SA 942. Mrs. BOXER submitted an amendment intended to be proposed by her to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 943. Mrs. BOXER submitted an amendment intended to be proposed by her to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 944. Mrs. BOXER submitted an amendment intended to be proposed by her to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 945. Mrs. BOXER submitted an amendment intended to be proposed by her to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 946. Mr. HATCH submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 947. Mr. HATCH submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 948. Mr. LIEBERMAN (for himself, Mr. BAYH, and Mr. SALAZAR) submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 949. Mr. REED submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 950. Mr. REED submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 951. Mr. REED submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 952. Mr. SHELBY submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 953. Mr. DOMENICI submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 954. Mr. SESSIONS submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 955. Mr. CORZINE submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 956. Mr. CORZINE submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 957. Mr. CORZINE submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 958. Mr. LIEBERMAN submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 959. Mr. ROCKEFELLER (for himself, Mr. BUNNING, and Mr. BYRD) submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 960. Mr. ROCKEFELLER submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 961. Mr. ALEXANDER (for himself, Mr. WARNER, Ms. LANDRIEU, Mr. MCCAIN, Mr. ALLEN, Mr. VOINOVICH, Mr. BROWNBACK, Mr. BURR, and Mr. BUNNING) proposed an amendment to the bill H.R. 6, supra.

SA 962. Mr. JEFFORDS submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 963. Mr. CORZINE submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 964. Mr. CORZINE submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 965. Mr. CORZINE submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 966. Mr. CORZINE submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 967. Mr. CORZINE submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 968. Mr. ROCKEFELLER submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 969. Mr. ROCKEFELLER submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 970. Mr. ROCKEFELLER submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 971. Mr. ROCKEFELLER submitted an amendment intended to be proposed by him to the bill H.R. 5, Reserved; which was ordered to lie on the table.

SA 972. Mr. WARNER (for himself, Mr. ALEXANDER, and Mr. VOINOVICH) proposed an amendment to the bill H.R. 6, To ensure jobs for our future with secure, affordable, and reliable energy.

SA 973. Mr. NELSON, of Florida submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 974. Mr. NELSON, of Florida submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 975. Mr. NELSON, of Florida submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 976. Mr. NELSON, of Florida submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 977. Ms. SNOWE submitted an amendment intended to be proposed to amendment SA 825 submitted by Mr. KERRY and intended to be proposed to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 978. Mr. FRIST (for Mr. CONRAD (for himself, Mr. DURBIN, and Ms. STABENOW)) proposed an amendment to the bill H.R. 6, supra.

SA 979. Mr. FRIST (for Mr. HATCH (for himself and Mr. SALAZAR)) proposed an amendment to the bill H.R. 6, supra.

SA 980. Mr. FRIST (for Ms. STABENOW (for herself, Mrs. BOXER, and Mr. DORGAN)) proposed an amendment to the bill H.R. 6, supra.

SA 981. Mr. FRIST (for Mr. KOHL (for himself, Mr. DEWINE, and Mr. LIEBERMAN)) proposed an amendment to the bill H.R. 6, supra.

SA 982. Mr. FRIST (for Mr. ALEXANDER) proposed an amendment to the bill H.R. 6, supra.

SA 983. Mr. FRIST (for Mr. JEFFORDS) proposed an amendment to the bill H.R. 6, supra.

SA 984. Mr. FRIST (for Mr. CORNYN) proposed an amendment to the bill H.R. 6, supra.

SA 985. Mr. FRIST (for Mrs. HUTCHISON) proposed an amendment to the bill H.R. 6, supra.

SA 986. Mr. FRIST (for Mr. JEFFORDS) proposed an amendment to the bill H.R. 6, supra.

SA 987. Mr. FRIST (for Mr. ALEXANDER) proposed an amendment to the bill H.R. 6, supra.

SA 988. Mr. FRIST (for Mr. HARKIN) proposed an amendment to the bill H.R. 6, supra.

SA 989. Mr. FRIST (for Mr. DOMENICI) proposed an amendment to the bill H.R. 6, supra.

TEXT OF AMENDMENTS

SA 841. Mrs. FEINSTEIN (for herself, Ms. SNOWE, Mr. REED, Mr. SESSIONS, Mr. KENNEDY, Ms. COLLINS, Mr. DODD, Mrs. BOXER, Mrs. CLINTON, Mr. LIEBERMAN, Ms. CANTWELL, Mr. KERRY, Mr. SCHUMER, Mrs. MURRAY, and Mr. CARPER) proposed an amendment to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; as follows:

On page 311, after line 24, add the following:

''(3)(A) The Commission shall not approve an application for the authorization under this section of the siting, construction, expansion, or operation of facilities located onshore or in State waters for the import of natural gas from a foreign country or the export of natural gas to a foreign country without the approval of the Governor of the State in which the facility would be located. Subject to subparagraph (B), if the Governor fails to submit to the Commission an approval or disapproval not later than 45 days after the issuance of the final environmental impact statement on the proposed project, the approval shall be conclusively presumed. If the Governor notifies the Commission that an application, which would otherwise be approved under this paragraph, is inconsistent with State programs relating to environmental protection, land and water use, public health and safety, and coastal zone management, the Commission shall condition the license granted so as to make the license consistent with the State programs.

''(B) In the case of a project not approved before June 22, 2005, and for which the final environmental impact statement was issued more than 15 days before the date of enactment of this subsection, this paragraph shall apply, except that the Governor of the State shall submit the approval or disapproval of the Governor not later than 30 days after the date of enactment of this subsection, or approval shall be conclusively presumed. If the Governor disapproves the project within that period, neither the Commission nor any other Federal agency shall take any further action to approve the project or the construction or operation of the project.''.

On page 312, line 1, strike ''(3)'' and insert ''(4)''.

On page 312, line 24, strike ''(4)'' and insert ''(5)''.

SA 842. Ms. STABENOW submitted an amendment intended to be proposed by her to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 755, after line 25, add the following:

SEC. 13___. STUDY OF MARITIME HERITAGE IN MICHIGAN.

(a) DEFINITIONS.—In this section:

(1) SECRETARY.—The term ''Secretary'' means the Secretary of the Interior, acting through the National Park Service Midwest Regional Office.

(2) STATE.—The term ''State'' means the State of Michigan.

(3) STUDY AREA.—The term ''study area'' means the State of Michigan.

(b) STUDY.—

(1) IN GENERAL.—The Secretary, in consultation with the State, the State historic preservation officer, local historical societies, State and local economic development, tourism, and parks and recreation offices, and other appropriate agencies and organizations, shall conduct a special resource study of the study area to determine—

(A) the potential economic and tourism benefits of preserving State maritime heritage resources;

(B) suitable and feasible options for long-term protection of significant State maritime heritage resources; and

(C) the manner in which the public can best learn about and experience State maritime heritage resources.

(2) REQUIREMENTS.—In conducting the study under paragraph (1), the Secretary shall—

(A) review Federal, State, and local maritime resource inventories and studies to establish the context, breadth, and potential for interpretation and preservation of State maritime heritage resources;

(B) examine the potential economic and tourism impacts of protecting State maritime heritage resources;

(C) recommend management alternatives that would be most effective for long-term resource protection and providing for public enjoyment of State maritime heritage resources;

(D) address how to assist regional, State, and local partners in efforts to increase public awareness of and access to the State maritime heritage resources;

(E) identify sources of financial and technical assistance available to communities for the conservation and interpretation of State maritime heritage resources; and

(F) address ways in which to link appropriate national parks, State parks, waterways, monuments, parkways, communities, national and State historic sites, and regional or local heritage areas and sites into a Michigan Maritime Heritage Destination Network.

(3) REPORT.—Not later than 18 months after the date on which funds are made available to carry out the study under paragraph (1), the Secretary shall submit to the Committee on Resources of the House of Representatives and the Committee on Energy and Natural Resources of the Senate a report that describes—

(A) the results of the study; and

(B) any findings and recommendations of the Secretary.

(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $500,000.

SA 843. Mr. WYDEN submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place insert the following:

SEC. ___. TREATMENT OF ELECTRONIC WASTE AS A QUALIFIED RECYCLABLE MATERIAL FOR THE QUALIFIED RECYCLABLE EQUIPMENT CREDIT.

(a) IN GENERAL.—Section 45M(c)(2) of the Internal Revenue Code of 1986 (relating to credit for qualified recycling equipment), as added by title XV, is amended by inserting ''or electronic waste (including any cathode ray tube, flat panel screen, or similar video display device with a screen size greater than 4 inches measured diagonally, or a central processing unit)'' after ''aluminum''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2005.

SA 844. Mr. KERRY (for himself, Mr. BIDEN, Mrs. FEINSTEIN, and Ms. SNOWE) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 768, after line 20, add the following:

TITLE XV—CLIMATE CHANGE

SEC. 1501. SENSE OF SENATE REGARDING THE NEED FOR THE UNITED STATES TO ADDRESS GLOBAL CLIMATE CHANGE.

(a) FINDINGS.—The Senate finds that—

(1) there is a scientific consensus, as established by the Intergovernmental Panel on Climate Change and confirmed by the National Academy of Sciences, that the continued buildup of anthropogenic greenhouse gases in the atmosphere threatens the stability of the global climate;

(2) there are significant long-term risks to the economy, the environment, and the security of the United States from the temperature increases and climatic disruptions that are projected to result from increased greenhouse gas concentrations;

(3) the United States, as the largest economy in the world, is currently the largest greenhouse gas emitter;

(4) the greenhouse gas emissions of the United States are projected to continue to rise;

(5) the greenhouse gas emissions of developing countries are rising more rapidly than the emissions of the United States and will soon surpass the greenhouse gas emissions of the United States and other developed countries;

(6) reducing greenhouse gas emissions to the levels necessary to avoid serious climatic disruption requires the introduction of new energy technologies and other practices, the use of which results in low or no emissions of greenhouse gases or in the capture and storage of greenhouse gases;

(7) the development and sale of such technologies in the United States and internationally presents significant economic opportunities for workers and businesses in the United States;

(8) such technologies can enhance energy security by reducing reliance on imported oil, diversifying energy sources, and reducing the vulnerability of energy delivery infrastructure;

(9) other industrialized countries are undertaking measures to reduce greenhouse gas emissions, which provide industries in those countries with a competitive advantage in the growing global market for such technologies;

(10) efforts to limit emissions growth in developing countries in a manner that is consistent with the development needs of the developing countries could establish significant markets for such technologies and contribute to international efforts to address climate change;

(11) the United States is a party to the United Nations Framework Convention on Climate Change adopted in May 1992, and entered into force in 1994 (referred to in this section as the ''Convention'');

(12) the Convention sets a long-term objective of stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system;

(13) the Convention establishes that parties bear common but differentiated responsibilities for efforts to achieve the objective of stabilization of greenhouse gas concentrations;

(14) the Kyoto Protocol was entered into force on February 16, 2005, but the United States is not, nor is likely to be, a party to the Protocol;

(15) the parties to the Kyoto Protocol will begin discussion in 2005 about possible future agreements;

(16) an effective global effort to address climate change must provide for commitments and action by all countries that are major emitters of greenhouse gases, whether developed or developing, and the widely varying circumstances among the developed and developing countries may require that such commitments and action vary; and

(17) the United States has the capability to lead the effort against global climate change.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that the United States should act to reduce the health, environmental, and economic risks posed by global climate change and foster sustained economic growth through a new generation of technologies by—

(1) participating in international negotiations under the Convention with the objective of securing United States participation in fair and binding agreements that—

(A) advance and protect the economic interests of the United States;

(B) establish mitigation commitments by all countries that are major emitters of greenhouse gases, consistent with the principle of common but differentiated responsibilities;

(C) establish flexible international mechanisms to minimize the cost of efforts by participating countries; and

(D) achieve a significant long-term reduction in global greenhouse gas emissions;

(2) enacting and implementing effective and comprehensive national policies to achieve significant long-term reductions in greenhouse gas emissions in the United States; and

(3) establishing a bipartisan Senate observer group, the members of which shall be designated by the majority leader and minority leader of the Senate, to—

(A) monitor any international negotiations on climate change; and

(B) ensure that the advice and consent function of the Senate is exercised in a manner to facilitate timely consideration of any future applicable treaty submitted to the Senate.

SA 845. Ms. STABENOW (for herself and Mrs. BOXER) submitted an amendment intended to be proposed by her to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the end of the bill, add the following:

TITLE XV—ANTI-CONSUMER GASOLINE PRICING AND MARKETING PRACTICES INVESTIGATION

SEC. 1501. INVESTIGATION BY FEDERAL TRADE COMMISSION.

Not later than 60 days after the date of enactment of this Act, the Federal Trade Commission shall conduct an investigation and report to Congress on whether the increase in gasoline prices is the result of market manipulation and whether there is price gouging with respect to gasoline. The investigation shall include an analysis of manipulation and price gouging on both the national and regional levels.

SA 846. Mr. BAUCUS submitted an amendment intended to be proposed by

him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 296, after line 25, add the following:

SEC. 347. LEASE EXCHANGES ON THE ROCKY MOUNTAIN FRONT.

(a) FINDINGS.—Congress finds that—

(1) the Rocky Mountain Front in the State of Montana, bordered by Glacier National Park, wilderness, and the Blackfeet Indian Reservation, is—

(A) 1 of the last intact wild places in the lower 48 states;

(B) home to prized populations of elk, deer, bighorn sheep, grizzly bears, multiple bird species, and other fish and wildlife; and

(C) highly valued by the local community and the State of Montana as a vital recreation, hunting, and fishing destination;

(2) the Badger-Two Medicine area of the Front is sacred ground to the Blackfeet Indian Tribe;.

