE.**

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

16 **“SEC. 2. PURPOSES.**

17 “The purposes of this Act are—

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

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

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

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

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

5 “(B) enjoy broad-based support; and

6 “(C) have objectives that may include—

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

9 “(ii) soil productivity improvement;

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

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

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

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

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

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

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

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

1 **“SEC. 3. DEFINITIONS.**

2 “In this Act:

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

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

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

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

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

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

17 “(A) the quotient obtained by dividing—

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

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

24 “(B) the quotient obtained by dividing—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

13 “(A) the quotient obtained by dividing—

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

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

20 “(B) the quotient obtained by dividing—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7 “(a) PAYMENT AMOUNTS.—Except as provided in
8 section 103, the Secretary of the Treasury shall pay to—

9 “(1) a State or territory of the United States
10 an amount equal to the sum of the amounts elected
11 under subsection (b) by each county within the State
12 or territory for—

13 “(A) if the county is eligible for the 25-
14 percent payment, the share of the 25-percent
15 payment; or

16 “(B) the share of the State payment of the
17 eligible county; and

18 “(2) a county an amount equal to the amount
19 elected under subsection (b) by each county for—

20 “(A) if the county is eligible for the 50-
21 percent payment, the 50-percent payment; or

22 “(B) the county payment for the eligible
23 county.

24 “(b) ELECTION TO RECEIVE PAYMENT AMOUNT.—

25 “(1) ELECTION; SUBMISSION OF RESULTS.—

1 “(A) IN GENERAL.—The election to receive
2 a share of the State payment, the county pay-
3 ment, a share of the State payment and the
4 county payment, a share of the 25-percent pay-
5 ment, the 50-percent payment, or a share of the
6 25-percent payment and the 50-percent pay-
7 ment, as applicable, shall be made at the discre-
8 tion of each affected county by August 1, 2008,
9 and August 1 of each second fiscal year there-
10 after, in accordance with paragraph (2), and
11 transmitted to the Secretary concerned by the
12 Governor of each eligible State.

13 “(B) FAILURE TO TRANSMIT.—If an elec-
14 tion for an affected county is not transmitted to
15 the Secretary concerned by the date specified
16 under subparagraph (A), the affected county
17 shall be considered to have elected to receive a
18 share of the State payment, the county pay-
19 ment, or a share of the State payment and the
20 county payment, as applicable.

21 “(2) DURATION OF ELECTION.—

22 “(A) IN GENERAL.—A county election to
23 receive a share of the 25-percent payment or
24 50-percent payment, as applicable, shall be ef-
25 fective for 2 fiscal years.

1 “(B) FULL FUNDING AMOUNT.—If a coun-
2 ty elects to receive a share of the State payment
3 or the county payment, the election shall be ef-
4 fective for all subsequent fiscal years through
5 fiscal year 2011.

6 “(3) SOURCE OF PAYMENT AMOUNTS.—The
7 payment to an eligible State or eligible county under
8 this section for a fiscal year shall be derived from—

9 “(A) any amounts that are appropriated to
10 carry out this Act;

11 “(B) any revenues, fees, penalties, or mis-
12 cellaneous receipts, exclusive of deposits to any
13 relevant trust fund, special account, or perma-
14 nent operating funds, received by the Federal
15 Government from activities by the Bureau of
16 Land Management or the Forest Service on the
17 applicable Federal land; and

18 “(C) to the extent of any shortfall, out of
19 any amounts in the Treasury of the United
20 States not otherwise appropriated.

21 “(c) DISTRIBUTION AND EXPENDITURE OF PAY-
22 MENTS.—

23 “(1) DISTRIBUTION METHOD.—A State that re-
24 ceives a payment under subsection (a) for Federal
25 land described in section 3(7)(A) shall distribute the

1 appropriate payment amount among the appropriate
2 counties in the State in accordance with—

3 “(A) the Act of May 23, 1908 (16 U.S.C.
4 500); and

5 “(B) section 13 of the Act of March 1,
6 1911 (36 Stat. 963; 16 U.S.C. 500).

7 “(2) EXPENDITURE PURPOSES.—Subject to
8 subsection (d), payments received by a State under
9 subsection (a) and distributed to counties in accord-
10 ance with paragraph (1) shall be expended as re-
11 quired by the laws referred to in paragraph (1).

12 “(d) EXPENDITURE RULES FOR ELIGIBLE COUN-
13 TIES.—

14 “(1) ALLOCATIONS.—

15 “(A) USE OF PORTION IN SAME MANNER
16 AS 25-PERCENT PAYMENT OR 50-PERCENT PAY-
17 MENT, AS APPLICABLE.—Except as provided in
18 paragraph (3)(B), if an eligible county elects to
19 receive its share of the State payment or the
20 county payment, not less than 80 percent, but
21 not more than 85 percent, of the funds shall be
22 expended in the same manner in which the 25-
23 percent payments or 50-percent payment, as
24 applicable, are required to be expended.

1 “(B) ELECTION AS TO USE OF BAL-
2 ANCE.—Except as provided in subparagraph
3 (C), an eligible county shall elect to do 1 or
4 more of the following with the balance of any
5 funds not expended pursuant to subparagraph
6 (A):

7 “(i) Reserve any portion of the bal-
8 ance for projects in accordance with title
9 II.

10 “(ii) Reserve not more than 7 percent
11 of the total share for the eligible county of
12 the State payment or the county payment
13 for projects in accordance with title III.

14 “(iii) Return the portion of the bal-
15 ance not reserved under clauses (i) and (ii)
16 to the Treasury of the United States.

