

AMENDMENT NO. _____ Calendar No. _____

Purpose: To provide a Manager’s amendment.

IN THE SENATE OF THE UNITED STATES—110th Cong., 1st Sess.

H. R. 2419

To provide for the continuation of agricultural programs through fiscal year 2012, and for other purposes.

Referred to the Committee on _____ and ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENTS intended to be proposed by

Viz:

1 Beginning on page 1378, strike line 17 and all that
2 follows through page 1380, line 14, and insert the fol-
3 lowing:

4 “(e) TREE ASSISTANCE PROGRAM.—

5 “(1) DEFINITIONS.—In this subsection:

6 “(A) ELIGIBLE ORCHARDIST.—The term
7 ‘eligible orchardist’ means a person that pro-
8 duces annual crops from trees for commercial
9 purposes.

10 “(B) NATURAL DISASTER.—The term ‘nat-
11 ural disaster’ means plant disease, insect infes-

1 tation, drought, fire, freeze, flood, earthquake,
2 lightning, or other occurrence, as determined by
3 the Secretary.

4 “(C) NURSERY TREE GROWER.—The term
5 ‘nursery tree grower’ means a person who pro-
6 duces nursery, ornamental, fruit, nut, or Christ-
7 mas trees for commercial sale, as determined by
8 the Secretary.

9 “(D) TREE.—The term ‘tree’ includes a
10 tree, bush, and vine.

11 “(2) ELIGIBILITY.—

12 “(A) LOSS.—Subject to subparagraph (B),
13 the Secretary shall provide assistance under
14 paragraph (3) to eligible orchardists and nurs-
15 ery tree growers that planted trees for commer-
16 cial purposes but lost the trees as a result of a
17 natural disaster, as determined by the Sec-
18 retary.

19 “(B) LIMITATION.—An eligible orchardist
20 or nursery tree grower shall qualify for assist-
21 ance under subparagraph (A) only if the tree
22 mortality of the eligible orchardist or nursery
23 tree grower, as a result of damaging weather or
24 related condition, exceeds 15 percent (adjusted
25 for normal mortality).

1 “(3) ASSISTANCE.—Subject to paragraph (4),
2 the assistance provided by the Secretary to eligible
3 orchardists and nursery tree growers for losses de-
4 scribed in paragraph (2) shall consist of—

5 “(A)(i) reimbursement of 75 percent of the
6 cost of replanting trees lost due to a natural
7 disaster, as determined by the Secretary, in ex-
8 cess of 15 percent mortality (adjusted for nor-
9 mal mortality); or

10 “(ii) at the option of the Secretary, suffi-
11 cient seedlings to reestablish a stand; and

12 “(B) reimbursement of 50 percent of the
13 cost of pruning, removal, and other costs in-
14 curred by an eligible orchardist or nursery tree
15 grower to salvage existing trees or, in the case
16 of tree mortality, to prepare the land to replant
17 trees as a result of damage or tree mortality
18 due to a natural disaster, as determined by the
19 Secretary, in excess of 15 percent damage or
20 mortality (adjusted for normal tree damage and
21 mortality).

22 “(4) LIMITATIONS ON ASSISTANCE.—

23 “(A) AMOUNT.—The total amount of pay-
24 ments that a person shall be entitled to receive
25 under this subsection may not exceed \$100,000

1 per year, or an equivalent value in tree seed-
2 lings.

3 “(B) ACRES.—The total quantity of acres
4 planted to trees or tree seedlings for which a
5 person shall be entitled to receive payments
6 under this subsection may not exceed 500
7 acres.

8 “(C) REGULATIONS.—The Secretary shall
9 promulgate —

10 “(i) regulations defining the term
11 ‘person’ for the purposes of this sub-
12 section, which shall conform, to the max-
13 imum extent practicable, to the regulations
14 defining the term ‘person’ promulgated
15 under section 1001 of the Food Security
16 Act of 1985 (7 U.S.C. 1308); and

17 “(ii) such regulations as the Secretary
18 determines necessary to ensure a fair and
19 reasonable application of the limitation es-
20 tablished under this paragraph.

21 On page 1402, lines 6 and 7, strike “made after De-
22 cember 31, 2007.” and insert “made before, on, or after
23 the date of the enactment of this Act.”.

1 On page 1465, strike line 17 through page 1467, line
2 5, and insert the following:

3 (2) LIMITATION.—Section 25D(b)(1) (relating
4 to maximum credit) is amended by striking “and” at
5 the end of subparagraph (B), by striking the period
6 at the end of subparagraph (C) and inserting “,
7 and”, and by adding at the end the following new
8 subparagraph:

9 “(D) \$500 with respect to each half kilo-
10 watt of capacity (not to exceed \$4,000) of wind
11 turbines for which qualified small wind energy
12 property expenditures are made.”.

13 (3) QUALIFIED SMALL WIND ENERGY PROP-
14 erty EXPENDITURES.—

15 (A) IN GENERAL.—Section 25D(d) (relat-
16 ing to definitions) is amended by adding at the
17 end the following new paragraph:

18 “(4) QUALIFIED SMALL WIND ENERGY PROP-
19 erty EXPENDITURE.—The term ‘qualified small
20 wind energy property expenditure’ means an expend-
21 iture for qualified small wind energy property (as
22 defined in section 48(c)(3)(A)) installed on or in
23 connection with a dwelling unit located in the United
24 States and used as a residence by the taxpayer.”.

1 (B) NO DOUBLE BENEFIT.—Section
2 45(d)(1) (relating to wind facility) is amended
3 by adding at the end the following new sen-
4 tence: “Such term shall not include any facility
5 with respect to which any qualified small wind
6 energy property expenditure (as defined in sub-
7 section (d)(4) of section 25D) is taken into ac-
8 count in determining the credit under such sec-
9 tion.”.

10 (4) MAXIMUM EXPENDITURES IN CASE OF
11 JOINT OCCUPANCY.—Section 25D(e)(4)(A) (relating
12 to maximum expenditures) is amended by striking
13 “and” at the end of clause (ii), by striking the pe-
14 riod at the end of clause (iii) and inserting “, and”,
15 and by adding at the end the following new clause:

16 “(iv) \$1,667 in the case of each half
17 kilowatt of capacity (not to exceed
18 \$13,333) of wind turbines for which quali-
19 fied small wind energy property expendi-
20 tures are made.”.

21 On page 1471, line 18, strike “9006” and insert
22 “9007”.

1 Beginning on page 1472, line 1, strike all through
2 page 1480, line 3, and insert the following:

3 **SEC. 12311. EXPANSION OF SPECIAL ALLOWANCE TO CEL-**
4 **LULOSIC BIOFUEL PLANT PROPERTY.**

5 (a) IN GENERAL.—Paragraph (3) of section 168(l)
6 (relating to special allowance for cellulosic biomass ethanol
7 plant property) is amended to read as follows:

8 “(3) CELLULOSIC BIOFUEL.—For purposes of
9 this subsection, the term ‘cellulosic biofuel’ means
10 any alcohol, ether, ester, or hydrocarbon produced
11 from any lignocellulosic or hemicellulosic matter that
12 is available on a renewable or recurring basis.”.