(3) past attempts to carry out oil and gas development in the Front have met with limited or no success and as of the date of enactment of this Act it has been more than a decade since any development activity actually occurred in the Front; and

(4) in order to promote and enhance the recovery of the domestic oil and gas reserves of the United States in the most efficient manner possible, Congress should encourage holders of leases in the Front to cancel the leases in exchange for incentives to carry out oil and gas production activities in more readily available and appropriate areas.

(b) DEFINITIONS.—In this section:

(1) BADGER-TWO MEDICINE AREA.—The term ''Badger-Two Medicine Area'' means the Forest Service land located in—

(A) T. 31 N., R. 12–13 W.;

(B) T. 30 N., R. 11–13 W.;

(C) T. 29 N., R. 10–16 W.; and

(D) T. 28 N., R. 10–14 W.

(2) BLACKLEAF AREA.—The term ''Blackleaf Area'' means the Federal land owned by the Forest Service and Bureau of Land Management that is located in—

(A) T. 27 N., R. 9 W.;

(B) T. 26 N., R. 9–10 W.;

(C) T. 25 N., R. 8–10 W.; and

(D) T. 24 N., R. 8–9 W.

(3) ELIGIBLE LESSEE.—The term ''eligible lessee'' means a lessee under a nonproducing lease.

(4) NONPRODUCING LEASE.—The term ''nonproducing lease'' means a Federal oil or gas lease that is—

(A) in existence and in good standing on the date of enactment of this Act; and

(B) located in the Badger-Two Medicine Area or the Blackleaf Area.

(5) SECRETARY.—The term ''Secretary'' means the Secretary of the Interior.

(6) STATE.—The term ''State'' means the State of Montana.

(c) OPPORTUNITIES FOR CANCELLATION NONPRODUCING LEASES.—

(1) IN GENERAL.—An eligible lessee may elect to cancel a nonproducing lease in exchange for either—

(A) oil and gas lease tracts of comparable value in the State;

(B) the issuance of bidding, royalty, or rental credits for Federal onshore oil and gas leases in the State equal to the fair market value of the nonproducing lease; or

(C) a tax credit under subsection (e).

(2) IMPLEMENTING REGULATIONS AND VALUATION OF NONPRODUCING LEASES.—For the purpose of evaluating either of the options in subparagraph (A) or (B) of paragraph (1), the Secretary shall, not later than 180 days after the date of enactment of this Act—

(A) issue—

(i) regulations establishing a methodology for determining the fair market value of nonproducing leases, including consideration of established standards and practices in the oil and gas industry; and

(ii) such other regulations as are necessary to carry out this section; and

(B) identify suitable lease tracts available in the State for exchange under paragraph (1).

(3) EFFECT OF CANCELLATION OF NONPRODUCING LEASE.—A nonproducing lease canceled for any reason, including under this Act, shall be permanently withdrawn from future oil and gas leasing activity.

(4) SUSPENSION OF LEASES IN THE BADGER-TWO MEDICINE AREA.—To facilitate consideration of the options under paragraph (1), the terms of nonproducing leases in the Badger-Two Medicine Area shall be suspended for a 3-year period beginning on the date of enactment of this Act.

(5) SUNSET.—The authority provided under this subsection terminates on December 31, 2009.

(d) GRANTS TO SUPPORT SUSTAINABLE ECONOMIC DEVELOPMENT.—

(1) IN GENERAL.—Out of any funds in the Treasury not otherwise appropriated, the Secretary shall use $5,000,000 to make a grant in that amount to Teton County, Montana.

(2) USE OF GRANT FUNDS.—The grant recipient shall use the grant funds to support sustainable economic development in Teton County.

(e) TAX CREDIT.—

(1) IN GENERAL.—In the case of an eligible lessee who makes an election under subsection (c), there shall be allowed as a credit against the tax imposed by chapter 1 of the Internal Revenue Code of 1986 for the taxable year an amount equal to the fair market value of a nonproducing lease which is canceled pursuant to this section.

(2) CARRYFORWARD OF UNUSED CREDIT.—If the credit allowable under paragraph (1) for any taxable year exceeds the limitation imposed by section 26(a) of the Internal Revenue Code of 1986 for such taxable year reduced by the sum of the credits allowable under subpart A of part IV of chapter 1 of such Code, such excess shall be carried to the succeeding taxable year and added to the credit allowable under paragraph (1) for such taxable year.

(3) VALUATION OF LEASE.—For purposes of this subsection, the fair market value of a nonproducing lease shall be determined by the Secretary of the Treasury in consultation with the Secretary of the Interior, based on the regulation under subsection (c)(2).

(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section.

SA 847. Mr. BAUCUS submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 767, line 5, strike ''and''.

On page 767, line 15, strike the period and insert ''; and''.

On page 767, between lines 15 and 16, insert the following:

(E) a project to produce energy and clean fuels, using appropriate coal liquefaction technology, from Western bituminous or subbituminous coal that is—

(i) owned by a State government; or

(ii) from private and tribal coal resources.

SA 848. Mr. BINGAMAN submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 353, strike lines 19 through 24 and insert the following:

on Indian land;

''(C) provide low-interest loans to Indian tribes and tribal energy resource development organizations for use in the promotion of energy resource development on Indian land and integration of energy resources; and

''(D) provide grants and technical assistance to an appropriate tribal environmental organization, as determined by the Secretary, that represents multiple Indian tribes to establish a national resource center to develop tribal capacity to establish and carry out tribal environmental programs in support of energy-related programs and activities under this title, including—

''(i) training programs for tribal environmental officials, program managers, and other governmental representatives;

''(ii) the development of model environmental policies and tribal laws, including tribal environmental review codes, and the creation and maintenance of a clearinghouse of best environmental management practices; and

''(iii) recommended standards for reviewing the implementation of tribal environmental laws and policies within tribal judicial or other tribal appeals systems.

SA 849. Mr. FRIST submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

After title XV (as agreed to) add the following:

TITLE XVI—REPEAL OF DEATH TAX

SEC. 1601. REPEAL OF DEATH AND GENERATION-SKIPPING TRANSFER TAXES ACCELERATED TO 2006.

(a) DEATH TAX REPEAL.—

(1) IN GENERAL.—Section 2210 of the Internal Revenue Code of 1986 (relating to termination) is amended—

(A) by striking ''December 31, 2009'' and inserting ''December 31, 2005'' both places it appears,

(B) by striking ''January 1, 2010'' in subsection (b) and inserting ''January 1, 2006'', and

(C) by striking ''December 31, 2020'' in subsection (b)(1) and inserting ''December 31, 2015''.

(2) GENERATION-SKIPPING TRANSFER TAX REPEAL.—Section 2664 of such Code (relating to termination) is amended by striking ''December 31, 2009'' and inserting ''December 31, 2005''.

(3) CONFORMING AMENDMENTS.—

(A) The table contained in section 2010(c) of such Code is amended—

(i) by inserting a period after ''$1,500,000'', and

(ii) by striking the last 2 items.

(B) Section 1014(f) of such Code is amended by striking ''December 31, 2009'' and inserting ''December 31, 2005''.

(C) Section 1022 of such Code is amended—

(i) by striking ''December 31, 2009'' in subsection (a)(1) and inserting ''December 31, 2005'',

(ii) in subsection (d)(4)(A)—

(I) by striking ''2010'' and inserting ''2005'', and

(II) by striking ''2009'' in clause (ii) and inserting ''2005'', and

(iii) by striking ''december 31, 2009'' and inserting ''december 31, 2005''.

(D) The table contained in section 2001(c)(2)(B) of such Code is amended—

(i) by inserting a period after ''47 percent'', and

(ii) by striking the last 2 items.

(E) Section 2001(c)(2)(A) of such Code is amended by striking ''2010'' and inserting ''2005''.

(F) The item in the table of sections for part II of subchapter O of chapter 1 of such Code relating to section 1022 is amended by striking ''December 31, 2009'' and inserting ''December 31, 2005''.

(G) Section 501(d) of the Economic Growth and Tax Relief Reconciliation Act of 2001 (Public Law 107–16) is amended by striking ''December 31, 2009'' and inserting ''December 31, 2005''.

(H) Paragraph (3) of section 511(f) of the Economic Growth and Tax Relief Reconciliation Act of 2001 (Public Law 107–16) is amended by striking ''December 31, 2009'' and inserting ''December 31, 2005''.

(I) Paragraph (2) of section 521(e) of the Economic Growth and Tax Relief Reconciliation Act of 2001 (Public Law 107–16) is amended by striking ''December 31, 2009'' and inserting ''December 31, 2005''.

(J) Subsection (f) of section 542 of the Economic Growth and Tax Relief Reconciliation Act of 2001 (Public Law 107–16) is amended by striking ''December 31, 2009'' each place it appears and inserting ''December 31, 2005''.

(4) EFFECTIVE DATE.—The amendments made by this subsection shall apply to estates of decedents dying, gifts made, and generation skipping transfers after December 31, 2005.

(b) PERMANENT REPEAL OF DEATH TAXES.—Section 901 of the Economic Growth and Tax Relief Reconciliation Act of 2001 is amended by striking ''this Act'' and all that follows through ''2010.'' in subsection (a) and inserting ''this Act (other than title V) shall not apply to taxable, plan, or limitation years beginning after December 31, 2010.'', and by striking '', estates, gifts, and transfers'' in subsection (b).

SA 850. Mr. DORGAN submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; as follows:

Beginning on page 602, strike line 5 and all that follows through page 603, line 7, and insert the following:

SEC. 1107. NATIONAL POWER PLANT OPERATIONS TECHNOLOGY AND EDUCATIONAL CENTER.

(a) ESTABLISHMENT.—The Secretary shall support the establishment of a National Power Plant Operations Technology and Education Center (referred to in this section as the ''Center''), to address the need for training and educating certified operators and technicians for the electric power industry.

(b) LOCATION OF CENTER.—The Secretary shall support the establishment of the Center at an institution of higher education that has—

(1) expertise in providing degree programs in electric power generation, transmission, and distribution technologies;

(2) expertise in providing onsite and Internet-based training; and

(3) demonstrated responsiveness to workforce and training requirements in the electric power industry.

(c) TRAINING AND CONTINUING EDUCATION.—

(1) IN GENERAL.—The Center shall provide training and continuing education in electric power generation, transmission, and distribution technologies and operations.

(2) LOCATION.—The Center shall carry out training and education activities under paragraph (1)—

(A) at the Center; and

(B) through Internet-based information technologies that allow for learning at remote sites.

SA 851. Mr. OBAMA submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 424, between lines 7 and 8, insert the following:

SEC. 706. JOINT FLEXIBLE FUEL/HYBRID VEHICLE COMMERCIALIZATION INITIATIVE.

(a) DEFINITIONS.—In this section:

(1) ELIGIBLE ENTITY.—The term eligible entity means—

(A) a for-profit corporation;

(B) a nonprofit corporation; or

(C) an institution of higher education.

(2) PROGRAM.—The term ''program'' means the applied research program established under subsection (b).

(b) ESTABLISHMENT.—The Secretary shall establish an applied research program to improve technologies for the commercialization of—

(1) a combination hybrid/flexible fuel vehicle; or

(2) a plug-in hybrid/flexible fuel vehicle.

(c) GRANTS.—In carrying out the program, the Secretary shall provide grants that give preference to proposals that—

(1) achieve the greatest reduction in miles per gallon of petroleum fuel consumption;

(2) achieve not less than 250 miles per gallon of petroleum fuel consumption; and

(3) have the greatest potential of commercialization to the general public within 5 years.

(d) VERIFICATION.—Not later than 90 days after the date of enactment of this Act, the Secretary shall publish in the Federal Register procedures to verify—

(1) the hybrid/flexible fuel vehicle technologies to be demonstrated; and

(2) that grants are administered in accordance with this section.

(e) REPORT.—Not later than 260 days after the date of enactment of this Act, and annually thereafter, the Secretary shall submit to Congress a report that—

(1) identifies the grant recipients;

(2) describes the technologies to be funded under the program;

(3) assesses the feasibility of the technologies described in paragraph (2) in meeting the goals described in subsection (c);

(4) identifies applications submitted for the program that were not funded; and

(5) makes recommendations for Federal legislation to achieve commercialization of the technology demonstrated.

(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section, to remain available until expended—

(1) $3,000,000 for fiscal year 2005;

(2) $7,000,000 for fiscal year 2006;

(3) $10,000,000 for fiscal year 2007; and

(4) $20,000,000 for fiscal year 2008.

SEC. 707. DESIGNATION OF FUEL ECONOMY PENALTIES FOR FUEL ECONOMY RESEARCH.

(a) IN GENERAL.—Chapter 329 of title 49, United States Code, is amended by inserting after section 32915 the following new section:

''§ 32915A. Use of Civil Penalties For Fuel Economy Research

''(a) ESTABLISHMENT OF ACCOUNT.—Not later than 180 days after the date of enactment of the Energy Policy Act of 2005, the Secretary of the Treasury shall establish an account in the Treasury of the United States consisting of—

''(1) such amounts as are collected as civil penalties imposed under section 32912 of this title after the date of enactment of the Energy Policy Act of 2005;

''(2) such amounts as were collected as civil penalties imposed under section 32912 of this title before the date of enactment of the Energy Policy Act of 2005 and that remain unobligated on such date;

''(3) such amounts as may be appropriated to the account; and

''(4) any interest earned on investment of amounts in the account.