17 “(C) COUNTIES WITH MODEST DISTRIBUTIONS.—In the case of each eligible county to
18 which more than \$100,000, but less than
19 \$350,000, is distributed for any fiscal year pur-
20 suant to either or both of paragraphs (1)(B)
21 and (2)(B) of subsection (a), the eligible coun-
22 ty, with respect to the balance of any funds not
23 expended pursuant to subparagraph (A) for
24 that fiscal year, shall—
25

1 “(i) reserve any portion of the balance
2 for—

3 “(I) carrying out projects under
4 title II;

5 “(II) carrying out projects under
6 title III; or

7 “(III) a combination of the pur-
8 poses described in subclauses (I) and
9 (II); or

10 “(ii) return the portion of the balance
11 not reserved under clause (i) to the Treas-
12 ury of the United States.

13 “(2) DISTRIBUTION OF FUNDS.—

14 “(A) IN GENERAL.—Funds reserved by an
15 eligible county under subparagraph (B)(i) or
16 (C)(i) of paragraph (1) for carrying out
17 projects under title II shall be deposited in a
18 special account in the Treasury of the United
19 States.

20 “(B) AVAILABILITY.—Amounts deposited
21 under subparagraph (A) shall—

22 “(i) be available for expenditure by
23 the Secretary concerned, without further
24 appropriation; and

1 “(ii) remain available until expended
2 in accordance with title II.

3 “(3) ELECTION.—

4 “(A) NOTIFICATION.—

5 “(i) IN GENERAL.—An eligible county
6 shall notify the Secretary concerned of an
7 election by the eligible county under this
8 subsection not later than September 30 of
9 each fiscal year.

10 “(ii) FAILURE TO ELECT.—Except as
11 provided in subparagraph (B), if the eligi-
12 ble county fails to make an election by the
13 date specified in clause (i), the eligible
14 county shall—

15 “(I) be considered to have elected
16 to expend 85 percent of the funds in
17 accordance with paragraph (1)(A);
18 and

19 “(II) return the balance to the
20 Treasury of the United States.

21 “(B) COUNTIES WITH MINOR DISTRIBUTIONS.—In the case of each eligible county to
22 which less than \$100,000 is distributed for any
23 fiscal year pursuant to either or both of para-
24 graphs (1)(B) and (2)(B) of subsection (a), the
25

1 eligible county may elect to expend all the funds
2 in the same manner in which the 25-percent
3 payments or 50-percent payments, as applica-
4 ble, are required to be expended.

5 “(e) TIME FOR PAYMENT.—The payments required
6 under this section for a fiscal year shall be made as soon
7 as practicable after the end of that fiscal year.

8 **“SEC. 103. TRANSITION PAYMENTS TO STATES.**

9 “(a) DEFINITIONS.—In this section:

10 “(1) ADJUSTED AMOUNT.—The term ‘adjusted
11 amount’ means, with respect to a covered State—

12 “(A) for fiscal year 2008, 90 percent of—

13 “(i) the sum of the amounts paid for
14 fiscal year 2006 under section 102(a)(2)
15 (as in effect on September 29, 2006) for
16 the eligible counties in the covered State
17 that have elected under section 102(b) to
18 receive a share of the State payment for
19 fiscal year 2008; and

20 “(ii) the sum of the amounts paid for
21 fiscal year 2006 under section 103(a)(2)
22 (as in effect on September 29, 2006) for
23 the eligible counties in the State of Oregon
24 that have elected under section 102(b) to

1 receive the county payment for fiscal year
2 2008;

3 “(B) for fiscal year 2009, 76 percent of—

4 “(i) the sum of the amounts paid for
5 fiscal year 2006 under section 102(a)(2)
6 (as in effect on September 29, 2006) for
7 the eligible counties in the covered State
8 that have elected under section 102(b) to
9 receive a share of the State payment for
10 fiscal year 2009; and

11 “(ii) the sum of the amounts paid for
12 fiscal year 2006 under section 103(a)(2)
13 (as in effect on September 29, 2006) for
14 the eligible counties in the State of Oregon
15 that have elected under section 102(b) to
16 receive the county payment for fiscal year
17 2009; and

18 “(C) for fiscal year 2010, 65 percent of—

19 “(i) the sum of the amounts paid for
20 fiscal year 2006 under section 102(a)(2)
21 (as in effect on September 29, 2006) for
22 the eligible counties in the covered State
23 that have elected under section 102(b) to
24 receive a share of the State payment for
25 fiscal year 2010; and

1 “(ii) the sum of the amounts paid for
2 fiscal year 2006 under section 103(a)(2)
3 (as in effect on September 29, 2006) for
4 the eligible counties in the State of Oregon
5 that have elected under section 102(b) to
6 receive the county payment for fiscal year
7 2010.

8 “(2) COVERED STATE.—The term ‘covered
9 State’ means each of the States of California, Lou-
10 isiana, Oregon, Pennsylvania, South Carolina, South
11 Dakota, Texas, and Washington.

12 “(b) TRANSITION PAYMENTS.—For each of fiscal
13 years 2008 through 2010, in lieu of the payment amounts
14 that otherwise would have been made under paragraphs
15 (1)(B) and (2)(B) of section 102(a), the Secretary of the
16 Treasury shall pay the adjusted amount to each covered
17 State and the eligible counties within the covered State,
18 as applicable.

19 “(c) DISTRIBUTION OF ADJUSTED AMOUNT.—Ex-
20 cept as provided in subsection (d), it is the intent of Con-
21 gress that the method of distributing the payments under
22 subsection (b) among the counties in the covered States
23 for each of fiscal years 2008 through 2010 be in the same
24 proportion that the payments were distributed to the eligi-
25 ble counties in fiscal year 2006.