13 (b) CONFORMING AMENDMENTS.—

14 (1) Subsection (l) of section 168 is amended by
15 striking “cellulosic biomass ethanol” each place it
16 appears and inserting “cellulosic biofuel”.

17 (2) The heading of section 168(l) is amended
18 by striking “CELLULOSIC BIOMASS ETHANOL” and
19 inserting “CELLULOSIC BIOFUEL”.

20 (3) The heading of paragraph (2) of section
21 168(l) is amended by striking “CELLULOSIC BIO-
22 MASS ETHANOL” and inserting “CELLULOSIC
23 BIOFUEL”.

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

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

3 **SEC. 12312. CREDIT FOR PRODUCTION OF CELLULOSIC**
4 **BIOFUEL.**

5 (a) IN GENERAL.—Subsection (a) of section 40 (re-
6 lating to alcohol used as fuel) is amended by striking
7 “plus” at the end of paragraph (2), by striking the period
8 at the end of paragraph (3) and inserting “, plus”, and
9 by adding at the end the following new paragraph:

10 “(4) the cellulosic biofuel producer credit.”.

11 (b) CELLULOSIC BIOFUEL PRODUCER CREDIT.—

12 (1) IN GENERAL.—Subsection (b) of section 40
13 is amended by adding at the end the following new
14 paragraph:

15 “(6) CELLULOSIC BIOFUEL PRODUCER CRED-
16 IT.—

17 “(A) IN GENERAL.—The cellulosic biofuel
18 producer credit of any taxpayer is an amount
19 equal to the applicable amount for each gallon
20 of qualified cellulosic biofuel production.

21 “(B) APPLICABLE AMOUNT.—For purposes
22 of subparagraph (A), the applicable amount
23 means the excess of—

24 “(i) \$1.25, over

25 “(ii) the sum of—

1 “(I) the amount of the credit in
2 effect for alcohol which is ethanol
3 under subsection (b)(1) (without re-
4 gard to subsection (b)(3)) at the time
5 of the qualified cellulosic biofuel pro-
6 duction, plus

7 “(II) the amount of the credit in
8 effect under subsection (b)(4) at the
9 time of such production.

10 “(C) QUALIFIED CELLULOSIC BIOFUEL
11 PRODUCTION.—For purposes of this section,
12 the term ‘qualified cellulosic biofuel production’
13 means any cellulosic biofuel which during the
14 taxable year—

15 “(i) is sold by the taxpayer to another
16 person—

17 “(I) for use by such other person
18 in the production of a qualified cel-
19 lulosic biofuel mixture in such other
20 person’s trade or business (other than
21 casual off-farm production),

22 “(II) for use by such other per-
23 son as a fuel in a trade or business,
24 or

1 “(III) who sells such cellulosic
2 biofuel at retail to another person and
3 places such cellulosic biofuel in the
4 fuel tank of such other person, or
5 “(ii) is used or sold by the taxpayer
6 for any purpose described in clause (i).

7 The qualified cellulosic biofuel production of
8 any taxpayer for any taxable year shall not in-
9 clude any alcohol which is purchased by the
10 taxpayer and with respect to which such pro-
11 ducer increases the proof of the alcohol by addi-
12 tional distillation.

13 “(D) QUALIFIED CELLULOSIC BIOFUEL
14 MIXTURE.—For purposes of this paragraph, the
15 term ‘qualified cellulosic biofuel mixture’ means
16 a mixture of cellulosic biofuel and any petro-
17 leum fuel product which—

18 “(i) is sold by the person producing
19 such mixture to any person for use as a
20 fuel, or

21 “(ii) is used as a fuel by the person
22 producing such mixture.

23 “(E) CELLULOSIC BIOFUEL.—

24 “(i) IN GENERAL.—The term ‘cel-
25 lulosic biofuel’ has the meaning given such

1 term under section 168(l)(3), but does not
2 include any alcohol with a proof of less
3 than 150.

4 “(ii) DETERMINATION OF PROOF.—
5 The determination of the proof of any alco-
6 hol shall be made without regard to any
7 added denaturants.

8 “(F) ALLOCATION OF CELLULOSIC
9 BIOFUEL PRODUCER CREDIT TO PATRONS OF
10 COOPERATIVE.—Rules similar to the rules
11 under subsection (g)(6) shall apply for purposes
12 of this paragraph.

13 “(G) APPLICATION OF PARAGRAPH.—This
14 paragraph shall apply with respect to qualified
15 cellulosic biofuel production after December 31,
16 2007, and before April 1, 2015.”.

17 (2) TERMINATION DATE NOT TO APPLY.—Sub-
18 section (e) of section 40 (relating to termination) is
19 amended—

20 (A) by inserting “or subsection (b)(6)(G)”
21 after “by reason of paragraph (1)” in para-
22 graph (2), and

23 (B) by adding at the end the following new
24 paragraph:

1 “(3) EXCEPTION FOR CELLULOSIC BIOFUEL
2 PRODUCER CREDIT.—Paragraph (1) shall not apply
3 to the portion of the credit allowed under this sec-
4 tion by reason of subsection (a)(4).”.

5 (c) BIOFUEL NOT USED AS A FUEL, ETC.—

6 (1) IN GENERAL.—Paragraph (3) of section
7 40(d) is amended by redesignating subparagraph
8 (D) as subparagraph (E) and by inserting after sub-
9 paragraph (C) the following new subparagraph:

10 “(D) CELLULOSIC BIOFUEL PRODUCER
11 CREDIT.—If—

12 “(i) any credit is allowed under sub-
13 section (a)(4), and

14 “(ii) any person does not use such
15 fuel for a purpose described in subsection
16 (b)(6)(C),

17 then there is hereby imposed on such person a
18 tax equal to the applicable amount for each gal-
19 lon of such cellulosic biomass biofuel.”.

20 (2) CONFORMING AMENDMENTS.—

21 (A) Subparagraph (C) of section 40(d)(3)
22 is amended by striking “PRODUCER” in the
23 heading and inserting “SMALL ETHANOL PRO-
24 DUCER”.

1 (B) Subparagraph (E) of section 40(d)(3),
2 as redesignated by paragraph (1), is amended
3 by striking “or (C)” and inserting “(C), or
4 (D)”.

5 (d) BIOFUEL PRODUCED IN THE UNITED STATES.—
6 Section 40(d) is amended by adding at the end the fol-
7 lowing new paragraph:

8 “(6) SPECIAL RULE FOR CELLULOSIC BIOFUEL
9 PRODUCER CREDIT.—No cellulosic biofuel producer
10 credit shall be determined under subsection (a) with
11 respect to any cellulosic biofuel unless such cellulosic
12 biofuel is produced in the United States.”.