''(b) EXPENDITURES FROM ACCOUNT.—On request by the Secretary of Transportation, the Secretary of the Treasury shall transfer from the account established under subsection (a) to the Secretary of Transportation, without further appropriation, such amounts as the Secretary of Transportation determines are necessary to carry out the flexible fuel/hybrid vehicle commercialization initiative established under section 706 of the Energy Policy Act of 2005.

''(c) INVESTMENT OF AMOUNTS.—

''(1) IN GENERAL.—The Secretary of the Treasury shall invest such portion of the account as is not, in the judgment of the Secretary of the Treasury, required to meet current withdrawals.

''(2) INTEREST-BEARING OBLIGATIONS.—Investments may be made only in interest-bearing obligations of the United States.

''(3) CREDITS TO ACCOUNT.—The interest on, and the proceeds from the sale or redemption of, any obligations held in the account shall be credited to and form a part of the account.

''(d) TRANSFERS OF AMOUNTS.—

''(1) IN GENERAL.—The amounts required to be transferred to the account under this section shall be transferred at least monthly from the general fund of the Treasury to the account on the basis of estimates made by the Secretary of the Treasury.

''(2) ADJUSTMENTS.—Proper adjustment shall be made in amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.''.

(b) CONFORMING AMENDMENT.—The analysis for chapter 329 of title 49, United States Code, is amended by inserting after the item relating to section 32915 the following:

''32915A. Use of Civil Penalties For Fuel Economy Research.''.

SA 852. Mrs. LINCOLN (for herself and Mr. SANTORUM) submitted an amendment intended to be proposed by her to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ___. RENEWABLE LIQUID FUELS EXCISE TAX CREDIT.

(a) IN GENERAL.—Subchapter B of chapter 65 of the Internal Revenue Code of 1986 (relating to rules of special application) is amended by inserting after section 6426 the following new section:

''SEC. 6426A. CREDIT FOR RENEWABLE LIQUID FUELS.

''(a) ALLOWANCE OF CREDITS.—There shall be allowed as a credit against the tax imposed by section 4081 an amount equal to the renewable liquid mixture credit.

''(b) RENEWABLE LIQUID MIXTURE CREDIT.—

''(1) IN GENERAL.—For purposes of this section, the renewable liquid mixture credit is the product of the applicable amount and the number of gallons of renewable liquid used by the taxpayer in producing any renewable liquid mixture for sale or use in a trade or business of the taxpayer.

''(2) APPLICABLE AMOUNT.—For purposes of this section, the applicable amount is $0.75.

''(3) RENEWABLE LIQUID MIXTURE.—For purposes of this section, the term 'renewable liquid mixture' means a mixture of renewable liquid and taxable fuel which—

''(A) is sold by the taxpayer producing such mixture to any person for use as a fuel or feedstock, or

''(B) is used as a fuel or feedstock by the taxpayer producing such mixture.

For purposes of subparagraph (A), a mixture produced by any person at a refinery prior to a taxable event which includes renewable liquid shall be treated as sold at the time of its removal from the refinery (and only at such time) or sold to another person for use as a fuel or feedstock.

''(c) OTHER DEFINITIONS.—For purposes of this subsection:

''(1) RENEWABLE LIQUID.—The term 'renewable liquid' means liquid fuels derived from waste and byproduct streams including; agricultural byproducts and wastes, aqua-culture products produced from waste streams, food processing plant byproducts, municipal solid and semi-solid waste streams, industrial waste streams, automotive scrap waste streams, and as further provided by regulations.

''(2) TAXABLE FUEL.—The term 'taxable fuel' has the meaning given such term by section 4083(a)(1).

''(3) FEEDSTOCK.—The term 'feedstock' means any precursor material subject to further processing to make a petrochemical, solvent, or other fuel which has the effect of displacing conventional fuels, or products produced from conventional fuels.

''(4) ADDITIONAL DEFINITIONS.—Any term used in this section which is also used in section 40B shall have the meaning given such term by section 40B.

''(d) CERTIFICATION FOR RENEWABLE LIQUID FUEL.—No credit shall be allowed under this section unless the taxpayer obtains a certification (in such form and manner as prescribed by the Secretary) from the producer of the renewable liquid fuel, which identifies the product produced.

''(e) MIXTURE NOT USED AS FUEL, ETC.—

''(1) IMPOSITION OF TAX.—If—

''(A) any credit was determined under this section with respect to renewable liquid used in the production of any renewable liquid mixture, and

''(B) any person—

''(i) separates the renewable liquid from the mixture, or

''(ii) without separation, uses the mixture other than as a fuel,

then there is hereby imposed on such person a tax equal to the product of the applicable amount and the number of gallons of such renewable liquid.

''(2) APPLICABLE LAWS.—All provisions of law, including penalties, shall, insofar as applicable and not inconsistent with this section, apply in respect of any tax imposed under paragraph (1) as if such tax were imposed by section 4081 and not by this section.

''(f) COORDINATION WITH EXEMPTION FROM EXCISE TAX.—Rules similar to the rules under section 40 (c) shall apply for purposes of this section.

''(g) TERMINATION.—This section shall not apply to any sale, use, or removal for any period after December 31, 2010.''.

(b) REGISTRATION REQUIREMENT.—Section 4101(a)(1) of the Internal Revenue Code of 1986 (relating to registration), as amended by this Act, is amended by inserting ''and every person producing or importing renewable liquid as defined in section 6426A(c)(1)'' before ''shall register with the Secretary''.

(c) PAYMENTS.—Section 6427 of the Internal Revenue Code of 1986 is amended by inserting after subsection (f) the following new subsection:

''(g) RENEWABLE LIQUID USED TO PRODUCE MIXTURE.—

''(1) USED TO PRODUCE A MIXTURE.—If any person produces a mixture described in section 6426A in such person's trade or business, the Secretary shall pay (without interest) to such person an amount equal to the renewable liquid mixture credit with respect to such mixture.

''(2) COORDINATION WITH OTHER REPAYMENT PROVISIONS.—No amount shall be payable under paragraph (1) with respect to any mixture with respect to which an amount is allowed as a credit under section 6426A.

''(3) TERMINATION.—This subsection shall not apply with respect to any renewable liquid fuel mixture (as defined in section 6426A(b)(3) sold or used after December 31, 2010.''.

(d) CONFORMING AMENDMENT.—The last sentence of section 9503(b)(1) of the Internal Revenue Code of 1986 is amended by striking ''section 6426'' and inserting ''sections 6426 and 6426A''.

(e) CLERICAL AMENDMENT.—The table of sections for subchapter B of chapter 65 of the Internal Revenue Code of 1986 is amended by inserting after the item relating to section 6426 the following new item:

''Sec. 6426A. Credit for renewable liquid fuels.''.

(f) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to fuel sold or used on or after January 1, 2005.

(2) REGISTRATION REQUIREMENT.—The amendment made by subsection (b) shall take effect on the date of the enactment of this Act.

SEC. ___. RENEWABLE LIQUID INCOME TAX CREDIT.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to business related credits) is amended by inserting after section 40A the following new section:

''SEC. 40B. RENEWABLE LIQUID USED AS FUEL.

''(a) GENERAL RULE.—For purposes of section 38, the renewable liquid credit determined under this section for the taxable year is an amount equal to the sum of—

''(1) the renewable liquid mixture credit, plus

''(2) the renewable liquid credit.

''(b) DEFINITION OF RENEWABLE LIQUID MIXTURE CREDIT AND RENEWABLE LIQUID CREDIT.—For purposes of this section—

''(1) RENEWABLE LIQUID MIXTURE CREDIT.—

''(A) IN GENERAL.—The renewable liquid mixture credit of any taxpayer for any taxable year is $0.75 for each gallon of renewable liquid fuel used by the taxpayer in the production of a qualified renewable liquid fuel mixture.

''(B) QUALIFIED RENEWABLE LIQUID MIXTURE.—The term 'qualified renewable liquid mixture' means a mixture of renewable liquid and taxable fuel (as defined in section 4083(a)(1)), which—

''(i) is sold by the taxpayer producing such a mixture to any person for use as a fuel or feedstock, or

''(ii) is used as a fuel or feedstock by the taxpayer producing such mixture.

''(C) SALE OR USE MUST BE IN TRADE OR BUSINESS, ETC.—Renewable liquid used in the production of a qualified renewable liquid fuel mixture shall be taken into account—

''(i) only if the sale or use described in subparagraph (B) is in a trade or business of the taxpayer, and

''(ii) for the taxable year in which such sale or use occurs.

''(2) RENEWABLE LIQUID CREDIT.—

''(A) IN GENERAL.—The renewable liquid credit of any taxpayer for any taxable year is $0.75 for each gallon of renewable liquid which is not in a mixture with taxable fuel and which during the taxable year—

''(i) is used by the taxpayer as a fuel or feedstock in a trade or business, or

''(ii) is sold by the taxpayer at retail to a person and placed in the fuel tank of such person's vehicle.

''(B) USER CREDIT NOT TO APPLY TO RENEWABLE LIQUID SOLD AT RETAIL.—No credit shall be allowed under subparagraph (A)(i) with respect to any renewable liquid which was sold in a retail sale described in subparagraph (A)(ii).

''(c) CERTIFICATION FOR RENEWABLE LIQUID.—No credit shall be allowed under this section unless the taxpayer obtains a certification (in such form and manner as prescribed by the Secretary) from the producer or importer of the renewable liquid fuel which identifies the product produced and percentage of renewable liquid fuel in the product.

''(d) COORDINATION WITH CREDIT AGAINST EXCISE TAX.—The amount of the credit determined under this section with respect to any renewable liquid fuel shall be properly reduced to take into account any benefit provided with respect to such renewable liquid fuel solely by reason of the application of section 6426A or 6427(g).

''(e) DEFINITIONS AND SPECIAL RULES.—For purposes of this section, the term 'renewable liquid' means liquid fuels derived from waste and byproduct streams including; agricultural byproducts and wastes, agriculture materials produced from waste streams, food processing plant byproducts, municipal solid and semi-solid waste streams, industrial waste streams, automotive scrap waste streams, as further provided by regulations.

''(f) MIXTURE OR RENEWABLE LIQUID NOT USED AS A FUEL, ETC.—

''(1) MIXTURES.—If—

''(A) any credit was determined under this section with respect to renewable liquid used in the production of any qualified renewable liquid mixture, and

''(B) any person—

''(i) separates the renewable liquid from the mixture, or

''(ii) without separation, uses the mixture other than as a fuel,

then there is hereby imposed on such person a tax equal to the product of the rate applicable under subsection (b)(1)(A) and the number of gallons of such renewable liquid in such mixture.

''(2) RENEWABLE LIQUID.—If—

''(A) any credit was determined under this section with respect to the retail sale of any renewable liquid, and

''(B) any person mixes such renewable liquid or uses such renewable liquid other than as a fuel, then there is hereby imposed on such person a tax equal to the product of the rate applicable under subsection (b)(2)(A) and the number of gallons of such renewable liquid.

''(3) APPLICABLE LAWS.—All provisions of law, including penalties, shall, insofar as applicable and not inconsistent with this section, apply in respect of any tax imposed under subparagraph (A) or (B) as if such tax were imposed by section 4081 and not by this chapter.

''(g) PASS-THRU IN THE CASE OF ESTATES AND TRUSTS.—Under regulations prescribed by the Secretary, rules similar to the rules of subsection (d) of section 52 shall apply.

''(h) TERMINATION.—This section shall not apply to any sale or use after December 31, 2010.''.

(b) CREDIT TREATED AS PART OF GENERAL BUSINESS CREDIT.—Section 38(b) of the Internal Revenue Code of 1986 (relating to current year business credit), as amended by this Act, is amended by striking ''plus'' at the

end of paragraph (23), by striking the period at the end of paragraph (24), and inserting '', plus'', and by inserting after paragraph (24) the following new paragraph:

''(25) The renewable liquid credit determined under section 40B.''.

(c) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter I of the Internal Revenue Code of 1986 is amended by inserting after the item relating to section 40A the following new item:

''Sec. 40B. Renewable liquid used as fuel.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to fuel produced, and sold as used, on or after January 1, 2005.

SA 853. Mr. STEVENS submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place insert the following:

SEC. ___. TAX-EXEMPT TREATMENT OF CERTAIN BONDS ISSUED BY CERTAIN JOINT ACTION AGENCIES.

(a) IN GENERAL.—For purposes of the Internal Revenue Code of 1986, with respect to the issuance of any bond by any joint action agency described in subsection (b), if such bond satisfies the requirements of subsection (c) then—

(1) such bond shall be treated as issued by a political subdivision for purposes of section 103 of such Code, and

(2) the sale of power by such agency to its members shall not result in such bond being treated as a private activity bond under section 141 of such Code.

(b) AGENCY DESCRIBED.—An agency is described in this subsection if such agency is established under State law on or after December 31, 2000, and before August 1, 2005, for the purpose of participating in the design, construction, operation, and maintenance of 1 or more generating or transmission facilities and is treated under such law as a public utility.