1 “(d) DISTRIBUTION OF PAYMENTS IN CALI-
2 FORNIA.—The following payments shall be distributed
3 among the eligible counties in the State of California in
4 the same proportion that payments under section
5 102(a)(2) (as in effect on September 29, 2006) were dis-
6 tributed to the eligible counties for fiscal year 2006:

7 “(1) Payments to the State of California under
8 subsection (b).

9 “(2) The shares of the eligible counties of the
10 State payment for California under section 102 for
11 fiscal year 2011.

12 “(e) TREATMENT OF PAYMENTS.—For purposes of
13 this Act, any payment made under subsection (b) shall be
14 considered to be a payment made under section 102(a).

15 **“TITLE II—SPECIAL PROJECTS**
16 **ON FEDERAL LAND**

17 **“SEC. 201. DEFINITIONS.**

18 “In this title:

19 “(1) PARTICIPATING COUNTY.—The term ‘par-
20 ticipating county’ means an eligible county that
21 elects under section 102(d) to expend a portion of
22 the Federal funds received under section 102 in ac-
23 cordance with this title.

24 “(2) PROJECT FUNDS.—The term ‘project
25 funds’ means all funds an eligible county elects

1 under section 102(d) to reserve for expenditure in
2 accordance with this title.

3 “(3) RESOURCE ADVISORY COMMITTEE.—The
4 term ‘resource advisory committee’ means—

5 “(A) an advisory committee established by
6 the Secretary concerned under section 205; or

7 “(B) an advisory committee determined by
8 the Secretary concerned to meet the require-
9 ments of section 205.

10 “(4) RESOURCE MANAGEMENT PLAN.—The
11 term ‘resource management plan’ means—

12 “(A) a land use plan prepared by the Bu-
13 reau of Land Management for units of the Fed-
14 eral land described in section 3(7)(B) pursuant
15 to section 202 of the Federal Land Policy and
16 Management Act of 1976 (43 U.S.C. 1712); or

17 “(B) a land and resource management
18 plan prepared by the Forest Service for units of
19 the National Forest System pursuant to section
20 6 of the Forest and Rangeland Renewable Re-
21 sources Planning Act of 1974 (16 U.S.C.
22 1604).

1 **“SEC. 202. GENERAL LIMITATION ON USE OF PROJECT**
2 **FUNDS.**

3 “(a) **LIMITATION.**—Project funds shall be expended
4 solely on projects that meet the requirements of this title.

5 “(b) **AUTHORIZED USES.**—Project funds may be
6 used by the Secretary concerned for the purpose of enter-
7 ing into and implementing cooperative agreements with
8 willing Federal agencies, State and local governments, pri-
9 vate and nonprofit entities, and landowners for protection,
10 restoration, and enhancement of fish and wildlife habitat,
11 and other resource objectives consistent with the purposes
12 of this Act on Federal land and on non-Federal land where
13 projects would benefit the resources on Federal land.

14 **“SEC. 203. SUBMISSION OF PROJECT PROPOSALS.**

15 “(a) **SUBMISSION OF PROJECT PROPOSALS TO SEC-**
16 **RETARY CONCERNED.**—

17 “(1) **PROJECTS FUNDED USING PROJECT**
18 **FUNDS.**—Not later than September 30 for fiscal
19 year 2008, and each September 30 thereafter for
20 each succeeding fiscal year through fiscal year 2011,
21 each resource advisory committee shall submit to the
22 Secretary concerned a description of any projects
23 that the resource advisory committee proposes the
24 Secretary undertake using any project funds re-
25 served by eligible counties in the area in which the

1 resource advisory committee has geographic jurisdic-
2 tion.

3 “(2) PROJECTS FUNDED USING OTHER
4 FUNDS.—A resource advisory committee may submit
5 to the Secretary concerned a description of any
6 projects that the committee proposes the Secretary
7 undertake using funds from State or local govern-
8 ments, or from the private sector, other than project
9 funds and funds appropriated and otherwise avail-
10 able to do similar work.

11 “(3) JOINT PROJECTS.—Participating counties
12 or other persons may propose to pool project funds
13 or other funds, described in paragraph (2), and
14 jointly propose a project or group of projects to a re-
15 source advisory committee established under section
16 205.

17 “(b) REQUIRED DESCRIPTION OF PROJECTS.—In
18 submitting proposed projects to the Secretary concerned
19 under subsection (a), a resource advisory committee shall
20 include in the description of each proposed project the fol-
21 lowing information:

22 “(1) The purpose of the project and a descrip-
23 tion of how the project will meet the purposes of this
24 title.

25 “(2) The anticipated duration of the project.

1 “(3) The anticipated cost of the project.

2 “(4) The proposed source of funding for the
3 project, whether project funds or other funds.

4 “(5)(A) Expected outcomes, including how the
5 project will meet or exceed desired ecological condi-
6 tions, maintenance objectives, or stewardship objec-
7 tives.

8 “(B) An estimate of the amount of any timber,
9 forage, and other commodities and other economic
10 activity, including jobs generated, if any, anticipated
11 as part of the project.

12 “(6) A detailed monitoring plan, including
13 funding needs and sources, that—

14 “(A) tracks and identifies the positive or
15 negative impacts of the project, implementation,
16 and provides for validation monitoring; and

17 “(B) includes an assessment of the fol-
18 lowing:

19 “(i) Whether or not the project met or
20 exceeded desired ecological conditions; cre-
21 ated local employment or training opportu-
22 nities, including summer youth jobs pro-
23 grams such as the Youth Conservation
24 Corps where appropriate.

1 “(ii) Whether the project improved
2 the use of, or added value to, any products
3 removed from land consistent with the pur-
4 poses of this title.

5 “(7) An assessment that the project is to be in
6 the public interest.

7 “(c) AUTHORIZED PROJECTS.—Projects proposed
8 under subsection (a) shall be consistent with section 2.