13 (e) WAIVER OF CREDIT LIMIT FOR CELLULOSIC
14 BIOFUEL PRODUCTION BY SMALL ETHANOL PRO-
15 DUCERS.—Section 40(b)(4)(C) is amended by inserting
16 “(determined without regard to any qualified cellulosic
17 biofuel production” after “15,000,000 gallons”.

18 (f) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to fuel produced after December
20 31, 2007.

21 On page 1482, line 20, strike “, as amended by this
22 Act,”.

23 On page 1482, line 22, strike “(j)” and insert “(i)”.

1 On page 1485, line 16, strike “section 312 of”.

2 On page 1488, strike lines 1 through 21, and insert
3 following:

4 **SEC. 12316. CALCULATION OF VOLUME OF ALCOHOL FOR**
5 **FUEL CREDITS.**

6 (a) IN GENERAL.—Paragraph (4) of section 40(d)
7 (relating to volume of alcohol) is amended by striking “5
8 percent” and inserting “2 percent”.

9 (b) CONFORMING AMENDMENT FOR EXCISE TAX
10 CREDIT.—Section 6426(b) (relating to alcohol fuel mix-
11 ture credit) is amended by redesignating paragraph (5)
12 as paragraph (6) and by inserting after paragraph (4) the
13 following new paragraph:

14 “(5) VOLUME OF ALCOHOL.—For purposes of
15 determining under subsection (a) the number of gal-
16 lons of alcohol with respect to which a credit is al-
17 lowable under subsection (a), the volume of alcohol
18 shall include the volume of any denaturant (includ-
19 ing gasoline) which is added under any formulas ap-
20 proved by the Secretary to the extent that such de-
21 naturants do not exceed 2 percent of the volume of
22 such alcohol (including denaturants).”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to fuel sold or used after December
3 31, 2007.

4 On page 1492, after line 23, add the following:

5 (d) ELIGIBILITY OF CERTAIN AVIATION FUEL.—Sec-
6 tion 40A(f)(3) (defining renewable diesel) is amended by
7 adding at the end the following new flush sentence:

8 “The term ‘renewable diesel’ also means fuel derived
9 from biomass (as defined in section 45K(c)(3)) using
10 a thermal depolymerization process which meets the
11 requirements of a Department of Defense specifica-
12 tion for military jet fuel or an American Society of
13 Testing and Materials specification for aviation tur-
14 bine fuel.”.

15 On page 1493, line 1, strike “(d)” and insert “(e)”.

16 Beginning on page 1563, line 6, strike through page
17 1564, line 15, and insert following:

18 **SEC. 12504. MODIFICATION OF SECTION 1031 TREATMENT**
19 **FOR CERTAIN REAL ESTATE.**

20 (a) IN GENERAL.—Section 1031 (relating to ex-
21 change of property held for productive use or investment),

1 as amended by this Act, is amended by adding at the end
2 the following new subsection:

3 “(j) SPECIAL RULE FOR SUBSIDIZED AGRICULTURAL
4 REAL PROPERTY.—

5 “(1) IN GENERAL.—Subsidized agricultural real
6 property and nonagricultural real property are not
7 property of a like kind.

8 “(2) SUBSIDIZED AGRICULTURAL REAL PROP-
9 erty.—For purposes of this subsection, the term
10 ‘subsidized agricultural real property’ means real
11 property—

12 “(A) which is used as a farm for farming
13 purposes (within the meaning of section
14 2032A(e)(5)); and

15 “(B) with respect to which a taxpayer re-
16 ceives, in the taxable year in which an exchange
17 of such property is made, any payment or ben-
18 efit under—

19 “(i) part I of subtitle A,

20 “(ii) part III (other than sections
21 1307 and 1308) of subtitle A, or

22 “(iii) subtitle B,

23 of title I of the Food and Energy Security Act
24 of 2007.

1 “(3) NONAGRICULTURAL REAL PROPERTY.—
2 For purposes of this subsection, the term ‘non-
3 agricultural real property’ means real property
4 which is not used as a farm for farming purposes
5 (within the meaning of section 2032A(e)(5)).

6 “(4) EXCEPTION.—Paragraph (1) shall not
7 apply with respect to any subsidized agricultural real
8 property which, not later than the date of the ex-
9 change, is permanently retired from any program
10 under which any payment or benefit described in
11 paragraph (2)(B) is made.”.

12 (b) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to exchanges completed after the
14 date of the enactment of this Act.

15 On page 1565, strike lines 13 through 24.

16 On page 1566, line 1, strike “**12508**” and insert
17 “**12507**”.

18 On page 1572, strike “**12509**” and insert “**12508**”.

19 On page 1575, between lines 10 and 11, insert the
20 following:

1 **SEC. 12509. MODIFICATION OF PENALTY FOR FAILURE TO**
2 **FILE PARTNERSHIP RETURNS; LIMITATION**
3 **ON DISCLOSURE.**

4 (a) **EXTENSION OF TIME LIMITATION.**—Section
5 6698(a) (relating to failure to file partnership returns) is
6 amended by striking “5 months” and inserting “12
7 months”.

8 (b) **INCREASE IN PENALTY AMOUNT.**—Paragraph
9 (1) of section 6698(b) is amended by striking “\$50” and
10 inserting “\$100”.

11 (c) **LIMITATION ON DISCLOSURE OF TAXPAYER RE-**
12 **TURNS TO PARTNERS, S CORPORATION SHAREHOLDERS,**
13 **TRUST BENEFICIARIES, AND ESTATE BENEFICIARIES.**—

14 (1) **IN GENERAL.**—Section 6103(e) (relating to
15 disclosure to persons having material interest) is
16 amended by adding at the end the following new
17 paragraph:

18 “(10) **LIMITATION ON CERTAIN DISCLOSURES**
19 **UNDER THIS SUBSECTION.**—In the case of an in-
20 spection or disclosure under this subsection relating
21 to the return of a partnership, S corporation, trust,
22 or an estate, the information inspected or disclosed
23 shall not include any supporting schedule, attach-
24 ment, or list which includes the taxpayer identity in-
25 formation of a person other than the entity making

1 the return or the person conducting the inspection
2 or to whom the disclosure is made.”.

3 (2) EFFECTIVE DATE.—The amendment made
4 by this subsection shall take effect on the date of the
5 enactment of this Act.

6 (d) EFFECTIVE DATE.—The amendments made by
7 subsections (a) and (b) shall apply to returns required to
8 be filed after the date of the enactment of this Act.

9 **SEC. 12510. PARTICIPANTS IN GOVERNMENT SECTION 457**
10 **PLANS ALLOWED TO TREAT ELECTIVE DE-**
11 **FERRALS AS ROTH CONTRIBUTIONS.**

12 (a) IN GENERAL.—Section 402A(e)(1) (defining ap-
13 plicable retirement plan) is amended by striking “and” at
14 the end of subparagraph (A), by striking the period at
15 the end of subparagraph (B) and inserting “, and”, and
16 by adding at the end the following:

17 “(C) an eligible deferred compensation
18 plan (as defined in section 457(b)) of an eligible
19 employer described in section 457(e)(1)(A).”.