(c) BOND REQUIREMENTS.—A bond issued as part of an issue satisfies the requirements of this subsection if—

(1) such issue satisfies the requirements of section 147(f)(2) of the Internal Revenue Code of 1986 (relating to public approval),

(2) such issue receives an allocation of the issuance limitation described in paragraph (3) by the governmental unit approving such issue under paragraph (1),

(3) the aggregate face amount of the bonds issued pursuant to such issue, when added to the aggregate face amount of bonds previously issued by all agencies described in subsection (b), does not exceed $1,000,000,000, and

(4) any bond issued pursuant to such issue is issued after the date of the enactment of this Act and before January 1, 2011.

SA 854. Mr. STEVENS submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ___. EXPANSION OF RESOURCES TO WAVE, CURRENT, TIDAL, AND OCEAN THERMAL ENERGY.

(a) IN GENERAL.—Section 45(c)(1) of the Internal Revenue Code of 1986 (defining qualified energy resources), as amended by this Act, is amended by striking ''and'' at the end of subparagraph (H), by striking the period at the end of subparagraph (I) and inserting '', and'', and by adding at the end the following new subparagraph:

''(J) wave, current, tidal, and ocean thermal energy.''

(b) DEFINITION OF RESOURCES.—Section 45(c) of such Code, as amended by this Act, is amended by adding at the end the following new paragraph:

''(9) WAVE, CURRENT, TIDAL, AND OCEAN THERMAL ENERGY.—The term 'wave, current, tidal, and ocean thermal energy' means electricity produced from any of the following:

''(A) Free flowing ocean water derived from tidal currents, ocean currents, waves, or estuary currents.

''(B) Ocean thermal energy.

''(C) Free flowing water in rivers, lakes, man made channels, or streams.''

(c) FACILITIES.—Section 45(d) of such Code, as amended by this Act, is amended by adding at the end the following new paragraph:

''(10) WAVE, CURRENT, TIDAL, AND OCEAN THERMAL FACILITY.—In the case of a facility using resources described in subparagraph (A), (B), or (C) of subsection (c)(9) to produce electricity, the term 'qualified facility' means any facility owned by the taxpayer which is originally placed in service after the date of the enactment of this paragraph and before January 1, 2010, but such term shall not include a facility which includes impoundment structures.''

SA 855. Mr. STEVENS submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ___. DEFINITION OF BIODIESEL.

(a) IN GENERAL.—Paragraph (1) of section 40A(d) of the Internal Revenue Code of 1986 (defining biodiesel) is amended by adding at the end the following new flush sentence:

''Such term also includes long chain fatty acids from animal products produced under the regulatory authority of the Food and Drug Administration.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SA 856. Mr. STEVENS submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ___. SMALL IRRIGATION POWER.

(a) IN GENERAL.—Section 45(c)(5) of the Internal Revenue Code of 1986 (defining small irrigation power) is amended by adding at the end the following flush sentence:

''Such term includes power generated at FERC project numbers 1051, 10440, 11393, 11077, and 11588.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to sales after the date of the enactment of this Act, in taxable years ending after such date.

SA 857. Mr. BURR submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 160, before line 1, insert the following:

SEC. 220. IMPROVING MOTOR FUEL SUPPLY AND DISTRIBUTION.

(a) LIMITING NUMBER OF BOUTIQUE FUELS.—Section 211(c)(4)(C) of the Clean Air Act (42 U.S.C. 7545(c)(4)(C)) (as amended by section 228) is amended by adding at the end the following:

''(iii)(I) The Administrator shall have no authority, when considering a State implementation plan or a State implementation plan revision, to approve under this paragraph any fuel included in such plan or revision if the effect of such approval would be to increase the total number of fuels approved under this paragraph as of January 1, 2005 in all State implementation plans.

''(II) The Administrator, in consultation with the Secretary of Energy, shall determine the total number of fuels approved under this paragraph as of January 1, 2005, in all State implementation plans and shall publish a list of such fuels, including the states and Petroleum Administration for Defense District in which they are used, in the Federal Register no later than 90 days after enactment.

''(III) The Administrator shall remove a fuel from the list published under subclause (II) if a fuel ceases to be included in a State implementation plan or if a fuel in a State implementation plan is identical to a Federal fuel formulation implemented by the Administrator, but the Administrator shall not reduce the total number of fuels authorized under the list published under subclause (II).

''(IV) Subclause (I) shall not apply to approval by the Administrator of a control or prohibition respecting any new fuel under this paragraph in a State's implementation plan or a revision to that State's implementation plan after the date of enactment of this Act if the fuel, as of the date of consideration by the Administrator—

''(aa) would replace completely a fuel on the list published under subclause (II);

''(bb) has been approved in at least one State implementation plan in the applicable Petroleum Administration for Defense District; or

''(cc) is a fuel that differs from the Federal conventional gasoline specifications under subsection (k)(8) only with respect to the requirement of a summertime Reid Vapor Pressure of 7.0 or 7.8 pounds per square inch.

''(V) Nothing in this clause shall be construed to have any effect regarding any available authority of States to require the use of any fuel additive registered in accordance with subsection (b), including any fuel additive registered in accordance with subsection (b) after the enactment of this subclause.

''(VI) In this clause:

''(aa) The term 'control or prohibition respecting a new fuel' means a control or prohibition on the formulation, composition, or emissions characteristics of a fuel that would require the increase or decrease of a constituent in gasoline or diesel fuel.

''(bb) The term 'fuel' means gasoline, diesel fuel, and any other liquid petroleum product commercially known as gasoline and diesel fuel for use in highway and non-road motor vehicles.''.

(b) TEMPORARY WAIVERS DURING SUPPLY EMERGENCIES.—Section 211(c)(4) of the Clean Air Act (42 U.S.C. 7545(c)(4)) is amended by adding at the end the following:

''(D) TEMPORARY WAIVERS DURING SUPPLY EMERGENCIES.—The Administrator may temporarily waive a control or prohibition with respect to the use of a fuel or fuel additive required or regulated by the Administrator under subsection (c), (h), (i), (k), or (m), or prescribed in an applicable implementation

plan under section 110 that is approved by the Administrator under subparagraph (c)(4)(C)(i), if, after consultation with and concurrence by the Secretary of Energy, the Administrator determines that—

''(i) an extreme and unusual fuel or fuel additive supply circumstance exists in a State or region that prevents the distribution of an adequate supply of the fuel or fuel additive to consumers;

''(ii) the extreme and unusual fuel or fuel additive supply circumstance is the result of a natural disaster, an act of God, a pipeline or refinery equipment failure, or another event that could not reasonably have been foreseen or prevented and not a lack of prudent planning on the part of the suppliers of the fuel or fuel additive to the State or region; and

''(iii) it is in the public interest to grant the waiver.

''(E) REQUIREMENTS FOR WAIVER.—

''(i) DEFINITION OF MOTOR FUEL DISTRIBUTION SYSTEM.—In this subparagraph, the term 'motor fuel distribution system' has the meaning given the term by the Administrator, by regulation.

''(ii) REQUIREMENTS.—A waiver under subparagraph (D) shall be permitted only if—

''(I) the waiver applies to the smallest geographic area necessary to address the extreme and unusual fuel or fuel additive supply circumstance;

''(II) the waiver is effective for a period of 15 calendar days or, if the Administrator determines that a shorter or longer waiver period is adequate, for the shortest practicable time period necessary to permit the correction of the extreme and unusual fuel or fuel additive supply circumstances and to mitigate impact on air quality;

''(III) the waiver permits a transitional period, the duration of which shall be determined by the Administrator, after the termination of the temporary waiver to permit wholesalers and retailers to blend down wholesale and retail inventory;

''(IV) the waiver applies to all persons in the motor fuel distribution system; and

''(V) the Administrator has given public notice regarding consideration by the Administrator of, and, if applicable, the granting of, a waiver to all parties in the motor fuel distribution system, State and local regulators, public interest groups, and consumers in the State or region to be covered by the waiver.

''(F) AFFECT ON WAIVER AUTHORITY.—Nothing in subparagraph (D)—

''(i) limits or otherwise affects the application of any other waiver authority of the Administrator under this section or a regulation promulgated pursuant to this section; or

''(ii) subjects any State or person to an enforcement action, penalties, or liability solely arising from actions taken pursuant to the issuance of a waiver under subparagraph (D).''.

SA 858. Mr. SALAZAR submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

Beginning on page 290, strike line 6 and all that follows through page 296, line 25, and insert the following:

SEC. 346. OIL SHALE.

(a) DECLARATION OF POLICY.—Congress declares that it is the policy of the United States that—

(1) United States oil shale and tar sands are strategically important domestic resources that should be developed through methods that help reduce the growing dependence of the United States on politically and economically unstable sources of foreign oil imports;

(2) the development of oil shale and tar sands, for research and commercial development, should be conducted in an economically feasible and environmentally sound manner, using practices that minimize impacts;

(3) development should occur at a deliberate pace, with an emphasis on sustainability, to benefit the United States while taking into account affected States and communities; and

(4) the Secretary of the Interior should work toward developing a commercial leasing program for oil shale and tar sands so that such a program can be implemented when production technologies are commercially viable.

(b) LEASING PROGRAM.—

(1) RESEARCH AND DEVELOPMENT.—

(A) IN GENERAL.—In accordance with section 21 of the Mineral Leasing Act (30 U.S.C. 241) and any other applicable law, except as provided in this section, not later than 1 year after the date of enactment of this Act, from land otherwise available for leasing, the Secretary of the Interior (referred to in this section as the ''Secretary'') shall, for a period determined by the Secretary, make available for leasing such land as the Secretary considers to be necessary to conduct research and development activities with respect to innovative technologies for the recovery of shale oil from oil shale resources on public land.

(B) APPLICATION.—The Secretary may offer to lease the land to persons that submit an application for the lease, if the Secretary determines that there is no competitive interest in the land.

(C) ADMINISTRATION.—In carrying out this paragraph, the Secretary shall—

(i) provide for environmentally sound research and development of oil shale;

(ii) provide for an appropriate return to the public, as determined by the Secretary;

(iii) before carrying out any activity that will disturb the surface of land, provide for an adequate bond, surety, or other financial arrangement to ensure reclamation;

(iv) provide for a primary lease term of 10 years, after which the lease term may be extended if the Secretary determines that diligent research and development activities are occurring on the land leased;

(v) require the owner or operator of a project under this subsection, within such period as the Secretary may determine—

(I) to submit a plan of operations;

(II) to develop an environmental protection plan; and

(III) to undertake diligent research and development activities;

(vi) ensure that leases under this section are not larger than necessary to conduct research and development activities under an application under subparagraph (B);

(vii) provide for consultation with affected State and local governments; and

(viii) provide for such requirements as the Secretary determines to be in the public interest.

(2) COMMERCIAL LEASING.—Prior to conducting commercial leasing, the Secretary shall carry out—

(A) the programmatic environmental impact statement required under subsection (c); and

(B) the analysis required under subsection (d).

(3) MONEYS RECEIVED.—Any moneys received from a leasing activity under this subsection shall be paid in accordance with section 35 of the Mineral Leasing Act (30 U.S.C. 191).

(c) PROGRAMMATIC ENVIRONMENTAL IMPACT STATEMENT.—Not later than 18 months after the date of enactment of this Act, in accordance with section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)), the Secretary shall complete a programmatic environmental impact statement that analyzes potential leasing for commercial development of oil shale resources on public land.

(d) ANALYSIS OF POTENTIAL LEASING PROGRAM.—

(1) IN GENERAL.—Not later than 18 months after the date of enactment of this Act, the Secretary shall submit to Congress a report (including recommendations) analyzing a potential leasing program for the commercial development of oil shale on public land.

(2) INCLUSIONS.—The report under paragraph (1) shall include—

(A) an analysis of technologies and research and development programs for the production of oil and other materials from oil shale and tar sands in existence on the date on which the report is prepared;

(B) an analysis of—

(i) whether leases under the program should be issued on a competitive basis;

(ii) the term of the leases;

(iii) the maximum size of the leases;

(iv) the use and distribution of bonus bid lease payments;

(v) the royalty rate to be applied, including whether a sliding scale royalty rate should be used;

(vi) whether an opportunity should be provided to convert research and development leases into leases for commercial development, including the terms and conditions that should apply to the conversion;

(vii) the maximum number of leases and maximum acreage to be leased under the leasing program to an individual; and

(viii) any infrastructure required to support oil shale development in industry and communities;

(C) an identification of events that should serve as a precursor to commercial leasing, including development of environmentally and commercially viable technologies, and the completion of land use planning and environmental reviews; and

(D) an analysis, developed in conjunction with the appropriate State water resource agencies, of the demand for, and availability of, water with respect to the development of oil shale and tar sands.

(3) PUBLIC PARTICIPATION.—In preparing the report under this subsection, the Secretary shall provide notice to, and solicit comment from—

(A) the public;

(B) representatives of local governments;

(C) representatives of industry; and

(D) other interested parties.

(4) PARTICIPATION BY CERTAIN STATES.—In preparing the report under this subsection, the Secretary shall—

(A) provide notice to, and solicit comment from, the Governors of the States of Colorado, Utah, and Wyoming; and

(B) incorporate into the report submitted to Congress under paragraph (1) any response of the Secretary to those comments.

(e) OIL SHALE AND TAR SANDS TASK FORCE.—

(1) ESTABLISHMENT.—The Secretary of Energy, in cooperation with the Secretary of the Interior, shall establish an Oil Shale and Tar Sands Task Force to develop a program to coordinate and accelerate the commercial development of oil shale and tar sands in an integrated manner.

(2) COMPOSITION.—The Task Force shall be composed of—

(A) the Secretary of Energy (or the designee of the Secretary of Energy);

(B) the Secretary of Defense (or the designee of the Secretary of Defense);

(C) the Secretary of the Interior (or the designee of the Secretary of the Interior);

(D) the Governors of the affected States; and

(E) representatives of local governments in affected areas.