9 **“SEC. 204. EVALUATION AND APPROVAL OF PROJECTS BY**
10 **SECRETARY CONCERNED.**

11 “(a) CONDITIONS FOR APPROVAL OF PROPOSED
12 PROJECT.—The Secretary concerned may make a decision
13 to approve a project submitted by a resource advisory com-
14 mittee under section 203 only if the proposed project satis-
15 fies each of the following conditions:

16 “(1) The project complies with all applicable
17 Federal laws (including regulations).

18 “(2) The project is consistent with the applica-
19 ble resource management plan and with any water-
20 shed or subsequent plan developed pursuant to the
21 resource management plan and approved by the Sec-
22 retary concerned.

23 “(3) The project has been approved by the re-
24 source advisory committee in accordance with sec-

1 tion 205, including the procedures issued under sub-
2 section (e) of that section.

3 “(4) A project description has been submitted
4 by the resource advisory committee to the Secretary
5 concerned in accordance with section 203.

6 “(5) The project will improve the maintenance
7 of existing infrastructure, implement stewardship ob-
8 jectives that enhance forest ecosystems, and restore
9 and improve land health and water quality.

10 “(b) ENVIRONMENTAL REVIEWS.—

11 “(1) REQUEST FOR PAYMENT BY COUNTY.—

12 The Secretary concerned may request the resource
13 advisory committee submitting a proposed project to
14 agree to the use of project funds to pay for any envi-
15 ronmental review, consultation, or compliance with
16 applicable environmental laws required in connection
17 with the project.

18 “(2) CONDUCT OF ENVIRONMENTAL REVIEW.—

19 If a payment is requested under paragraph (1) and
20 the resource advisory committee agrees to the ex-
21 penditure of funds for this purpose, the Secretary
22 concerned shall conduct environmental review, con-
23 sultation, or other compliance responsibilities in ac-
24 cordance with Federal laws (including regulations).

25 “(3) EFFECT OF REFUSAL TO PAY.—

1 “(A) IN GENERAL.—If a resource advisory
2 committee does not agree to the expenditure of
3 funds under paragraph (1), the project shall be
4 deemed withdrawn from further consideration
5 by the Secretary concerned pursuant to this
6 title.

7 “(B) EFFECT OF WITHDRAWAL.—A with-
8 drawal under subparagraph (A) shall be deemed
9 to be a rejection of the project for purposes of
10 section 207(c).

11 “(c) DECISIONS OF SECRETARY CONCERNED.—

12 “(1) REJECTION OF PROJECTS.—

13 “(A) IN GENERAL.—A decision by the Sec-
14 retary concerned to reject a proposed project
15 shall be at the sole discretion of the Secretary
16 concerned.

17 “(B) NO ADMINISTRATIVE APPEAL OR JU-
18 DICIAL REVIEW.—Notwithstanding any other
19 provision of law, a decision by the Secretary
20 concerned to reject a proposed project shall not
21 be subject to administrative appeal or judicial
22 review.

23 “(C) NOTICE OF REJECTION.—Not later
24 than 30 days after the date on which the Sec-
25 retary concerned makes the rejection decision,

1 the Secretary concerned shall notify in writing
2 the resource advisory committee that submitted
3 the proposed project of the rejection and the
4 reasons for rejection.

5 “(2) NOTICE OF PROJECT APPROVAL.—The
6 Secretary concerned shall publish in the Federal
7 Register notice of each project approved under sub-
8 section (a) if the notice would be required had the
9 project originated with the Secretary.

10 “(d) SOURCE AND CONDUCT OF PROJECT.—Once the
11 Secretary concerned accepts a project for review under
12 section 203, the acceptance shall be deemed a Federal ac-
13 tion for all purposes.

14 “(e) IMPLEMENTATION OF APPROVED PROJECTS.—

15 “(1) COOPERATION.—Notwithstanding chapter
16 63 of title 31, United States Code, using project
17 funds the Secretary concerned may enter into con-
18 tracts, grants, and cooperative agreements with
19 States and local governments, private and nonprofit
20 entities, and landowners and other persons to assist
21 the Secretary in carrying out an approved project.

22 “(2) BEST VALUE CONTRACTING.—

23 “(A) IN GENERAL.—For any project in-
24 volving a contract authorized by paragraph (1)
25 the Secretary concerned may elect a source for

1 performance of the contract on a best value
2 basis.

3 “(B) FACTORS.—The Secretary concerned
4 shall determine best value based on such factors
5 as—

6 “(i) the technical demands and com-
7 plexity of the work to be done;

8 “(ii)(I) the ecological objectives of the
9 project; and

10 “(II) the sensitivity of the resources
11 being treated;

12 “(iii) the past experience by the con-
13 tractor with the type of work being done,
14 using the type of equipment proposed for
15 the project, and meeting or exceeding de-
16 sired ecological conditions; and

17 “(iv) the commitment of the con-
18 tractor to hiring highly qualified workers
19 and local residents.

20 “(3) MERCHANTABLE TIMBER CONTRACTING
21 PILOT PROGRAM.—

22 “(A) ESTABLISHMENT.—The Secretary
23 concerned shall establish a pilot program to im-
24 plement a certain percentage of approved

1 projects involving the sale of merchantable tim-
2 ber using separate contracts for—

3 “(i) the harvesting or collection of
4 merchantable timber; and

5 “(ii) the sale of the timber.

6 “(B) ANNUAL PERCENTAGES.—Under the
7 pilot program, the Secretary concerned shall en-
8 sure that, on a nationwide basis, not less than
9 the following percentage of all approved projects
10 involving the sale of merchantable timber are
11 implemented using separate contracts:

12 “(i) For fiscal year 2008, 35 percent.