20 (b) ELECTIVE DEFERRALS.—Section 402A(e)(2) (de-
21 fining elective deferral) is amended to read as follows:

22 “(2) ELECTIVE DEFERRAL.—The term ‘elective
23 deferral’ means—

24 “(A) any elective deferral described in sub-
25 paragraph (A) or (C) of section 402(g)(3), and

1 “(B) any elective deferral of compensation
2 by an individual under an eligible deferred com-
3 pensation plan (as defined in section 457(b)) of
4 an eligible employer described in section
5 457(e)(1)(A).”.

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

9 On page 1597, after line 18, insert the following:

10 **Subtitle G—Kansas Disaster Tax**
11 **Relief Assistance**

12 **SEC. 12701. TEMPORARY TAX RELIEF FOR KIOWA COUNTY,**
13 **KANSAS AND SURROUNDING AREA.**

14 The following provisions of or relating to the Internal
15 Revenue Code of 1986 shall apply, in addition to the areas
16 described in such provisions, to an area with respect to
17 which a major disaster has been declared by the President
18 under section 401 of the Robert T. Stafford Disaster Re-
19 lief and Emergency Assistance Act (FEMA-1699-DR, as
20 in effect on the date of the enactment of this Act) by rea-
21 son of severe storms and tornados beginning on May 4,
22 2007, and determined by the President to warrant indi-
23 vidual or individual and public assistance from the Federal

1 Government under such Act with respect to damages at-
2 tributed to such storms and tornados:

3 (1) SUSPENSION OF CERTAIN LIMITATIONS ON
4 PERSONAL CASUALTY LOSSES.—Section 1400S(b)(1)
5 of the Internal Revenue Code of 1986, by sub-
6 stituting “May 4, 2007” for “August 25, 2005”.

7 (2) EXTENSION OF REPLACEMENT PERIOD FOR
8 NONRECOGNITION OF GAIN.—Section 405 of the
9 Katrina Emergency Tax Relief Act of 2005, by sub-
10 stituting “on or after May 4, 2007, by reason of the
11 May 4, 2007, storms and tornados” for “on or after
12 August 25, 2005, by reason of Hurricane Katrina”.

13 (3) EMPLOYEE RETENTION CREDIT FOR EM-
14 PLOYERS AFFECTED BY MAY 4 STORMS AND TOR-
15 NADOS.—Section 1400R(a) of the Internal Revenue
16 Code of 1986—

17 (A) by substituting “May 4, 2007” for
18 “August 28, 2005” each place it appears,

19 (B) by substituting “January 1, 2008” for
20 “January 1, 2006” both places it appears, and

21 (C) only with respect to eligible employers
22 who employed an average of not more than 200
23 employees on business days during the taxable
24 year before May 4, 2007.

1 (4) SPECIAL ALLOWANCE FOR CERTAIN PROP-
2 ERTY ACQUIRED ON OR AFTER MAY 5, 2007.—Section
3 1400N(d) of such Code—

4 (A) by substituting “qualified Recovery As-
5 sistance property” for “qualified Gulf Oppor-
6 tunity Zone property” each place it appears,

7 (B) by substituting “May 5, 2007” for
8 “August 28, 2005” each place it appears,

9 (C) by substituting “December 31, 2008”
10 for “December 31, 2007” in paragraph
11 (2)(A)(v),

12 (D) by substituting “December 31, 2009”
13 for “December 31, 2008” in paragraph
14 (2)(A)(v),

15 (E) by substituting “May 4, 2007” for
16 “August 27, 2005” in paragraph (3)(A),

17 (F) by substituting “January 1, 2009” for
18 “January 1, 2008” in paragraph (3)(B), and

19 (G) determined without regard to para-
20 graph (6) thereof.

21 (5) INCREASE IN EXPENSING UNDER SECTION
22 179.—Section 1400N(e) of such Code, by sub-
23 stituting “qualified section 179 Recovery Assistance
24 property” for “qualified section 179 Gulf Oppor-
25 tunity Zone property” each place it appears.

1 (6) EXPENSING FOR CERTAIN DEMOLITION AND
2 CLEAN-UP COSTS.—Section 1400N(f) of such
3 Code—

4 (A) by substituting “qualified Recovery As-
5 sistance clean-up cost” for “qualified Gulf Op-
6 portunity Zone clean-up cost” each place it ap-
7 pears, and

8 (B) by substituting “beginning on May 4,
9 2007, and ending on December 31, 2009” for
10 “beginning on August 28, 2005, and ending on
11 December 31, 2007” in paragraph (2) thereof.

12 (7) TREATMENT OF PUBLIC UTILITY PROPERTY
13 DISASTER LOSSES.—Section 1400N(o) of such Code.

14 (8) TREATMENT OF NET OPERATING LOSSES
15 ATTRIBUTABLE TO STORM LOSSES.—Section
16 1400N(k) of such Code—

17 (A) by substituting “qualified Recovery As-
18 sistance loss” for “qualified Gulf Opportunity
19 Zone loss” each place it appears,

20 (B) by substituting “after May 3, 2007,
21 and before on January 1, 2010” for “after Au-
22 gust 27, 2005, and before January 1, 2008”
23 each place it appears,

1 (C) by substituting “May 4, 2007” for
2 “August 28, 2005” in paragraph (2)(B)(ii)(I)
3 thereof,

4 (D) by substituting “qualified Recovery
5 Assistance property” for “qualified Gulf Oppor-
6 tunity Zone property” in paragraph (2)(B)(iv)
7 thereof, and

8 (E) by substituting “qualified Recovery As-
9 sistance casualty loss” for “qualified Gulf Op-
10 portunity Zone casualty loss” each place it ap-
11 pears.

12 (9) TREATMENT OF REPRESENTATIONS RE-
13 GARDING INCOME ELIGIBILITY FOR PURPOSES OF
14 QUALIFIED RENTAL PROJECT REQUIREMENTS.—Sec-
15 tion 1400N(n) of such Code.

16 (10) SPECIAL RULES FOR USE OF RETIREMENT
17 FUNDS.—Section 1400Q of such Code—

18 (A) by substituting “qualified Recovery As-
19 sistance distribution” for “qualified hurricane
20 distribution” each place it appears,

21 (B) by substituting “on or after May 4,
22 2007, and before January 1, 2009” for “on or
23 after August 25, 2005, and before January 1,
24 2007” in subsection (a)(4)(A)(i),

1 (C) by substituting “qualified storm dis-
2 tribution” for “qualified Katrina distribution”
3 each place it appears,

4 (D) by substituting “after November 4,
5 2006, and before May 5, 2007” for “after Feb-
6 ruary 28, 2005, and before August 29, 2005”
7 in subsection (b)(2)(B)(ii),

8 (E) by substituting “beginning on May 4,
9 2007, and ending on November 5, 2007” for
10 “beginning on August 25, 2005, and ending on
11 February 28, 2006” in subsection (b)(3)(A),

12 (F) by substituting “qualified storm indi-
13 vidual” for “qualified Hurricane Katrina indi-
14 vidual” each place it appears,

15 (G) by substituting “December 31, 2007”
16 for “December 31, 2006” in subsection
17 (c)(2)(A),

18 (H) by substituting “beginning on June 4,
19 2007, and ending on December 31, 2007” for
20 “beginning on September 24, 2005, and ending
21 on December 31, 2006” in subsection
22 (c)(4)(A)(i),

23 (I) by substituting “May 4, 2007” for
24 “August 25, 2005” in subsection (c)(4)(A)(ii),
25 and

1 (J) by substituting “January 1, 2008” for
2 “January 1, 2007” in subsection (d)(2)(A)(ii).