(3) DEVELOPMENT OF A 5-YEAR PLAN.—

(A) IN GENERAL.—The Task Force shall formulate a 5-year plan to promote the development of oil shale and tar sands by industry.

(B) COMPONENTS.—In formulating the plan, the Task Force shall—

(i) identify public actions that are required to stimulate prudent development of oil shale and tar sands by industry;

(ii) analyze the costs and benefits of those actions;

(iii) make recommendations concerning specific actions that should be taken to stimulate prudent development of oil shale and tar sands by industry, including economic, investment, tax, technology, research and development, infrastructure, environmental, education, and socio-economic actions;

(iv) consult with representatives of industry and other stakeholders;

(v) provide notice and opportunity for public comment on the plan;

(vi) identify oil shale and tar sands technologies that—

(I) are ready for pilot plant and semiworks development; and

(II) have a high probability of leading to advanced technology for first- or second-generation commercial production; and

(vii) assess the availability of water from the Green River Formation to meet the needs of the oil shale and tar sands industry.

(4) NATIONAL PROGRAM OFFICE.—The Task Force shall analyze and make recommendations regarding the need for a national program office to administer the plan.

(5) PARTNERSHIP.—The Task Force shall recommend whether to initiate a partnership with Alberta, Canada, for purposes of sharing information relating to the development and production of oil from tar sands.

(6) REPORTS.—

(A) INITIAL REPORT.—Not later than 180 days after the date of enactment of this Act, the Task Force shall submit to the President and Congress a report that describes the analysis and recommendations of the Task Force and contains the 5-year plan.

(B) SUBSEQUENT REPORTS.—The Secretary of Energy shall provide an annual report describing the progress in carrying out the plan for each of the 5 years following submission of the report provided for in subparagraph (A).

(f) MINERAL LEASING ACT AMENDMENTS.—Section 21(a) of the Mineral Leasing Act (30 U.S.C. 241(a)) is amended—

(1) by designating the first, second, and third sentences as paragraphs (1), (2), and (3), respectively; and

(2) in paragraph (3) (as designated by paragraph (1))—

(A) by striking ''rate of 50 cents per acre'' and inserting ''rate of $2.00 per acre''; and

(B) in the last proviso—

(i) by striking ''That not more than one lease shall be granted under this section to any'' and inserting ''That no''; and

(ii) by striking ''except that with respect to leases for'' and inserting ''shall acquire or hold more than 25,000 acres of oil shale leases in the United States. For''.

(g) COST-SHARED DEMONSTRATION TECHNOLOGIES.—

(1) IDENTIFICATION.—The Secretary of Energy shall identify technologies for the development of oil shale and tar sands that—

(A) are ready for demonstration at a commercially-representative scale; and

(B) have a high probability of leading to commercial production.

(2) ASSISTANCE.—For each technology identified under paragraph (1), the Secretary of Energy may provide—

(A) technical assistance;

(B) assistance in meeting environmental and regulatory requirements; and

(C) cost-sharing assistance in accordance with section 1002.

(h) TECHNICAL ASSISTANCE.—

(1) IN GENERAL.—The Secretary of Energy shall provide technical assistance to private industry for the purpose of overcoming technical challenges to the development of oil shale and tar sands technologies for application in the United States.

(2) ADMINISTRATION.—The Secretary of Energy may provide technical assistance under this section on a fee-for-service or cost-shared basis in accordance with section 1002 through individual agreements, cooperative research and development agreements, partnerships, or other approaches.

(i) NATIONAL OIL SHALE ASSESSMENT.—

(1) ASSESSMENT.—

(A) IN GENERAL.—The Secretary shall carry out a national assessment of oil shale resources for the purposes of evaluating and mapping oil shale deposits, in the geographic areas described in subparagraph (B).

(B) GEOGRAPHIC AREAS.—The geographic areas referred to in subparagraph (A), listed in the order in which the Secretary shall assign priority, are—

(i) the Green River Region of the States of Colorado, Utah, and Wyoming;

(ii) the Devonian oil shales of the eastern United States; and

(iii) any remaining area in the central and western United States (including the State of Alaska) that contains oil shale, as determined by the Secretary.

(2) USE OF STATE SURVEYS AND UNIVERSITIES.—In carrying out the assessment under paragraph (1), the Secretary may request assistance from any State-administered geological survey or university.

(j) STATE WATER RIGHTS.—Nothing in this section preempts or affects any State water law or interstate compact relating to water.

(k) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section.

SA 859. Mr. WARNER submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 160, before line 1, insert the following:

SEC. 220. TREATMENT OF NUCLEAR ENERGY.

For the purposes of any renewable standard established by this title or an amendment made by this title, nuclear energy shall be considered to be a renewable form of energy.

SA 860. Mr. WARNER submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 310, after line 25, add the following:

SEC. 372. OUTER CONTINENTAL SHELF REVENUE SHARING FOR NONMORATORIA COASTAL PRODUCING STATES.

(a) IN GENERAL.—The Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.) is amended by adding at the end the following:

''SEC. 32. OUTER CONTINENTAL SHELF REVENUE SHARING FOR NONMORATORIA COASTAL PRODUCING STATES.

''(a) DEFINITIONS.—In this section:

''(1) COASTAL POLITICAL SUBDIVISION.—The term 'coastal political subdivision' means a political subdivision of a producing State, all or part of which lies within the boundaries of the coastal zone of the producing State that are identified in the coastal zone management program for the producing State under the Coastal Zone Management Act of 1972 (16 U.S.C. 1451 et seq.), as in effect on the date of enactment of this section.

''(2) COASTAL POPULATION.—The term 'coastal population' means the population, as determined by the most recent official data of the Census Bureau, of each political subdivision, any part of which lies within the designated coastal boundary of a State (as defined in a coastal zone management program of the State under the Coastal Zone Management Act of 1972 (16 U.S.C. 1451 et seq.)).

''(3) COASTAL STATE.—The term 'coastal State' has the meaning given the term in section 304 of the Coastal Zone Management Act of 1972 (16 U.S.C. 1453).

''(4) COASTLINE.—The term 'coastline' has the meaning given the term in section 2 of the Submerged Lands Act (43 U.S.C. 1301).

''(5) DISTANCE.—The term 'distance' means the minimum great circle distance, measured in statute miles.

''(6) LEASED TRACT.—The term 'leased tract' means a tract that is subject to a lease under section 6 or 8 for the purpose of drilling for, developing, and producing oil or natural gas resources.

''(7) POLITICAL SUBDIVISION.—The term 'political subdivision' means the local political jurisdiction immediately below the level of State government, including counties, parishes, and boroughs.

''(8) PRODUCING STATE.—

''(A) IN GENERAL.—The term 'producing State' means a coastal State that has a coastal seaward boundary within 200 miles of the geographic center of a leased tract within any area of the outer Continental Shelf.

''(B) INCLUSION.—The term 'producing State' includes any State that begins production on a leased tract on or after the date of enactment of this section, regardless of whether the leased tract was on any date subject to a leasing moratorium.

''(9) QUALIFIED OUTER CONTINENTAL SHELF REVENUES.—

''(A) IN GENERAL.—The term 'qualified Outer Continental Shelf revenues' means all amounts received by the United States from each leased tract or portion of a leased tract—

''(i) lying—

''(I) seaward of the zone covered by section 8(g); or

''(II) within the zone covered by section 8(g), but to which section 8(g) does not apply; and

''(ii) the geographic center of which lies within 200 miles of any part of the coastline of any coastal State.

''(B) INCLUSIONS.—The term 'qualified Outer Continental Shelf revenues' includes bonus bids, rents, royalties (including payments for royalty taken in kind and sold), net profit share payments, and related late-payment interest from natural gas and oil leases issued under this Act.

''(10) TRANSFERRED AMOUNT.—The term 'transferred amount' means the amount transferred to the Secretary under subsection (b)(1) to make payments to producing States and coastal political subdivisions under this section for a fiscal year.

''(b) PAYMENTS TO PRODUCING STATES AND COASTAL POLITICAL SUBDIVISIONS.—

''(1) TRANSFER OF AMOUNTS.—From qualified Outer Continental Shelf revenues deposited in the Treasury under this Act for a fiscal year, the Secretary of the Treasury shall transfer to the Secretary to make payments to producing States and coastal political subdivisions under this section—

''(A) for each of fiscal years 2006 through 2010, $500,000,000; and

''(B) for fiscal year 2011 and each subsequent fiscal year, an amount equal to 50 percent of qualified Outer Continental Shelf revenues received for a fiscal year.

''(2) DISBURSEMENT.—During each fiscal year, the Secretary shall, subject to the availability of appropriations for purposes of paragraph (1)(A), and without further appropriation for purposes of paragraph (1)(B), disburse to each producing State for which the Secretary has approved a plan under subsection (c), and to coastal political subdivisions under paragraph (4), the funds allocated to the producing State or coastal political subdivision under this section for the fiscal year.

''(3) ALLOCATION AMONG PRODUCING STATES.—

''(A) IN GENERAL.—The transferred amount shall be allocated to each producing State based on the ratio that—

''(i) the amount of qualified outer Continental Shelf revenues generated off the coastline of the producing State; bears to

''(ii) the amount of qualified outer Continental Shelf revenues generated off the coastline of all producing States.

''(B) QUALIFIED OUTER CONTINENTAL SHELF REVENUES.—

''(i) FISCAL YEARS 2006 THROUGH 2008.—For each of fiscal years 2006 through 2008, a calculation of a payment under this subsection shall be based on qualified outer Continental Shelf revenues received during fiscal year 2005.

''(ii) FISCAL YEARS 2009 THROUGH 2010.—For each of fiscal years 2009 through 2010, a calculation of a payment under this subsection shall be based on qualified outer Continental Shelf revenues received during fiscal year 2008.

''(iii) FISCAL YEAR 2011 AND THEREAFTER.—Beginning in fiscal year 2011, a calculation of a payment under this subsection for each fiscal year during a 2-year fiscal year period shall be based on qualified outer Continental Shelf revenues received during the fiscal year preceding the first fiscal year of the 2-year fiscal year period.

''(C) MULTIPLE PRODUCING STATES.—If more than 1 producing State is located within 200 miles of any portion of a leased tract, the amount allocated to each producing State for the leased tract shall be inversely proportional to the distance between—

''(i) the nearest point on the coastline of the producing State; and

''(ii) the geographic center of the leased tract.

''(D) MINIMUM ALLOCATION.—An amount allocated to a producing State under this paragraph shall be not less than 1 percent of the transferred amount.

''(4) PAYMENTS TO COASTAL POLITICAL SUBDIVISIONS.—

''(A) IN GENERAL.—The Secretary shall pay 35 percent of the amount allocated under paragraph (3) to the coastal political subdivisions in the producing State.

''(B) FORMULA.—Of the amount paid by the Secretary to coastal political subdivisions under subparagraph (A)—

''(i) 25 percent shall be allocated to each coastal political subdivision in the proportion that—

''(I) the coastal population of the coastal political subdivision; bears to

''(II) the coastal population of all coastal political subdivisions in the producing State;

''(ii) 25 percent shall be allocated to each coastal political subdivision in the proportion that—

''(I) the number of miles of coastline of the coastal political subdivision; bears to

''(II) the number of miles of coastline of all coastal political subdivisions in the producing State; and

''(iii) 50 percent shall be allocated in amounts that are inversely proportional to the respective distances between the points in each coastal political subdivision that are closest to the geographic center of each leased tract, as determined by the Secretary.

''(C) EXCEPTION FOR LOUISIANA.—For the purposes of subparagraph (B)(ii), the coastline for coastal political subdivisions in the State of Louisiana without a coastline shall be the average length of the coastline of all other coastal political subdivisions in the State of Louisiana.

''(D) EXCEPTION FOR ALASKA.—For the purposes of carrying out subparagraph (B)(iii) in the State of Alaska, the amount allocated shall be divided equally among the 2 coastal political subdivisions that are closest to the geographic center of a leased tract.

''(5) NO APPROVED PLAN.—

''(A) IN GENERAL.—Subject to subparagraph (B) and except as provided in subparagraph (C), if any amount allocated to a producing State or coastal political subdivision under paragraph (3) or (4) is not disbursed because the producing State does not have in effect a plan that has been approved by the Secretary under subsection (c), the Secretary shall allocate the undisbursed amount equally among all other producing States.

''(B) RETENTION OF ALLOCATION.—The Secretary shall hold in escrow an undisbursed amount described in subparagraph (A) until the date that the final appeal regarding the disapproval of a plan submitted under subsection (c) is decided.

''(C) WAIVER.—The Secretary may waive the requirements of subparagraph (A) with respect to an allocated share of a producing State and hold the allocable share in escrow if the Secretary determines that the producing State is making a good faith effort to develop and submit, or update, a plan in accordance with subsection (c).

''(c) COASTAL IMPACT ASSISTANCE PLAN.—

''(1) SUBMISSION OF STATE PLAN.—

''(A) IN GENERAL.—Not later than July 1, 2008, the Governor of a producing State shall submit to the Secretary a coastal impact assistance plan.

''(B) PUBLIC PARTICIPATION.—In carrying out subparagraph (A), the Governor shall solicit local input and provide for public participation in the development of the plan.