13 “(ii) For fiscal year 2009, 45 percent.

14 “(iii) For each of fiscal years 2010
15 and 2011, 50 percent.

16 “(C) INCLUSION IN PILOT PROGRAM.—The
17 decision whether to use separate contracts to
18 implement a project involving the sale of mer-
19 chantable timber shall be made by the Sec-
20 retary concerned after the approval of the
21 project under this title.

22 “(D) ASSISTANCE.—

23 “(i) IN GENERAL.—The Secretary
24 concerned may use funds from any appro-
25 priated account available to the Secretary

1 for the Federal land to assist in the ad-
2 ministration of projects conducted under
3 the pilot program.

4 “(ii) MAXIMUM AMOUNT OF ASSIST-
5 ANCE.—The total amount obligated under
6 this subparagraph may not exceed
7 \$1,000,000 for any fiscal year during
8 which the pilot program is in effect.

9 “(E) REVIEW AND REPORT.—

10 “(i) INITIAL REPORT.—Not later than
11 September 30, 2010, the Comptroller Gen-
12 eral shall submit to the Committees on Ag-
13 riculture, Nutrition, and Forestry and En-
14 ergy and Natural Resources of the Senate
15 and the Committees on Agriculture and
16 Natural Resources of the House of Rep-
17 resentatives a report assessing the pilot
18 program.

19 “(ii) ANNUAL REPORT.—The Sec-
20 retary concerned shall submit to the Com-
21 mittees on Agriculture, Nutrition, and For-
22 estry and Energy and Natural Resources
23 of the Senate and the Committees on Agri-
24 culture and Natural Resources of the

1 House of Representatives an annual report
2 describing the results of the pilot program.

3 “(f) REQUIREMENTS FOR PROJECT FUNDS.—The
4 Secretary shall ensure that at least 50 percent of all
5 project funds be used for projects that are primarily dedi-
6 cated—

7 “(1) to road maintenance, decommissioning, or
8 obliteration; or

9 “(2) to restoration of streams and watersheds.

10 **“SEC. 205. RESOURCE ADVISORY COMMITTEES.**

11 “(a) ESTABLISHMENT AND PURPOSE OF RESOURCE
12 ADVISORY COMMITTEES.—

13 “(1) ESTABLISHMENT.—The Secretary con-
14 cerned shall establish and maintain resource advi-
15 sory committees to perform the duties in subsection
16 (b), except as provided in paragraph (4).

17 “(2) PURPOSE.—The purpose of a resource ad-
18 visory committee shall be—

19 “(A) to improve collaborative relationships;
20 and

21 “(B) to provide advice and recommenda-
22 tions to the land management agencies con-
23 sistent with the purposes of this title.

24 “(3) ACCESS TO RESOURCE ADVISORY COMMIT-
25 TEES.—To ensure that each unit of Federal land

1 has access to a resource advisory committee, and
2 that there is sufficient interest in participation on a
3 committee to ensure that membership can be bal-
4 anced in terms of the points of view represented and
5 the functions to be performed, the Secretary con-
6 cerned may, establish resource advisory committees
7 for part of, or 1 or more, units of Federal land.

8 “(4) EXISTING ADVISORY COMMITTEES.—

9 “(A) IN GENERAL.—An advisory com-
10 mittee that meets the requirements of this sec-
11 tion, a resource advisory committee established
12 before September 29, 2006, or an advisory com-
13 mittee determined by the Secretary concerned
14 before September 29, 2006, to meet the re-
15 quirements of this section may be deemed by
16 the Secretary concerned to be a resource advi-
17 sory committee for the purposes of this title.

18 “(B) CHARTER.—A charter for a com-
19 mittee described in subparagraph (A) that was
20 filed on or before September 29, 2006, shall be
21 considered to be filed for purposes of this Act.

22 “(C) BUREAU OF LAND MANAGEMENT AD-
23 VISORY COMMITTEES.—The Secretary of the In-
24 terior may deem a resource advisory committee
25 meeting the requirements of subpart 1784 of

1 part 1780 of title 43, Code of Federal Regula-
2 tions, as a resource advisory committee for the
3 purposes of this title.

4 “(b) DUTIES.—A resource advisory committee
5 shall—

6 “(1) review projects proposed under this title by
7 participating counties and other persons;

8 “(2) propose projects and funding to the Sec-
9 retary concerned under section 203;

10 “(3) provide early and continuous coordination
11 with appropriate land management agency officials
12 in recommending projects consistent with purposes
13 of this Act under this title;

14 “(4) provide frequent opportunities for citizens,
15 organizations, tribes, land management agencies,
16 and other interested parties to participate openly
17 and meaningfully, beginning at the early stages of
18 the project development process under this title;

19 “(5)(A) monitor projects that have been ap-
20 proved under section 204; and

21 “(B) advise the designated Federal official on
22 the progress of the monitoring efforts under sub-
23 paragraph (A); and

24 “(6) make recommendations to the Secretary
25 concerned for any appropriate changes or adjust-

1 ments to the projects being monitored by the re-
2 source advisory committee.

3 “(c) APPOINTMENT BY THE SECRETARY.—

4 “(1) APPOINTMENT AND TERM.—

5 “(A) IN GENERAL.—The Secretary con-
6 cerned, shall appoint the members of resource
7 advisory committees for a term of 4 years be-
8 ginning on the date of appointment.

9 “(B) REAPPOINTMENT.—The Secretary
10 concerned may reappoint members to subse-
11 quent 4-year terms.

12 “(2) BASIC REQUIREMENTS.—The Secretary
13 concerned shall ensure that each resource advisory
14 committee established meets the requirements of
15 subsection (d).