3 **Subtitle H—Other Provisions**

4 **SEC. 12801. INCOME AVERAGING FOR AMOUNTS RECEIVED** 5 **IN CONNECTION WITH THE EXXON VALDEZ** 6 **LITIGATION.**

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

10 (1) any qualified taxpayer who receives any
11 qualified settlement income in any taxable year shall
12 be treated as engaged in a fishing business (deter-
13 mined without regard to the commercial nature of
14 the business), and

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

18 (b) CONTRIBUTIONS OF AMOUNTS RECEIVED TO RE-
19 TIREMENT ACCOUNTS.—

20 (1) IN GENERAL.—Any qualified taxpayer who
21 receives qualified settlement income during the tax-
22 able year may, at any time before the end of the tax-
23 able year in which such income was received, make
24 one or more contributions to an eligible retirement
25 plan of which such qualified taxpayer is a bene-

1 ficiary in an aggregate amount not to exceed the
2 lesser of—

3 (A) \$100,000 (reduced by the amount of
4 qualified settlement income contributed to an
5 eligible retirement plan in prior taxable years
6 pursuant to this subsection), or

7 (B) the amount of qualified settlement in-
8 come received by the individual during the tax-
9 able year.

10 (2) TIME WHEN CONTRIBUTIONS DEEMED
11 MADE.—For purposes of paragraph (1), a qualified
12 taxpayer shall be deemed to have made a contribu-
13 tion to an eligible retirement plan on the last day of
14 the taxable year in which such income is received if
15 the contribution is made on account of such taxable
16 year and is made not later than the time prescribed
17 by law for filing the return for such taxable year
18 (not including extensions thereof).

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

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

1 (i) to the extent of such contribution,
2 the qualified settlement income shall not
3 be included in gross income, and

4 (ii) for purposes of section 72 of such
5 Code, such contribution shall not be con-
6 sidered to be investment in the contract,

7 (B) the qualified taxpayer shall, to the ex-
8 tent of the amount of the contribution, be treat-
9 ed—

10 (i) as having received the qualified
11 settlement income—

12 (I) in the case of a contribution
13 to an individual retirement plan (as
14 defined under section 7701(a)(37) of
15 such Code), in a distribution described
16 in section 408(d)(3) of such Code,
17 and

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

22 (ii) as having transferred the amount
23 to the eligible retirement plan in a direct
24 trustee to trustee transfer within 60 days
25 of the distribution,

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

5 (D) section 408A(c)(3)(B) of the Internal
6 Revenue Code of 1986 shall not apply with re-
7 spect to amounts contributed to a Roth IRA (as
8 defined under section 408A(b) of such Code) or
9 a designated Roth contribution to an applicable
10 retirement plan (within the meaning of section
11 402A of such Code) under this paragraph.

12 (4) SPECIAL RULE FOR ROTH IRAS AND ROTH
13 401(k)s.—For purposes of the Internal Revenue
14 Code of 1986, if a contribution is made pursuant to
15 paragraph (1) with respect to qualified settlement
16 income to a Roth IRA (as defined under section
17 408A(b) of such Code) or as a designated Roth con-
18 tribution to an applicable retirement plan (within
19 the meaning of section 402A of such Code), then—

20 (A) the qualified settlement income shall
21 be includible in gross income, and

22 (B) for purposes of section 72 of such
23 Code, such contribution shall be considered to
24 be investment in the contract.

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

6 (c) TREATMENT OF QUALIFIED SETTLEMENT IN-
7 COME UNDER EMPLOYMENT TAXES.—

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

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

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

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

23 (2) any individual who is a beneficiary of the
24 estate of such a plaintiff who—

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

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

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

9 (1) otherwise includible in gross income (deter-
10 mined without regard to subsection (b)), and

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

16 **SEC. 12802. 2-YEAR EXTENSION AND EXPANSION OF CHARIT-**
17 **TABLE DEDUCTION FOR CONTRIBUTIONS OF**
18 **FOOD INVENTORY.**

19 (a) IN GENERAL.—Section 170(e)(3)(C) (relating to
20 special rule for certain contributions of inventory and
21 other property) is amended—

22 (1) by striking “December 31, 2007” in clause
23 (iv) and inserting “December 31, 2009”, and

1 (2) by redesignating clauses (iii) and (iv) as
2 clauses (iv) and (v), respectively, and by inserting
3 after clause (ii) the following new clause:

4 “(iii) DETERMINATION OF BASIS.—If
5 a taxpayer—

6 “(I) does not account for inven-
7 tories under section 471, and

8 “(II) is not required to capitalize
9 indirect costs under section 263A,
10 the taxpayer may elect, solely for purposes
11 of subparagraph (B), to treat the basis of
12 any apparently wholesome food as being
13 equal to 25 percent of the fair market
14 value of such food.”.

15 (b) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to contributions made after De-
17 cember 31, 2007.

18 **SEC. 12803. MILEAGE REIMBURSEMENTS TO CHARITABLE**
19 **VOLUNTEERS EXCLUDED FROM GROSS IN-**
20 **COME.**

21 (a) IN GENERAL.—Part III of subchapter B of chap-
22 ter 1 is amended by inserting after section 139A the fol-
23 lowing new section:

1 **“SEC. 139B. MILEAGE REIMBURSEMENTS TO CHARITABLE**
2 **VOLUNTEERS.**

3 “(a) IN GENERAL.—Gross income of an individual
4 does not include amounts received, from an organization
5 described in section 170(c), as reimbursement of operating
6 expenses with respect to use of a passenger automobile
7 for the benefit of such organization. The preceding sen-
8 tence shall apply only to the extent that such reimburse-
9 ment would be deductible under this chapter if section
10 274(d) were applied—

11 “(1) by using the standard business mileage
12 rate in effect under section 162(a) at the time of
13 such use, and

14 “(2) as if the individual were an employee of an
15 organization not described in section 170(c).

16 “(b) APPLICATION TO VOLUNTEER SERVICES
17 ONLY.—Subsection (a) shall not apply with respect to any
18 expenses relating to the performance of services for com-
19 pensation.

20 “(c) NO DOUBLE BENEFIT.—No deduction or credit
21 shall be allowed under any other provision of this title with
22 respect to the expenses excludable from gross income
23 under subsection (a).”.