''(2) APPROVAL.—

''(A) IN GENERAL.—The Secretary shall approve a plan of a producing State submitted under paragraph (1) before disbursing any amount to the producing State, or to a coastal political subdivision located in the producing State, under this section.

''(B) COMPONENTS.—The Secretary shall approve a plan submitted under paragraph (1) if—

''(i) the Secretary determines that the plan is consistent with the uses described in subsection (d); and

''(ii) the plan contains—

''(I) the name of the State agency that will have the authority to represent and act on behalf of the producing State in dealing with the Secretary for purposes of this section;

''(II) a program for the implementation of the plan that describes how the amounts provided under this section to the producing State will be used;

''(III) for each coastal political subdivision that receives an amount under this section—

''(aa) the name of a contact person; and

''(bb) a description of how the coastal political subdivision will use amounts provided under this section;

''(IV) a certification by the Governor that ample opportunity has been provided for public participation in the development and revision of the plan; and

''(V) a description of measures that will be taken to determine the availability of assistance from other relevant Federal resources and programs.

''(3) AMENDMENT TO A PLAN.—Any amendment to a plan submitted under paragraph (1) shall be—

''(A) developed in accordance with this subsection; and

''(B) submitted to the Secretary for approval or disapproval under paragraph (4).

''(4) PROCEDURE.—Except as provided in subparagraph (B), not later than 90 days after the date on which a plan or amendment to a plan is submitted under paragraph (1) or (3), the Secretary shall approve or disapprove the plan or amendment.

''(d) AUTHORIZED USES.—

''(1) FISCAL YEARS 2006 THROUGH 2010.—A producing State or coastal political subdivision shall use any amount transferred under subsection (b)(1)(A) that is distributed to the producing State or coastal political subdivision, including any amount deposited in a trust fund that is administered by the State or coastal political subdivision and dedicated to a use consistent with this section, in accordance with all applicable Federal and State law, only for 1 or more of the following purposes:

''(A) Projects and activities for the conservation, protection, or restoration of coastal areas, including wetland.

''(B) Mitigation of damage to fish, wildlife, or natural resources.

''(C) Planning assistance and the administrative costs of complying with this section.

''(D) Implementation of a federally-approved marine, coastal, or comprehensive conservation management plan.

''(E) Mitigation of the impact of outer Continental Shelf activities through funding of onshore infrastructure, education, health care, and public service needs.

''(2) FISCAL YEAR 2011 AND THEREAFTER.—A producing State or coastal political subdivision shall use at least 25 percent of any amount transferred under subsection (b)(1)(B) that is distributed to the producing State or coastal political subdivision, including any amount deposited in a trust fund that is administered by the State or coastal political subdivision and dedicated to a use consistent with this section, for 1 or more of the purposes described in paragraph (1).

''(3) COMPLIANCE WITH AUTHORIZED USES.—If the Secretary determines that any expenditure made by a producing State or coastal political subdivision is not consistent with this subsection, the Secretary shall not disburse any additional amount under this section to the producing State or the coastal political subdivision until all amounts obligated for unauthorized uses have been repaid or reobligated for authorized uses.''.

(b) ESTABLISHMENT OF SEAWARD LATERAL BOUNDARIES FOR COASTAL STATES.—Section 4(a)(2)(A) of the Outer Continental Shelf Lands Act (43 U.S.C. 1333(a)(2)(A)) is amended—

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

(2) in the first sentence—

(A) by striking ''President shall'' and inserting ''Secretary shall by regulation''; and

(B) by inserting before the period at the end the following: ''not later than 180 days after the date of enactment of the Stewardship for Our Coasts and Opportunities for Reliable Energy Act''; and

(3) by adding at the end the following:

''(i)(I) For purposes of this Act (including determining boundaries to authorize leasing and preleasing activities and any attributing revenues under this Act and calculating payments to producing States and coastal political subdivisions under section 32), the Secretary shall delineate the lateral boundaries between coastal States in areas of the outer Continental shelf under exclusive Federal jurisdiction, to the extent of the exclusive economic zone of the United States, in accordance with article 15 of the United Nations Convention on the Law of the Sea of December 10, 1982.

''(II) This clause shall not affect any right or title to Federal submerged land on the outer Continental Shelf.''.

(c) OPTION TO PETITION FOR LEASING WITHIN CERTAIN AREAS ON THE OUTER CONTINENTAL SHELF.—Section 12 of the Outer Continental Shelf Lands Act (43 U.S.C. 1341) is amended by adding at the end the following:

''(g) LEASING WITHIN THE SEAWARD LATERAL BOUNDARIES OF COASTAL STATES.—

''(1) DEFINITION OF AFFECTED AREA.—In this subsection, the term 'affected area' means any area located—

''(A) in the areas of northern, central, and southern California and the areas of Oregon and Washington;

''(B) in the north, middle, or south planning area of the Atlantic Ocean;

''(C) in the eastern Gulf of Mexico planning area and lying—

''(i) south of 26 degrees north latitude; and

''(ii) east of 86 degrees west longitude; or

''(D) in the Straits of Florida.

''(2) RESTRICTIONS ON LEASING.—The Secretary shall not offer for offshore leasing, preleasing, or any related activity—

''(A) any area located on the outer Continental Shelf that, as of the date of enactment of this subsection, is designated as a marine sanctuary under the Marine Protection, Research, and Sanctuaries Act of 1972 (33 U.S.C. 1401 et seq.); or

''(B) except as provided in paragraphs (3) and (4), during the period beginning on the date of enactment of this subsection and ending on June 30, 2012, any affected area.

''(3) RESOURCE ASSESSMENTS.—

''(A) IN GENERAL.—Beginning on the date on which the Secretary delineates seaward lateral boundaries under section 4(a)(2)(A)(ii), a Governor of a State in which an affected area is located, with the consent of the legislature of the State, may submit to the Secretary a petition requesting a resource assessment of any area within the seaward lateral boundary of the State.

''(B) ELIGIBLE RESOURCES.—A petition for a resource assessment under subparagraph (A) may be for—

''(i) oil and gas leasing;

''(ii) gas-only leasing; or

''(iii) any other energy source leasing, including renewable energy leasing.

''(C) ACTION BY SECRETARY.—Not later than 90 days after receipt of a petition under subparagraph (A), the Secretary shall approve the petition, unless the Secretary determines that a resource assessment of the area would create an unreasonable risk of harm to the marine, human, or coastal environment of the State.

''(D) FAILURE TO ACT.—If the Secretary fails to approve or deny a petition in accordance with subparagraph (C)—

''(i) the petition shall be considered to be approved; and

''(ii) a resource assessment of any appropriate area shall be carried out as soon as practicable.

''(E) SUBMISSION TO STATE.—As soon as practicable after the date on which a petition is approved under subparagraph (C) or (D), the Secretary shall—

''(i) complete the resource assessment for the area; and

''(ii) submit the completed resource assessment to the State.

''(4) PETITION FOR LEASING.—

''(A) IN GENERAL.—On receipt of a resource assessment under paragraph (3)(E)(ii), the Governor of a State in which an affected area is located, with the consent of the legislature of the State, may submit to the Secretary a petition requesting that the Secretary make available any land that is within the seaward lateral boundaries of the State (as established under section 4(a)(2)(A)(ii)) and that is greater than 20 miles from the coastline of the State for the conduct of offshore leasing, pre-leasing, or related activities with respect to—

''(i) oil and gas leasing;

''(ii) gas-only leasing; or

''(iii) any other energy source leasing, including renewable energy leasing.

''(B) ACTION BY SECRETARY.—Not later than 90 days after receipt of a petition under subparagraph (A), the Secretary shall approve the petition, unless the Secretary determines that leasing the area would create an unreasonable risk of harm to the marine, human, or coastal environment of the State.

''(C) FAILURE TO ACT.—If the Secretary fails to approve or deny a petition in accordance with subparagraph (B)—

''(i) the petition shall be considered to be approved; and

''(ii) any appropriate area shall be made available for oil and gas leasing, gas-only leasing, or any other energy source leasing, including renewable energy leasing.

''(5) REVENUE SHARING.—

''(A) IN GENERAL.—Beginning on the date on which production begins in an area under this subsection, the State shall, without further appropriation, share in any qualified outer Continental Shelf revenues of the production under section 32.

''(B) APPLICABLE LAW.—

''(i) IN GENERAL.—Except as provided in clause (ii), a State shall not be required to comply with subsections (c) and (d) of section 32 to share in qualified outer Continental Shelf revenues under subparagraph (A).

''(ii) EXCEPTION.—Of any qualified outer Continental Shelf revenues received by a State (including a political subdivision of a State) under subparagraph (A), at least 25 percent shall be used for 1 or more of the purposes described in section 32(d)(1).

''(6) EFFECT.—Nothing in this subsection affects any right relating to an area described in paragraph (1) or (2) under a lease that was in existence on the day before the date of enactment of this subsection.''.

(d) ALTERNATE ENERGY-RELATED USES ON THE OUTER CONTINENTAL SHELF.—

(1) AMENDMENT TO OUTER CONTINENTAL SHELF LANDS ACT.—Section 8 of the Outer Continental Shelf Lands Act (43 U.S.C. 1337) is amended by adding at the end the following:

''(p) LEASES, EASEMENTS, OR RIGHTS-OF-WAY FOR ENERGY AND RELATED PURPOSES.—

''(1) IN GENERAL.—The Secretary, in consultation with the Secretary of the Department in which the Coast Guard is operating and other relevant departments and agencies of the Federal Government, may grant a lease, easement, or right-of-way on the outer Continental Shelf for activities not otherwise authorized under this Act, the Deepwater Port Act of 1974 (33 U.S.C. 1501 et seq.), the Ocean Thermal Energy Conversion Act of 1980 (42 U.S.C. 9101 et seq.), or other applicable law, if those activities—

''(A) support exploration, development, production, transportation, or storage of oil, natural gas, or other minerals;

''(B) produce or support production, transportation, or transmission of energy from sources other than oil and gas; or

''(C) use, for energy-related or marine-related purposes, facilities in use on or before the date of enactment of this subsection for activities authorized under this Act.

''(2) PAYMENTS.—

''(A) IN GENERAL.—The Secretary shall establish, by rule or agreement with the party to which the easement or right-of-way is granted under this subsection, reasonable forms of payment for the easement or right-of-way, including a fee, rental, bonus, or other payment.

''(B) ASSESSMENT.—A payment under subparagraph (A) shall not be assessed on the basis of throughput or production.

''(C) PAYMENTS TO STATES.—If a lease, easement, right-of-way, license, or permit under this subsection covers a specific tract of, or regards a facility located on, the outer Continental Shelf and is not an easement or right-of-way for transmission or transportation of energy, minerals, or other natural resources, the Secretary shall pay 50 percent of any amount received from the holder of the lease, easement, right-of-way, license, or permit to the State off the shore of which the geographic center of the area covered by the lease, easement, right-of-way, license, permit, or facility is located.

''(3) CONSULTATION.—Before exercising authority under this subsection, the Secretary shall consult with the Secretary of Defense and other appropriate agencies concerning issues related to national security and navigational obstruction.

''(4) COMPETITIVE OR NONCOMPETITIVE BASIS.—

''(A) IN GENERAL.—The Secretary may issue a lease, easement, or right-of-way under paragraph (1) on a competitive or noncompetitive basis.

''(B) CONSIDERATIONS.—In determining whether a lease, easement, or right-of-way shall be granted competitively or noncompetitively, the Secretary shall consider such factors as—

''(i) prevention of waste and conservation of natural resources;

''(ii) the economic viability of an energy project;

''(iii) protection of the environment;

''(iv) the national interest and national security;

''(v) human safety;

''(vi) protection of correlative rights; and

''(vii) potential return for the lease, easement, or right-of-way.

''(5) REGULATIONS.—Not later than 270 days after the date of enactment of this subsection, the Secretary, in consultation with the Secretary of the Department in which the Coast Guard is operating and other relevant agencies of the Federal Government and affected States, shall issue any necessary regulations to ensure—

''(A) safety;

''(B) protection of the environment;

''(C) prevention of waste;

''(D) conservation of the natural resources of the outer Continental Shelf;

''(E) protection of national security interests; and

''(F) protection of correlative rights in the outer Continental Shelf.

''(6) SECURITY.—The Secretary shall require the holder of a lease, easement, or right-of-way granted under this subsection—

''(A) to furnish a surety bond or other form of security, as prescribed by the Secretary; and

''(B) to comply with such other requirements as the Secretary considers necessary to protect the interests of the United States.

''(7) EFFECT OF SUBSECTION.—Nothing in this subsection displaces, supersedes, limits,

or modifies the jurisdiction, responsibility, or authority of any Federal or State agency under any other Federal law.

''(8) APPLICABILITY.—This subsection does not apply to any area on the outer Continental Shelf designated as a National Marine Sanctuary.''.

(2) CONFORMING AMENDMENT.—Section 8 of the Outer Continental Shelf Lands Act (43 U.S.C. 1337) is amended by striking the section heading and inserting the following: ''**LEASES, EASEMENTS, AND RIGHTS-OF-WAY ON THE OUTER CONTINENTAL SHELF.**—''.

(3) SAVINGS PROVISION.—Nothing in the amendment made by paragraph (1) requires any resubmittal of documents previously submitted or any reauthorization of actions previously authorized, with respect to any project—

(A) for which offshore test facilities have been constructed before the date of enactment of this Act; or

(B) for which a request for proposals has been issued by a public authority.

(e) REGULATIONS.—

(1) IN GENERAL.—The Secretary of the Interior shall issue such regulations as are necessary to carry out this section and the amendments made by this section, including regulations establishing procedures for entering into gas-only leases.