16 “(3) INITIAL APPOINTMENT.—Not later than
17 180 days after the date of the enactment of this Act,
18 the Secretary concerned shall make initial appoint-
19 ments to the resource advisory committees.

20 “(4) VACANCIES.—The Secretary concerned
21 shall make appointments to fill vacancies on any re-
22 source advisory committee as soon as practicable
23 after the vacancy has occurred.

1 “(5) COMPENSATION.—Members of the re-
2 source advisory committees shall not receive any
3 compensation.

4 “(d) COMPOSITION OF ADVISORY COMMITTEE.—

5 “(1) NUMBER.—Each resource advisory com-
6 mittee shall be comprised of 15 members.

7 “(2) COMMUNITY INTERESTS REPRESENTED.—
8 Committee members shall be representative of the
9 interests of the following 3 categories:

10 “(A) 5 persons that—

11 “(i) represent organized labor or non-
12 timber forest product harvester groups;

13 “(ii) represent developed outdoor
14 recreation, off highway vehicle users, or
15 commercial recreation activities;

16 “(iii) represent—

17 “(I) energy and mineral develop-
18 ment interests; or

19 “(II) commercial or recreational
20 fishing interests;

21 “(iv) represent the commercial timber
22 industry; or

23 “(v) hold Federal grazing or other
24 land use permits, or represent nonindus-

1 trial private forest land owners, within the
2 area for which the committee is organized.

3 “(B) 5 persons that represent—

4 “(i) nationally recognized environ-
5 mental organizations;

6 “(ii) regionally or locally recognized
7 environmental organizations;

8 “(iii) dispersed recreational activities;

9 “(iv) archaeological and historical in-
10 terests; or

11 “(v) nationally or regionally recog-
12 nized wild horse and burro interest groups,
13 wildlife or hunting organizations, or water-
14 shed associations.

15 “(C) 5 persons that—

16 “(i) hold State elected office (or a
17 designee);

18 “(ii) hold county or local elected of-
19 fice;

20 “(iii) represent American Indian
21 tribes within or adjacent to the area for
22 which the committee is organized;

23 “(iv) are school officials or teachers;
24 or

1 “(v) represent the affected public at
2 large.

3 “(3) BALANCED REPRESENTATION.—In ap-
4 pointing committee members from the 3 categories
5 in paragraph (2), the Secretary concerned shall pro-
6 vide for balanced and broad representation from
7 within each category.

8 “(4) GEOGRAPHIC DISTRIBUTION.—The mem-
9 bers of a resource advisory committee shall reside
10 within the State in which the committee has juris-
11 diction and, to extent practicable, the Secretary con-
12 cerned shall ensure local representation in each cat-
13 egory in paragraph (2).

14 “(5) CHAIRPERSON.—A majority on each re-
15 source advisory committee shall select the chair-
16 person of the committee.

17 “(e) APPROVAL PROCEDURES.—

18 “(1) IN GENERAL.—Subject to paragraph (3),
19 each resource advisory committee shall establish pro-
20 cedures for proposing projects to the Secretary con-
21 cerned under this title.

22 “(2) QUORUM.—A quorum must be present to
23 constitute an official meeting of the committee.

24 “(3) APPROVAL BY MAJORITY OF MEMBERS.—
25 A project may be proposed by a resource advisory

1 committee to the Secretary concerned under section
2 203(a), if the project has been approved by a major-
3 ity of members of the committee from each of the
4 3 categories in subsection (d)(2).

5 “(f) OTHER COMMITTEE AUTHORITIES AND RE-
6 QUIREMENTS.—

7 “(1) STAFF ASSISTANCE.—A resource advisory
8 committee may submit to the Secretary concerned a
9 request for periodic staff assistance from Federal
10 employees under the jurisdiction of the Secretary.

11 “(2) MEETINGS.—All meetings of a resource
12 advisory committee shall be announced at least 1
13 week in advance in a local newspaper of record and
14 shall be open to the public.

15 “(3) RECORDS.—A resource advisory committee
16 shall maintain records of the meetings of the com-
17 mittee and make the records available for public in-
18 spection.

19 **“SEC. 206. USE OF PROJECT FUNDS.**

20 “(a) AGREEMENT REGARDING SCHEDULE AND COST
21 OF PROJECT.—

22 “(1) AGREEMENT BETWEEN PARTIES.—The
23 Secretary concerned may carry out a project sub-
24 mitted by a resource advisory committee under sec-
25 tion 203(a) using project funds or other funds de-

1 scribed in section 203(a)(2), if, as soon as prac-
2 ticable after the issuance of a decision document for
3 the project and the exhaustion of all administrative
4 appeals and judicial review of the project decision,
5 the Secretary concerned and the resource advisory
6 committee enter into an agreement addressing, at a
7 minimum, the following:

8 “(A) The schedule for completing the
9 project.

10 “(B) The total cost of the project, includ-
11 ing the level of agency overhead to be assessed
12 against the project.

13 “(C) For a multiyear project, the esti-
14 mated cost of the project for each of the fiscal
15 years in which it will be carried out.

16 “(D) The remedies for failure of the Sec-
17 retary concerned to comply with the terms of
18 the agreement consistent with current Federal
19 law.

20 “(2) LIMITED USE OF FEDERAL FUNDS.—The
21 Secretary concerned may decide, at the sole discre-
22 tion of the Secretary concerned, to cover the costs
23 of a portion of an approved project using Federal
24 funds appropriated or otherwise available to the Sec-
25 retary for the same purposes as the project.