24 (b) CLERICAL AMENDMENT.—The table of sections
25 for part III of subchapter B of chapter 1 of the Internal
26 Revenue Code of 1986 is amended by inserting after the

1 item relating to section 139A and inserting the following
2 new item:

“Sec. 139B. Reimbursement for use of passenger automobile for charity.”.

3 (c) **EFFECTIVE DATE.**—The amendments made by
4 this section shall apply to taxable years beginning after
5 the date of the enactment of this Act.

6 **SEC. 12804. BASIS ADJUSTMENT TO STOCK OF S CORPORA-**
7 **TIONS MAKING CHARITABLE CONTRIBU-**
8 **TIONS OF PROPERTY.**

9 (a) **TECHNICAL AMENDMENT RELATED TO SECTION**
10 **1203 OF THE PENSION PROTECTION ACT OF 2006.**—Sub-
11 section (d) of section 1366 is amended by adding at the
12 end the following new paragraph:

13 “(4) **APPLICATION OF LIMITATION ON CHARI-**
14 **TABLE CONTRIBUTIONS.**—In the case of any chari-
15 table contribution of property to which the second
16 sentence of section 1367(a)(2) applies, paragraph
17 (1) shall not apply to the extent of the excess (if
18 any) of—

19 “(A) the shareholder’s pro rata share of
20 such contribution, over

21 “(B) the shareholder’s pro rata share of
22 the adjusted basis of such property.”.

23 (b) **EFFECTIVE DATE.**—The amendment made by
24 this section shall take effect as if included in the provision
25 of the Pension Protection Act of 2006 to which it relates.

1 **SEC. 12805. PRIVATE PAYMENT TEST FOR PROFESSIONAL**
2 **SPORTS FACILITY BONDS.**

3 Section 141, as amended by this Act, is amended—

4 (1) by striking the last sentence of subsection

5 (a), and

6 (2) by striking subsection (f).

7 **SEC. 12806. APPLICATION OF REHABILITATION CREDIT**
8 **AND DEPRECIATION SCHEDULES TO CER-**
9 **TAIN LOW-INCOME HOUSING FOR THE EL-**
10 **DERLY.**

11 (a) **IN GENERAL.**—Section 251(d)(4)(X) of the Tax
12 Reform Act of 1986 is repealed.

13 (b) **EFFECTIVE DATE.**—The repeal made by this sec-
14 tion shall apply to property placed in service after the date
15 of the enactment of this Act.

16 **SEC. 12807. COMPETITIVE CERTIFICATION AWARDS MODI-**
17 **FICATION AUTHORITY.**

18 (a) **IN GENERAL.**—Section 48A (relating to quali-
19 fying advanced coal project credit) is amended by adding
20 at the end the following new subsection:

21 “(h) **COMPETITIVE CERTIFICATION AWARDS MODI-**
22 **FICATION AUTHORITY.**—In implementing this section or
23 section 48B, the Secretary is directed to modify the terms
24 of any competitive certification award and any associated
25 closing agreement where such modification—

1 “(1) is consistent with the objectives of such
2 section,

3 “(2) is requested by the recipient of the com-
4 petitive certification award, and

5 “(3) involves moving the project site to improve
6 the potential to capture and sequester carbon dioxide
7 emissions, reduce costs of transporting feedstock,
8 and serve a broader customer base,

9 unless the Secretary determines that the dollar amount
10 of tax credits available to the taxpayer under such section
11 would increase as a result of the modification or such
12 modification would result in such project not being origi-
13 nally certified. In considering any such modification, the
14 Secretary shall consult with other relevant Federal agen-
15 cies, including the Department of Energy.”.

16 (b) **EFFECTIVE DATE.**—The amendment made by
17 this section shall take effect on the date of the enactment
18 of this Act and is applicable to all competitive certification
19 awards entered into under section 48A or 48B of the In-
20 ternal Revenue Code of 1986, whether such awards were
21 issued before, on, or after such date of enactment.

22 **SEC. 12808. QUALIFIED FORESTRY CONSERVATION BONDS.**

23 (a) **IN GENERAL.**—Part IV of subchapter A of chap-
24 ter 1 (relating to credits against tax) is amended by add-
25 ing at the end the following new subpart:

1 **“Subpart I—Qualified Tax Credit Bonds**

“Sec. 54A. Credit to holders of qualified tax credit bonds.

“Sec. 54B. Qualified forestry conservation bonds.

2 **“SEC. 54A. CREDIT TO HOLDERS OF QUALIFIED TAX CRED-**
3 **IT BONDS.**

4 “(a) ALLOWANCE OF CREDIT.—If a taxpayer holds
5 a qualified tax credit bond on one or more credit allowance
6 dates of the bond during any taxable year, there shall be
7 allowed as a credit against the tax imposed by this chapter
8 for the taxable year an amount equal to the sum of the
9 credits determined under subsection (b) with respect to
10 such dates.

11 “(b) AMOUNT OF CREDIT.—

12 “(1) IN GENERAL.—The amount of the credit
13 determined under this subsection with respect to any
14 credit allowance date for a qualified tax credit bond
15 is 25 percent of the annual credit determined with
16 respect to such bond.

17 “(2) ANNUAL CREDIT.—The annual credit de-
18 termined with respect to any qualified tax credit
19 bond is the product of—

20 “(A) the applicable credit rate, multiplied
21 by

22 “(B) the outstanding face amount of the
23 bond.

1 “(3) APPLICABLE CREDIT RATE.—For purposes
2 of paragraph (2), the applicable credit rate is 70
3 percent of the rate which the Secretary estimates
4 will permit the issuance of qualified tax credit bonds
5 with a specified maturity or redemption date without
6 discount and without interest cost to the qualified
7 issuer. The applicable credit rate with respect to any
8 qualified tax credit bond shall be determined as of
9 the first day on which there is a binding, written
10 contract for the sale or exchange of the bond.

11 “(4) SPECIAL RULE FOR ISSUANCE AND RE-
12 DEMPTION.—In the case of a bond which is issued
13 during the 3-month period ending on a credit allow-
14 ance date, the amount of the credit determined
15 under this subsection with respect to such credit al-
16 lowance date shall be a ratable portion of the credit
17 otherwise determined based on the portion of the 3-
18 month period during which the bond is outstanding.
19 A similar rule shall apply when the bond is redeemed
20 or matures.

21 “(c) LIMITATION BASED ON AMOUNT OF TAX.—

22 “(1) IN GENERAL.—The credit allowed under
23 subsection (a) for any taxable year shall not exceed
24 the excess of—

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

4 “(B) the sum of the credits allowable
5 under this part (other than subpart C and this
6 subpart).

7 “(2) CARRYOVER OF UNUSED CREDIT.—If the
8 credit allowable under subsection (a) exceeds the
9 limitation imposed by paragraph (1) for such taxable
10 year, such excess shall be carried to the succeeding
11 taxable year and added to the credit allowable under
12 subsection (a) for such taxable year (determined be-
13 fore the application of paragraph (1) for such suc-
14 ceeding taxable year).