(2) GAS-ONLY LEASES.—In issuing regulations establishing procedures for entering into gas-only leases, the Secretary shall—

(A) ensure that gas-only leases under the Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.) are not available in a State that (as of the day before the date of enactment of this Act) did not contain an affected area (as defined in section 9(a) of that Act (as amended by subsection (d)(1)); and

(B) define ''natural gas'' as—

(i) unmixed natural gas; or

(ii) any mixture of natural or artificial gas (including compressed or liquefied petroleum gas) and condensate recovered from natural gas.

SA 861. Mr. DODD submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; as follows:

On page 755, after line 25, add the following:

SEC. 13___. EFFECT OF ELECTRICAL CONTAMINANTS ON RELIABILITY OF ENERGY PRODUCTION SYSTEMS.

Not later than 180 days after the date of enactment of this Act, the Secretary shall enter into a contract with the National Academy of Sciences under which the National Academy of Sciences shall determine the effect that electrical contaminants (such as tin whiskers) may have on the reliability of energy production systems, including nuclear energy.

SA 862. Mr. LAUTENBERG submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the end of the bill, add the following:

TITLE XV—ANTI-COMPETITIVE PRACTICES

SEC. 1501. SHORT TITLE.

This title may be cited as the ''OPEC Accountability Act''.

SEC. 1502. FINDINGS.

Congress makes the following findings:

(1) Gasoline prices have nearly doubled since January, 2002, with oil recently trading at more than $58 per barrel for the first time ever.

(2) Rising gasoline prices have placed an inordinate burden on American families.

(3) High gasoline prices have hindered and will continue to hinder economic recovery.

(4) The Organization of Petroleum Exporting Countries (OPEC) has formed a cartel and engaged in anti-competitive practices to manipulate the price of oil, keeping it artificially high.

(5) Six member nations of OPEC—Indonesia, Kuwait, Nigeria, Qatar, the United Arab Emirates and Venezuela—are also members of the World Trade Organization.

(6) The agreement among OPEC member nations to limit oil exports is an illegal prohibition or restriction on the exportation or sale for export of a product under Article XI of the GATT 1994.

(7) The export quotas and resulting high prices harm American families, undermine the American economy, impede American and foreign commerce, and are contrary to the national interests of the United States.

SEC. 1503. ACTIONS TO CURB CERTAIN CARTEL ANTI-COMPETITIVE PRACTICES.

(a) DEFINITIONS.—In this title:

(1) GATT 1994.—The term ''GATT 1994'' has the meaning given such term in section 2(1)(B) of the Uruguay Round Agreements Act (19 U.S.C. 3501(1)(B)).

(2) UNDERSTANDING ON RULES AND PROCEDURES GOVERNING THE SETTLEMENT OF DISPUTES.—The term ''Understanding on Rules and Procedures Governing the Settlement of Disputes'' means the agreement described in section 101(d)(16) of the Uruguay Round Agreements Act (19 U.S.C. 3511(d)(16)).

(3) WORLD TRADE ORGANIZATION.—

(A) IN GENERAL.—The term ''World Trade Organization'' means the organization established pursuant to the WTO Agreement.

(B) WTO AGREEMENT.—The term ''WTO Agreement'' means the Agreement Establishing The World Trade Organization entered into on April 15, 1994.

(b) ACTION BY PRESIDENT.—

(1) IN GENERAL.—Notwithstanding any other provision of law, the President shall, not later than 15 days after the date of enactment of this Act, initiate consultations with the countries described in paragraph (2) to seek the elimination by those countries of any action that—

(A) limits the production or distribution of oil, natural gas, or any other petroleum product,

(B) sets or maintains the price of oil, natural gas, or any petroleum product, or

(C) otherwise is an action in restraint of trade with respect to oil, natural gas, or any petroleum product, when such action constitutes an act, policy, or practice that is unjustifiable and burdens and restricts United States commerce.

(2) COUNTRIES DESCRIBED.—The countries described in this paragraph are the following:

(A) Indonesia.

(B) Kuwait.

(C) Nigeria.

(D) Qatar.

(E) The United Arab Emirates.

(F) Venezuela.

(c) INITIATION OF WTO DISPUTE PROCEEDINGS.—If the consultations described in subsection (b) are not successful with respect to any country described in subsection (b)(2), not later than 60 days after the date of enactment of this Act, the United States Trade Representative shall, unless the President submits a certification and report described in subsection (d), institute proceedings pursuant to the Understanding on Rules and Procedures Governing the Settlement of Disputes with respect to that country and shall take appropriate action with respect to that country under the trade remedy laws of the United States.

(d) CERTIFICATION DESCRIBED.—

(1) IN GENERAL.—The certification described in this subsection means a certification submitted by the President to Congress not later than 30 days after the date of enactment of this Act, stating that instituting proceedings described in subsection (c) would—

(A) harm the national security interest of the United States; or

(B) harm the economic interests of the United States.

(2) REPORT.—A certification submitted under this subsection shall be accompanied by a report that includes an explanation regarding how and why taking the action described in subsection (c) with respect to a country described subsection (b)(2) would not be in the national security interest or economic interest of the United States. The report may be provided on a classified basis if disclosure would threaten the national security of the United States.

SA 863. Mr. LAUTENBERG (for himself, Mr. DURBIN, Mr. DORGAN, and Mr. LEVIN) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the end, add the following:

TITLE ___—ANTI-COMPETITIVE PRACTICES

SEC. ___. SHORT TITLE.

This title may be cited as the ''OPEC Accountability Act''.

SEC. 1502. FINDINGS.

Congress makes the following findings:

(1) Gasoline prices have nearly doubled since January, 2002, with oil recently trading at more than $58 per barrel for the first time ever.

(2) Rising gasoline prices have placed an inordinate burden on American families.

(3) High gasoline prices have hindered and will continue to hinder economic recovery.

(4) The Organization of Petroleum Exporting Countries (OPEC) has formed a cartel and engaged in anti-competitive practices to manipulate the price of oil, keeping it artificially high.

(5) Six member nations of OPEC—Indonesia, Kuwait, Nigeria, Qatar, the United Arab Emirates and Venezuela—are also members of the World Trade Organization.

(6) The agreement among OPEC member nations to limit oil exports is an illegal prohibition or restriction on the exportation or sale for export of a product under Article XI of the GATT 1994.

(7) The export quotas and resulting high prices harm American families, undermine the American economy, impede American and foreign commerce, and are contrary to the national interests of the United States.

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(2) UNDERSTANDING ON RULES AND PROCEDURES GOVERNING THE SETTLEMENT OF DISPUTES.—The term ''Understanding on Rules and Procedures Governing the Settlement of Disputes'' means the agreement described in section 101(d)(16) of the Uruguay Round Agreements Act (19 U.S.C. 3511(d)(16)).

(3) WORLD TRADE ORGANIZATION.—

(A) IN GENERAL.—The term ''World Trade Organization'' means the organization established pursuant to the WTO Agreement.

(B) WTO AGREEMENT.—The term ''WTO Agreement'' means the Agreement Establishing The World Trade Organization entered into on April 15, 1994.

(b) ACTION BY PRESIDENT.—

(1) IN GENERAL.—Notwithstanding any other provision of law, the President shall, not later than 15 days after the date of enactment of this Act, initiate consultations with the countries described in paragraph (2) to seek the elimination by those countries of any action that—

(A) limits the production or distribution of oil, natural gas, or any other petroleum product,

(B) sets or maintains the price of oil, natural gas, or any petroleum product, or

(C) otherwise is an action in restraint of trade with respect to oil, natural gas, or any petroleum product, when such action constitutes an act, policy, or practice that is unjustifiable and burdens and restricts United States commerce.

(2) COUNTRIES DESCRIBED.—The countries described in this paragraph are the following:

(A) Indonesia.

(B) Kuwait.

(C) Nigeria.

(D) Qatar.

(E) The United Arab Emirates.

(F) Venezuela.

(c) INITIATION OF WTO DISPUTE PROCEEDINGS.—If the consultations described in subsection (b) are not successful with respect to any country described in subsection (b)(2), the United States Trade Representative shall, not later than 60 days after the date of enactment of this Act, institute proceedings pursuant to the Understanding on Rules and Procedures Governing the Settlement of Disputes with respect to that country and shall take appropriate action with respect to that country under the trade remedy laws of the United States.

SA 864. Mr. LEVIN (for himself, Ms. COLLINS, Mr. WYDEN, and Mr. SCHUMER) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; as follows:

On page 208, line 12, strike ''The Secretary shall'' and insert the following:

(1) IN GENERAL.—The Secretary shall

On page 208, between lines 20 and 21, insert the following:

(2) PROCEDURES.—

(A) IN GENERAL.—The Secretary shall develop, with an opportunity for public comment, procedures to obtain oil for the Reserve with the intent of maximizing the overall domestic supply of crude oil (including quantities stored in private sector inventories) and minimizing the costs to the Department of the Interior and the Department of Energy of acquiring such oil (including foregone revenues to the Treasury when oil for the Reserve is obtained through the royalty-in-kind program), consistent with national security.

(B) CONSIDERATIONS.—The procedures shall provide that, for purposes of determining whether to acquire oil for the Reserve or defer deliveries of oil, the Secretary shall take into account—

(i) current and future prices, supplies, and inventories of oil;

(ii) national security; and

(iii) other factors that the Secretary determines to be appropriate.

(C) REVIEW OF REQUESTS FOR DEFERRALS OF SCHEDULED DELIVERIES.—The procedures shall include procedures and criteria for the review of requests for the deferrals of scheduled deliveries.

(D) DEADLINES.—The Secretary shall—

(i) propose the procedures required under this paragraph not later than 120 days after the date of enactment of this Act;

(ii) promulgate the procedures not later than 180 days after the date of enactment of this Act; and

(iii) comply with the procedures in acquiring oil for Reserve effective beginning on the date that is 180 days after the date of enactment of this Act.

SA 865. Mr. FEINGOLD (for himself and Mr. BROWNBACK) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 706, between lines 20 and 21, insert the following:

SEC. 1278. CONSUMER PROTECTION, FAIR COMPETITION, AND FINANCIAL INTEGRITY.

Section 204 of the Federal Power Act (16 U.S.C. 824c) is amended by adding at the end the following:

''(i)(1) In this subsection, the terms 'affiliate', 'associate company', and 'public-utility company' have the meanings given those terms in section 1272 of the Energy Policy Act of 2005.

''(2)(A) Not later than 1 year after the date of enactment of this subsection, the Commission shall issue regulations to regulate transactions between public-utility companies and affiliates and associate companies of the public-utility companies.

''(B) At a minimum, the regulations under subparagraph (A) shall require, with respect to a transaction between a public-utility company and an affiliate or associate company of the public-utility company, that—

''(i) any business activity other than public-utility company business shall be conducted through 1 or more affiliates or associate companies, which shall be independent, separate, and distinct entities from the public-utility company;

''(ii) the affiliate or associate company shall—

''(I) maintain separate books, accounts, memoranda, and other records; and

''(II) prepare separate financial statements;

''(iii)(I) the public-utility company shall conduct the transaction in a manner that is consistent with the transactions among nonaffiliated and nonassociated companies; and

''(II) the public-utility company shall not use its status as a monopoly franchise to confer on its affiliate, or associate company, any unfair competitive advantage;

''(iv) the public-utility company shall not declare or pay any dividend on any security of the public-utility company in contravention of such regulations as the Commission considers appropriate to protect the financial integrity of the public-utility company;

''(v) the public-utility company shall have at least 1 independent director on its board of directors;

''(vi) the affiliate or associate company shall not structure its governance nor shall it acquire any loan, loan guarantee, or other indebtedness in a manner that would permit creditors to have recourse against the tangible or intangible assets of the public-utility company;

''(vii) the public-utility company shall not—

''(I) commingle any tangible or intangible assets or liabilities of the public-utility company with any assets or liabilities of an affiliate, or associate company, of the public-utility company; or

''(II) pledge or encumber any assets of the public-utility company on behalf of an affiliate, or associate company, of the public-utility company;

''(viii)(I) the public-utility company shall not cross-subsidize or shift costs from an affiliate, or associate company, of the public-utility company to the public-utility company; and

''(II) the public-utility company shall disclose and fully value, at the market value or other value specified by the Commission, any tangible or intangible assets or services by the public-utility company that, directly or indirectly, are transferred to, or otherwise provided for the benefit of, an affiliate, or associate company of the public-utility company; and

''(ix) electricity and natural gas consumers and investors—

''(I) shall be protected against the financial risks of public-utility company diversification and transactions with and among affiliates and associate companies of public-utility companies; and

''(II) shall not be subject to rates or charges that are not reasonably related to the provision of electricity or natural gas service.

''(3) This subsection does not preclude or deny the right of any State or political subdivision of a State to adopt and enforce standards for the corporate and financial separation of public-utility companies that are more stringent than those provided under the regulations issued under paragraph (2).

''(4) It shall be unlawful for a public-utility company to enter into or take any action in the performance of any transaction with any affiliate, or associate company, of a public-utility company in violation of the regulations issued under paragraph (2).''.

SA 866. Mr. BINGAMAN (for himself, Mr. SPECTER, Mr. DOMENICI, Mr. ALEXANDER, Ms. CANTWELL, Mr. LIEBERMAN, Mr. LAUTENBERG, Mr. MCCAIN, Mr. JEFFORDS, Mr. KERRY, Ms. SNOWE, Ms. COLLINS, and Mrs. BOXER) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the end of title XVI, add the following:

SEC. 16___. SENSE OF THE SENATE ON CLIMATE CHANGE.