1 “(b) TRANSFER OF PROJECT FUNDS.—

2 “(1) INITIAL TRANSFER REQUIRED.—As soon
3 as practicable after the agreement is reached under
4 subsection (a) with regard to a project to be funded
5 in whole or in part using project funds, or other
6 funds described in section 203(a)(2), the Secretary
7 concerned shall transfer to the applicable unit of Na-
8 tional Forest System land or Bureau of Land Man-
9 agement District an amount of project funds equal
10 to—

11 “(A) in the case of a project to be com-
12 pleted in a single fiscal year, the total amount
13 specified in the agreement to be paid using
14 project funds, or other funds described in sec-
15 tion 203(a)(2); or

16 “(B) in the case of a multiyear project, the
17 amount specified in the agreement to be paid
18 using project funds, or other funds described in
19 section 203(a)(2) for the first fiscal year.

20 “(2) CONDITION ON PROJECT COMMENCE-
21 MENT.—The unit of National Forest System land or
22 Bureau of Land Management District concerned,
23 shall not commence a project until the project funds,
24 or other funds described in section 203(a)(2) re-
25 quired to be transferred under paragraph (1) for the

1 project, have been made available by the Secretary
2 concerned.

3 “(3) SUBSEQUENT TRANSFERS FOR MULTIYEAR
4 PROJECTS.—

5 “(A) IN GENERAL.—For the second and
6 subsequent fiscal years of a multiyear project to
7 be funded in whole or in part using project
8 funds, the unit of National Forest System land
9 or Bureau of Land Management District con-
10 cerned shall use the amount of project funds re-
11 quired to continue the project in that fiscal year
12 according to the agreement entered into under
13 subsection (a).

14 “(B) SUSPENSION OF WORK.—The Sec-
15 retary concerned shall suspend work on the
16 project if the project funds required by the
17 agreement in the second and subsequent fiscal
18 years are not available.

19 **“SEC. 207. AVAILABILITY OF PROJECT FUNDS.**

20 “(a) SUBMISSION OF PROPOSED PROJECTS TO OBLI-
21 GATE FUNDS.—By September 30 of each fiscal year
22 through fiscal year 2011, a resource advisory committee
23 shall submit to the Secretary concerned pursuant to sec-
24 tion 203(a)(1) a sufficient number of project proposals
25 that, if approved, would result in the obligation of at least

1 the full amount of the project funds reserved by the par-
2 ticipating county in the preceding fiscal year.

3 “(b) USE OR TRANSFER OF UNOBLIGATED
4 FUNDS.—Subject to section 208, if a resource advisory
5 committee fails to comply with subsection (a) for a fiscal
6 year, any project funds reserved by the participating coun-
7 ty in the preceding fiscal year and remaining unobligated
8 shall be available for use as part of the project submissions
9 in the next fiscal year.

10 “(c) EFFECT OF REJECTION OF PROJECTS.—Subject
11 to section 208, any project funds reserved by a partici-
12 pating county in the preceding fiscal year that are unobli-
13 gated at the end of a fiscal year because the Secretary
14 concerned has rejected one or more proposed projects shall
15 be available for use as part of the project submissions in
16 the next fiscal year.

17 “(d) EFFECT OF COURT ORDERS.—

18 “(1) IN GENERAL.—If an approved project
19 under this Act is enjoined or prohibited by a Federal
20 court, the Secretary concerned shall return the un-
21 obligated project funds related to the project to the
22 participating county or counties that reserved the
23 funds.

24 “(2) EXPENDITURE OF FUNDS.—The returned
25 funds shall be available for the county to expend in

1 the same manner as the funds reserved by the coun-
2 ty under subparagraph (B) or (C)(i) of section
3 102(d)(1).

4 **“SEC. 208. TERMINATION OF AUTHORITY.**

5 “(a) IN GENERAL.—The authority to initiate projects
6 under this title shall terminate on September 30, 2011.

7 “(b) DEPOSITS IN TREASURY.—Any project funds
8 not obligated by September 30, 2012, shall be deposited
9 in the Treasury of the United States.

10 **“TITLE III—COUNTY FUNDS**

11 **“SEC. 301. DEFINITIONS.**

12 “In this title:

13 “(1) COUNTY FUNDS.—The term ‘county funds’
14 means all funds an eligible county elects under sec-
15 tion 102(d) to reserve for expenditure in accordance
16 with this title.

17 “(2) PARTICIPATING COUNTY.—The term ‘par-
18 ticipating county’ means an eligible county that
19 elects under section 102(d) to expend a portion of
20 the Federal funds received under section 102 in ac-
21 cordance with this title.

22 **“SEC. 302. USE.**

23 “(a) AUTHORIZED USES.—A participating county,
24 including any applicable agencies of the participating

1 county, shall use county funds, in accordance with this
2 title, only—

3 “(1) to carry out activities under the Firewise
4 Communities program to provide to homeowners in
5 fire-sensitive ecosystems education on, and assist-
6 ance with implementing, techniques in home siting,
7 home construction, and home landscaping that can
8 increase the protection of people and property from
9 wildfires;

10 “(2) to reimburse the participating county for
11 search and rescue and other emergency services, in-
12 cluding firefighting, that are—

13 “(A) performed on Federal land after the
14 date on which the use was approved under sub-
15 section (b);

16 “(B) paid for by the participating county;
17 and

18 “(3) to develop community wildfire protection
19 plans in coordination with the appropriate Secretary
20 concerned.

21 “(b) PROPOSALS.—A participating county shall use
22 county funds for a use described in subsection (a) only
23 after a 45-day public comment period, at the beginning
24 of which the participating county shall—

1 “(1) publish in any publications of local record
2 a proposal that describes the proposed use of the
3 county funds; and

4 “(2) submit the proposal to any resource advi-
5 sory committee established under section 205 for the
6 participating county.