15 “(d) QUALIFIED TAX CREDIT BOND.—For purposes
16 of this section—

17 “(1) QUALIFIED TAX CREDIT BOND.—The term
18 ‘qualified tax credit bond’ means a qualified forestry
19 conservation bond which is part of an issue that
20 meets the requirements of paragraphs (2), (3), (4),
21 (5), and (6).

22 “(2) SPECIAL RULES RELATING TO EXPENDI-
23 TURES.—

24 “(A) IN GENERAL.—An issue shall be
25 treated as meeting the requirements of this

1 paragraph if, as of the date of issuance, the
2 issuer reasonably expects—

3 “(i) 100 percent or more of the avail-
4 able project proceeds to be spent for 1 or
5 more qualified purposes within the 3-year
6 period beginning on such date of issuance,
7 and

8 “(ii) a binding commitment with a
9 third party to spend at least 10 percent of
10 such available project proceeds will be in-
11 curred within the 6-month period begin-
12 ning on such date of issuance.

13 “(B) FAILURE TO SPEND REQUIRED
14 AMOUNT OF BOND PROCEEDS WITHIN 3
15 YEARS.—

16 “(i) IN GENERAL.—To the extent that
17 less than 100 percent of the available
18 project proceeds of the issue are expended
19 by the close of the expenditure period for
20 1 or more qualified purposes, the issuer
21 shall redeem all of the nonqualified bonds
22 within 90 days after the end of such pe-
23 riod. For purposes of this paragraph, the
24 amount of the nonqualified bonds required

1 to be redeemed shall be determined in the
2 same manner as under section 142.

3 “(ii) EXPENDITURE PERIOD.—For
4 purposes of this subpart, the term ‘expen-
5 diture period’ means, with respect to any
6 issue, the 3-year period beginning on the
7 date of issuance. Such term shall include
8 any extension of such period under clause
9 (iii).

10 “(iii) EXTENSION OF PERIOD.—Upon
11 submission of a request prior to the expira-
12 tion of the expenditure period (determined
13 without regard to any extension under this
14 clause), the Secretary may extend such pe-
15 riod if the issuer establishes that the fail-
16 ure to expend the proceeds within the
17 original expenditure period is due to rea-
18 sonable cause and the expenditures for
19 qualified purposes will continue to proceed
20 with due diligence.

21 “(C) QUALIFIED PURPOSE.—For purposes
22 of this paragraph, the term ‘qualified purpose’
23 means a purpose specified in section 54B(e).

24 “(D) REIMBURSEMENT.—For purposes of
25 this subtitle, available project proceeds of an

1 issue shall be treated as spent for a qualified
2 purpose if such proceeds are used to reimburse
3 the issuer for amounts paid for a qualified pur-
4 pose after the date that the Secretary makes an
5 allocation of bond limitation with respect to
6 such issue, but only if—

7 “(i) prior to the payment of the origi-
8 nal expenditure, the issuer declared its in-
9 tent to reimburse such expenditure with
10 the proceeds of a qualified tax credit bond,

11 “(ii) not later than 60 days after pay-
12 ment of the original expenditure, the issuer
13 adopts an official intent to reimburse the
14 original expenditure with such proceeds,
15 and

16 “(iii) the reimbursement is made not
17 later than 18 months after the date the
18 original expenditure is paid.

19 “(3) REPORTING.—An issue shall be treated as
20 meeting the requirements of this paragraph if the
21 issuer of qualified tax credit bonds submits reports
22 similar to the reports required under section 149(e).

23 “(4) SPECIAL RULES RELATING TO ARBI-
24 TRAGE.—

1 “(A) IN GENERAL.—An issue shall be
2 treated as meeting the requirements of this
3 paragraph if the issuer satisfies the require-
4 ments of section 148 with respect to the pro-
5 ceeds of the issue.

6 “(B) SPECIAL RULE FOR INVESTMENTS
7 DURING EXPENDITURE PERIOD.—Available
8 project proceeds invested during the expendi-
9 ture period shall not be subject to the require-
10 ments of subparagraph (A).

11 “(C) SPECIAL RULE FOR RESERVE
12 FUNDS.—An issue shall not be treated as fail-
13 ing to meet the requirements of subparagraph
14 (A) by reason of any fund which is expected to
15 be used to repay such issue if—

16 “(i) such fund is funded in a manner
17 reasonably expected to result in an amount
18 not greater than an amount necessary to
19 repay the issue, and

20 “(ii) the yield on such fund is not
21 greater than the discount rate determined
22 under paragraph (5)(B) with respect to the
23 issue.

24 “(5) MATURITY LIMITATION.—

1 “(A) IN GENERAL.—An issue shall be
2 treated as meeting the requirements of this
3 paragraph if the maturity of any bond which is
4 part of such issue does not exceed the max-
5 imum term determined by the Secretary under
6 subparagraph (B).

7 “(B) MAXIMUM TERM.—During each cal-
8 endar month, the Secretary shall determine the
9 maximum term permitted under this paragraph
10 for bonds issued during the following calendar
11 month. Such maximum term shall be the term
12 which the Secretary estimates will result in the
13 present value of the obligation to repay the
14 principal on the bond being equal to 50 percent
15 of the face amount of such bond. Such present
16 value shall be determined using as a discount
17 rate the average annual interest rate of tax-ex-
18 empt obligations having a term of 10 years or
19 more which are issued during the month. If the
20 term as so determined is not a multiple of a
21 whole year, such term shall be rounded to the
22 next highest whole year.

23 “(6) PROHIBITION ON FINANCIAL CONFLICTS
24 OF INTEREST.—An issue shall be treated as meeting

1 the requirements of this paragraph if the issuer cer-
2 tifies that—

3 “(A) applicable State and local law re-
4 quirements governing conflicts of interest are
5 satisfied with respect to such issue, and

6 “(B) if the Secretary prescribes additional
7 conflicts of interest rules governing the appro-
8 priate Members of Congress, Federal, State,
9 and local officials, and their spouses, such addi-
10 tional rules are satisfied with respect to such
11 issue.

12 “(e) OTHER DEFINITIONS.—For purposes of this
13 subchapter—

14 “(1) CREDIT ALLOWANCE DATE.—The term
15 ‘credit allowance date’ means—

16 “(A) March 15,

17 “(B) June 15,

18 “(C) September 15, and

19 “(D) December 15.

20 Such term includes the last day on which the bond
21 is outstanding.

22 “(2) BOND.—The term ‘bond’ includes any ob-
23 ligation.

1 “(3) STATE.—The term ‘State’ includes the
2 District of Columbia and any possession of the
3 United States.

4 “(4) AVAILABLE PROJECT PROCEEDS.—The
5 term ‘available project proceeds’ means—

6 “(A) the excess of—

7 “(i) the proceeds from the sale of an
8 issue, over

9 “(ii) the issuance costs financed by
10 the issue (to the extent that such costs do
11 not exceed 2 percent of such proceeds),
12 and

13 “(B) the proceeds from any investment of
14 the excess described in subparagraph (A).