7 **“SEC. 303. CERTIFICATION.**

8 “(a) IN GENERAL.—Not later than February 1 of the
9 year after the year in which any county funds were ex-
10 pended by a participating county, the appropriate official
11 of the participating county shall submit to the Secretary
12 concerned a certification that the county funds expended
13 in the applicable year have been used for the uses author-
14 ized under section 302(a), including a description of the
15 amounts expended and the uses for which the amounts
16 were expended.

17 “(b) REVIEW.—The Secretary concerned shall review
18 the certifications submitted under subsection (a) as the
19 Secretary concerned determines to be appropriate.

20 **“SEC. 304. TERMINATION OF AUTHORITY.**

21 “(a) IN GENERAL.—The authority to initiate projects
22 under this title terminates on September 30, 2011.

23 “(b) AVAILABILITY.—Any county funds not obligated
24 by September 30, 2012, shall be returned to the Treasury
25 of the United States.

1 **“TITLE IV—MISCELLANEOUS**
2 **PROVISIONS**

3 **“SEC. 401. REGULATIONS.**

4 “The Secretary of Agriculture and the Secretary of
5 the Interior shall issue regulations to carry out the pur-
6 poses of this Act.

7 **“SEC. 402. AUTHORIZATION OF APPROPRIATIONS.**

8 “There are authorized to be appropriated such sums
9 as are necessary to carry out this Act for each of fiscal
10 years 2008 through 2011.

11 **“SEC. 403. TREATMENT OF FUNDS AND REVENUES.**

12 “(a) RELATION TO OTHER APPROPRIATIONS.—
13 Funds made available under section 402 and funds made
14 available to a Secretary concerned under section 206 shall
15 be in addition to any other annual appropriations for the
16 Forest Service and the Bureau of Land Management.

17 “(b) DEPOSIT OF REVENUES AND OTHER FUNDS.—
18 All revenues generated from projects pursuant to title II,
19 including any interest accrued from the revenues, shall be
20 deposited in the Treasury of the United States.”.

21 (b) FOREST RECEIPT PAYMENTS TO ELIGIBLE
22 STATES AND COUNTIES.—

23 (1) ACT OF MAY 23, 1908.—The sixth paragraph
24 under the heading “FOREST SERVICE” in the Act
25 of May 23, 1908 (16 U.S.C. 500) is amended in the

1 first sentence by striking “twenty-five percentum”
2 and all that follows through “shall be paid” and in-
3 serting the following: “an amount equal to the an-
4 nual average of 25 percent of all amounts received
5 for the applicable fiscal year and each of the pre-
6 ceding 6 fiscal years from each national forest shall
7 be paid”.

8 (2) WEEKS LAW.—Section 13 of the Act of
9 March 1, 1911 (commonly known as the “Weeks
10 Law”) (16 U.S.C. 500) is amended in the first sen-
11 tence by striking “twenty-five percentum” and all
12 that follows through “shall be paid” and inserting
13 the following: “an amount equal to the annual aver-
14 age of 25 percent of all amounts received for the ap-
15 plicable fiscal year and each of the preceding 6 fiscal
16 years from each national forest shall be paid”.

17 (c) PAYMENTS IN LIEU OF TAXES.—

18 (1) IN GENERAL.—Section 6906 of title 31,
19 United States Code, is amended to read as follows:

20 **“§ 6906. Funding**

21 “For each of fiscal years 2008 through 2012—

22 “(1) each county or other eligible unit of local
23 government shall be entitled to payment under this
24 chapter; and

1 “(2) sums shall be made available to the Sec-
2 retary of the Interior for obligation or expenditure in
3 accordance with this chapter.”.

4 (2) CONFORMING AMENDMENT.—The table of
5 sections for chapter 69 of title 31, United States
6 Code, is amended by striking the item relating to
7 section 6906 and inserting the following:

“6906. Funding.”.

8 (3) BUDGET SCOREKEEPING.—

9 (A) IN GENERAL.—Notwithstanding the
10 Budget Scorekeeping Guidelines and the accom-
11 panying list of programs and accounts set forth
12 in the joint explanatory statement of the com-
13 mittee of conference accompanying Conference
14 Report 105–217, the section in this title re-
15 garding Payments in Lieu of Taxes shall be
16 treated in the baseline for purposes of section
17 257 of the Balanced Budget and Emergency
18 Deficit Control Act of 1985 (as in effect prior
19 to September 30, 2002), and by the Chairmen
20 of the House and Senate Budget Committees,
21 as appropriate, for purposes of budget enforce-
22 ment in the House and Senate, and under the
23 Congressional Budget Act of 1974 as if Pay-
24 ment in Lieu of Taxes (14–1114–0–1–806)
25 were an account designated as Appropriated

1 Entitlements and Mandatories for Fiscal Year
2 1997 in the joint explanatory statement of the
3 committee of conference accompanying Con-
4 ference Report 105–217.

5 (B) EFFECTIVE DATE.—This paragraph
6 shall remain in effect for the fiscal years to
7 which the entitlement in section 6906 of title
8 31, United States Code (as amended by para-
9 graph (1)), applies.

10 **SEC. 1002. TRANSFER OF INTEREST EARNED BY ABAN-**
11 **DONED MINE RECLAMATION FUND.**

12 Subparagraph (C) of section 402(i)(1) of the Surface
13 Mining Control and Reclamation Act of 1977 (30 U.S.C.
14 1232(i)(1)) is amended by striking “and \$9,000,000 on
15 October 1, 2009” and inserting “\$9,000,000 on October
16 1, 2009, and \$9,000,000 on October 1, 2010”.

17 **TITLE XI—SPENDING REDUC-**
18 **TIONS AND APPROPRIATE**
19 **REVENUE RAISERS FOR NEW**
20 **TAX RELIEF POLICY**

21 **SEC. 1101. RESERVED.**