15 “(f) CREDIT TREATED AS INTEREST.—For purposes
16 of this subtitle, the credit determined under subsection (a)
17 shall be treated as interest which is includible in gross in-
18 come.

19 “(g) S CORPORATIONS AND PARTNERSHIPS.—In the
20 case of a tax credit bond held by an S corporation or part-
21 nership, the allocation of the credit allowed by this section
22 to the shareholders of such corporation or partners of such
23 partnership shall be treated as a distribution.

24 “(h) BONDS HELD BY REGULATED INVESTMENT
25 COMPANIES AND REAL ESTATE INVESTMENT TRUSTS.—

1 If any qualified tax credit bond is held by a regulated in-
2 vestment company or a real estate investment trust, the
3 credit determined under subsection (a) shall be allowed to
4 shareholders of such company or beneficiaries of such
5 trust (and any gross income included under subsection (f)
6 with respect to such credit shall be treated as distributed
7 to such shareholders or beneficiaries) under procedures
8 prescribed by the Secretary.

9 “(i) CREDITS MAY BE STRIPPED.—Under regula-
10 tions prescribed by the Secretary—

11 “(1) IN GENERAL.—There may be a separation
12 (including at issuance) of the ownership of a quali-
13 fied tax credit bond and the entitlement to the credit
14 under this section with respect to such bond. In case
15 of any such separation, the credit under this section
16 shall be allowed to the person who on the credit al-
17 lowance date holds the instrument evidencing the en-
18 titlement to the credit and not to the holder of the
19 bond.

20 “(2) CERTAIN RULES TO APPLY.—In the case
21 of a separation described in paragraph (1), the rules
22 of section 1286 shall apply to the qualified tax credit
23 bond as if it were a stripped bond and to the credit
24 under this section as if it were a stripped coupon.

1 **“SEC. 54B. QUALIFIED FORESTRY CONSERVATION BONDS.**

2 “(a) QUALIFIED FORESTRY CONSERVATION BOND.—

3 For purposes of this subchapter, the term ‘qualified for-
4 estry conservation bond’ means any bond issued as part
5 of an issue if—

6 “(1) 100 percent of the available proceeds of
7 such issue are to be used for one or more qualified
8 forestry conservation purposes,

9 “(2) the bond is issued by a qualified issuer,
10 and

11 “(3) the issuer designates such bond for pur-
12 poses of this section.

13 “(b) LIMITATION ON AMOUNT OF BONDS DES-
14 IGNATED.—The maximum aggregate face amount of
15 bonds which may be designated under subsection (a) by
16 any issuer shall not exceed the limitation amount allocated
17 to such issuer under subsection (d).

18 “(c) NATIONAL LIMITATION ON AMOUNT OF BONDS
19 DESIGNATED.—There is a national qualified forestry con-
20 servation bond limitation of \$500,000,000.

21 “(d) ALLOCATIONS.—

22 “(1) IN GENERAL.—The Secretary shall make
23 allocations of the amount of the national qualified
24 forestry conservation bond limitation described in
25 subsection (c) among qualified forestry conservation
26 purposes in such manner as the Secretary deter-

1 mines appropriate so as to ensure that all of such
2 limitation is allocated before the date which is 24
3 months after the date of the enactment of this sec-
4 tion.

5 “(2) SOLICITATION OF APPLICATIONS.—The
6 Secretary shall solicit applications for allocations of
7 the national qualified forestry conservation bond lim-
8 itation described in subsection (c) not later than 90
9 days after the date of the enactment of this section.

10 “(e) QUALIFIED FORESTRY CONSERVATION PUR-
11 POSE.—For purposes of this section, the term ‘qualified
12 forestry conservation purpose’ means the acquisition by a
13 State or 501(c)(3) organization (as defined in section
14 150(a)(4)) from an unrelated person of forest and forest
15 land that meets the following qualifications:

16 “(1) Some portion of the land acquired must be
17 adjacent to United States Forest Service Land.

18 “(2) At least half of the land acquired must be
19 transferred to the United States Forest Service at
20 no net cost to the United States and not more than
21 half of the land acquired may either remain with or
22 be donated to a State.

23 “(3) All of the land must be subject to a native
24 fish habitat conservation plan approved by the
25 United States Fish and Wildlife Service.

1 “(4) The amount of acreage acquired must be
2 at least 40,000 acres.

3 “(f) QUALIFIED ISSUER.—For purposes of this sec-
4 tion, the term ‘qualified issuer’ means a State or 501(c)(3)
5 organization (as defined in section 150(a)(4)).”.

6 (b) REPORTING.—Subsection (d) of section 6049 (re-
7 lating to returns regarding payments of interest) is
8 amended by adding at the end the following new para-
9 graph:

10 “(9) REPORTING OF CREDIT ON QUALIFIED
11 TAX CREDIT BONDS.—

12 “(A) IN GENERAL.—For purposes of sub-
13 section (a), the term ‘interest’ includes amounts
14 includible in gross income under section 54A
15 and such amounts shall be treated as paid on
16 the credit allowance date (as defined in section
17 54A(e)(1)).

18 “(B) REPORTING TO CORPORATIONS,
19 ETC.—Except as otherwise provided in regula-
20 tions, in the case of any interest described in
21 subparagraph (A) of this paragraph, subsection
22 (b)(4) of this section shall be applied without
23 regard to subparagraphs (A), (H), (I), (J), (K),
24 and (L)(i).

1 “(C) REGULATORY AUTHORITY.—The Sec-
2 retary may prescribe such regulations as are
3 necessary or appropriate to carry out the pur-
4 poses of this paragraph, including regulations
5 which require more frequent or more detailed
6 reporting.”.

7 (c) CONFORMING AMENDMENTS.—

8 (1) Sections 54(c)(2) and 1400N(l)(3)(B) are
9 each amended by striking “subpart C” and inserting
10 “subparts C and I”.

11 (2) Section 1397E(c)(2) is amended by striking
12 “subpart H” and inserting “subparts H and I”.

13 (3) Section 6401(b)(1) is amended by striking
14 “and H” and inserting “H, and I”.

15 (4) The heading of subpart H of part IV of
16 subchapter A of chapter 1 is amended by striking
17 “**Certain Bonds**” and inserting “**Clean Re-**
18 **newable Energy Bonds**”.

19 (5) The table of subparts for part IV of sub-
20 chapter A of chapter 1 is amended by striking the
21 item relating to subpart H and inserting the fol-
22 lowing new items:

“SUBPART H. NONREFUNDABLE CREDIT TO HOLDERS OF CLEAN RENEWABLE
ENERGY BONDS.

“SUBPART I. QUALIFIED TAX CREDIT BONDS.”.

1 (d) EFFECTIVE DATES.—The amendments made by
2 this section shall apply to obligations issued after the date
3 of the enactment of this Act.