(a) FINDINGS.—Congress finds that—

(1) greenhouse gases accumulating in the atmosphere are causing average temperatures to rise at a rate outside the range of natural variability and are posing a substantial risk of rising sea-levels, altered patterns of atmospheric and oceanic circulation, and increased frequency and severity of floods and droughts;

(2) there is a growing scientific consensus that human activity is a substantial cause of greenhouse gas accumulation in the atmosphere; and

(3) mandatory steps will be required to slow or stop the growth of greenhouse gas emissions into the atmosphere.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that, before the end of the first session of the 109th Congress, Congress should enact a comprehensive and effective national program of mandatory, market-based limits on emissions of greenhouse gases that slow, stop, and reverse the growth of such emissions at a rate and in a manner that—

(1) will not significantly harm the United States economy; and

(2) will encourage comparable action by other nations that are major trading partners and key contributors to global emissions.

SA 867. Mr. BINGAMAN submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 437, after line 22, add the following:

SEC. 7___. IMPACTS OF USE OF SPECIAL FUEL FORMULATIONS.

In determining whether to approve an application by a State for the use of a new gasoline blend or other fuel formulation under the Clean Air Act (42 U.S.C. 7401 et seq.), the Administrator of the Environmental Protection Agency, in consultation with the Secretary, shall take into consideration impacts that the use of the blend or formulation would have on the supply, demand, and pricing of gasoline and other fuels.

SA 868. Mr. BINGAMAN submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the end of the bill, add the following:

TITLE XV—ACTIONS TO ADDRESS GLOBAL CLIMATE

SEC. 1501. SHORT TITLE.

This title may be cited as the ''Climate and Economy Insurance Act of 2005''.

Subtitle A—Domestic Programs

SEC. 1511. PURPOSE.

The purpose of this subtitle is to reduce greenhouse gas emissions intensity in the United States, beginning in calendar year 2010, through an emissions trading system designed to achieve emissions reductions at the lowest practicable cost to the United States.

SEC. 1512. DEFINITIONS.

In this subtitle:

(1) CARBON DIOXIDE EQUIVALENT.—The term ''carbon dioxide equivalent'' means—

(A) for each covered fuel, the quantity of carbon dioxide that would be emitted into the atmosphere as a result of complete combustion of a certain quantity of the covered fuel, to be determined for the type of covered fuel by the Secretary; and

(B) for each greenhouse gas (other than carbon dioxide) the quantity of carbon dioxide that would have an effect on global warming equal to the effect of a certain quantity of the greenhouse gas, as determined by the Secretary, taking into consideration global warming potentials.

(2) COVERED FUEL.—The term ''covered fuel'' means—

(A) coal;

(B) petroleum products;

(C) natural gas;

(D) natural gas liquids; and

(E) any other fuel derived from fossil hydrocarbons (including bitumen and kerogen).

(3) COVERED GREENHOUSE GAS EMISSIONS.—

(A) IN GENERAL.—The term ''covered greenhouse gas emissions'' means—

(i) the carbon dioxide emissions from combustion of covered fuel carried out in the United States; and

(ii) nonfuel-related greenhouse gas emissions in the United States, determined in accordance with section 1515(b)(2).

(B) UNITS.—Quantities of covered greenhouse gas emissions shall be measured and expressed in units of metric tons of carbon dioxide equivalent.

(4) EMISSIONS INTENSITY.—The term ''emissions intensity'' means, for any calendar year, the quotient obtained by dividing—

(A) covered greenhouse gas emissions; by

(B) the forecasted GDP for that calendar year.

(5) FORECASTED GDP.—The term ''forecasted GDP'' means the predicted amount of the gross domestic product of the United States, based on the most current projection used by the Energy Information Administration of the Department of Energy on the date on which the prediction is made.

(6) GREENHOUSE GAS.—The term ''greenhouse gas'' means—

(A) carbon dioxide;

(B) methane;

(C) nitrous oxide;

(D) hydrofluorocarbons;

(E) perfluorocarbons; and

(F) sulfur hexafluoride.

(7) INITIAL ALLOCATION PERIOD.—The term ''initial allocation period'' means the period beginning January 1, 2010, and ending December 31, 2019.

(8) NONFUEL REGULATED ENTITY.—The term ''nonfuel regulated entity'' means—

(A) the owner or operator of a facility that manufactures hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, or nitrous oxide;

(B) an importer of hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, or nitrous oxide;

(C) the owner or operator of a facility that emits nitrous oxide associated with the manufacture of adipic acid or nitric acid;

(D) the owner or operator of a facility that produces cement or lime;

(E) the owner or operator of an aluminum smelter;

(F) the owner or operator of an underground coal mine that emitted more than 35,000,000 cubic feet of methane during 2004 or any subsequent calendar year; and

(G) the owner or operator of facility that emits hydrofluorocarbon-23 as a byproduct of hydrochlorofluorocarbon-22 production.

(9) OFFSET PROJECT.—The term ''offset project'' means any project to reduce or sequester, during the initial allocation period, any greenhouse gas emission that is not a covered greenhouse gas emission.

(10) PETROLEUM PRODUCT.—The term ''petroleum product'' means—

(A) a refined petroleum product;

(B) residual fuel oil;

(C) petroleum coke; or

(D) a liquefied petroleum gas.

(11) REGULATED ENTITY.—The term ''regulated entity'' means—

(A) a regulated fuel distributor; or

(B) a nonfuel regulated entity.

(12) REGULATED FUEL DISTRIBUTOR.—The term ''regulated fuel distributor'' means—

(A) the owner or operator of—

(i) a natural gas pipeline;

(ii) a petroleum refinery;

(iii) a coal mine that produces more than 10,000 short tons during 2004 or any subsequent calendar year; or

(iv) a natural gas processing plant;

(B) an importer of—

(i) petroleum products;

(ii) coal;

(iii) coke; or

(iv) natural gas liquids; or

(C) any other entity the Secretary determines under section 1515(b)(3)(A)(ii) to be subject to section 1515.

(13) SAFETY VALVE PRICE.—The term ''safety valve price'' means—

(A) for 2010, $7 per metric ton of carbon dioxide equivalent; and

(B) for each subsequent calendar year, the safety valve price established for the preceding calendar year increased by 5 percent, unless a different rate of increase is established for the calendar year under section 1521.

(14) SECRETARY.—The term ''Secretary'' means the Secretary of Energy, unless the President designates another officer of the Executive Branch to carry out a function under this subtitle.

(15) SUBSEQUENT ALLOCATION PERIOD.—The term ''subsequent allocation period'' means—

(A) the 5-year period beginning January 1, 2020, and ending December 31, 2024; and

(B) each subsequent 5-year period.

SEC. 1513. QUANTITY OF ANNUAL GREENHOUSE GAS ALLOWANCES.

(a) INITIAL ALLOCATION PERIOD.—

(1) IN GENERAL.—Not later than December 31, 2006, the Secretary shall—

(A) make a projection with respect to emissions intensity for 2009, using—

(i) the Energy Information Administration's most current projections of covered greenhouse gas emissions for 2009; and

(ii) the forecasted GDP for 2009;

(B) determine the emissions intensity target for 2010 by calculating a 2.4 percent reduction from the projected emissions intensity for 2009;

(C) in accordance with paragraph (2), determine the emissions intensity target for each calendar year of the initial allocation period after 2010; and

(D) in accordance with paragraph (3), issue the total number of allowances for each calendar year during the initial allocation period.

(2) EMISSIONS INTENSITY TARGETS AFTER 2010.—For each calendar year during the initial allocation period after 2010, the emissions intensity target shall be the emissions intensity target established for the preceding calendar year reduced by 2.4 percent.

(3) TOTAL ALLOWANCES.—For each calendar year during the initial allocation period, the quantity of allowances to be issued shall be equal to the product obtained by multiplying—

(A) the emissions intensity target established for the calendar year; and

(B) the forecasted GDP for the calendar year.

(b) SUBSEQUENT ALLOCATION PERIODS.—

(1) IN GENERAL.—Not later than the date that is 4 years before the beginning of each subsequent allocation period, the Secretary shall—

(A) except as directed under section 1521, determine the emissions intensity target for each calendar year during that subsequent allocation period, in accordance with paragraph (2); and

(B) issue the total number of allowances for each calendar year of the subsequent allocation period, in accordance with paragraph (3).

(2) EMISSIONS INTENSITY TARGETS.—For each calendar year during a subsequent allocation period, the emissions intensity target shall be the emissions intensity target established for the preceding calendar year reduced by 2.8 percent.

(3) TOTAL ALLOWANCES.—For each calendar year during a subsequent allocation period, the quantity of allowances to be issued shall be equal to the product obtained by multiplying—

(A) the emissions intensity target established for the calendar year; and

(B) the forecasted GDP for the calendar year.

(c) ADMINISTRATIVE REQUIREMENTS.—

(1) DENOMINATION.—Allowances issued by the Secretary under this section shall be denominated in units of metric tons of carbon dioxide equivalent.

(2) PERIOD OF USE.—An allowance issued by the Secretary under this section may be used during—

(A) the calendar year for which the allowance is issued; or

(B) any subsequent calendar year.

(3) SERIAL NUMBERS.—The Secretary shall—

(A) assign a unique serial number to each allowance issued under this subtitle; and

(B) retire the serial number of an allowance on the date on which the allowance is submitted under section 1515.

(4) NATURE OF ALLOWANCES.—An allowance shall not be considered to be a property right.

SEC. 1514. ALLOCATION AND AUCTION OF GREENHOUSE GAS ALLOWANCES.

(a) ALLOCATION OF ALLOWANCES.—

(1) IN GENERAL.—Not later than the date that is 3 years before the beginning of the initial allocation period, and each subsequent allocation period, the Secretary shall allocate for each calendar year during the allocation period a quantity of allowances in accordance with this subsection.

(2) QUANTITY.—The total quantity of allowances available to be allocated for each calendar year of an allocation period shall be the product obtained by multiplying—

(A) the total quantity of allowances issued for the calendar year under subsection (a)(3) or (b)(3) of section 1513; and

(B) the allocation percentage for the calendar year under subsection (c).

(3) ALLOWANCE ALLOCATION RULEMAKING.—

(A) IN GENERAL.—The Secretary shall establish, by rule, and submit to Congress procedures for allocating allowances to regulated entities and affected nonregulated entities for the initial allocation period.

(B) EFFECTIVE DATE.—A rule under subparagraph (A) shall take effect, unless disapproved under the congressional review procedures under section 1521(d), not later than 180 days after the date on which the rule is submitted to Congress.

(C) REQUIREMENTS.—

(i) INITIAL ALLOCATION PERIOD.—The Secretary shall promulgate rules under subparagraph (A) for the initial allocation period not later than 18 months after the date of enactment of this Act.

(ii) SUBSEQUENT ALLOCATION PERIODS.—The Secretary shall promulgate rules under subparagraph (A) for each subsequent allocation period not later than ____ months before the beginning of the period.

(4) DISTRIBUTION TO REGULATED AND NONREGULATED ENTITIES.—The procedures established under paragraph (3) shall—

(A) provide for the allocation of allowances to regulated entities and affected nonregulated entities within each fossil-fuel sector (petroleum, natural gas, natural gas liquids, and coal) and to the sector consisting of nonfuel regulated entities based on the share of each sector of covered greenhouse gas emissions for the most recent year for which data are available;

(B) prescribe criteria for the allocation of allowances to regulated entities within each sector and nonregulated affected entities using products produced in each sector based on the following factors:

(i) Historical or updated greenhouse gas emissions.

(ii) Mitigation of significant and disproportionate burdens.

(iii) Avoiding windfalls.

(iv) Administrative simplicity.

(v) Mitigating barriers to entry; and

(C) prescribe requirements for reporting by regulated entities and affected nonregulated entities of information necessary for allocation of allowances, including the forms and schedules for submission of reports.

(5) DEFINITION OF AFFECTED NONREGULATED ENTITY.—For purposes of this subsection, the term ''affected nonregulated entity'' means any entity, other than a regulated entity, that the Secretary determines is likely to sustain a significant and disproportionate economic burden by reason of the implementation of this title.

(6) DISTRIBUTION OF ALLOWANCES TO ORGANIZATIONS ASSISTING WORKERS.—The Secretary shall distribute 1 percent of the allowances available for allocation under this section in any calendar year to organizations (including recognized representatives of workers affected by programs under this subtitle) that provide retraining, educational support, or other assistance to workers affected by programs under this subtitle.

(7) COST OF ALLOWANCES.—The Secretary shall distribute allowances under this subsection at no cost to the recipient of the allowance.

(b) AUCTION OF ALLOWANCES.—

(1) IN GENERAL.—The Secretary shall establish, by rule, a procedure for the auction of a quantity of allowances during each calendar year in accordance with paragraph (2).

(2) BASE QUANTITY.—The base quantity of allowances to be auctioned during a calendar year shall be the product obtained by multiplying—

(A) the total number of allowances for the calendar year under subsection (a)(3) or (b)(3) of section 1513; and

(B) the auction percentage for the calendar year under subsection (c).

(3) SCHEDULE.—The auction of allowances shall be held on the following schedule:

(A) In 2007, the Secretary shall auction—

(i) ½ of the allowances available for auction for 2010; and

(ii) ½ of the allowances available for auction for 2011.

(B) In 2008, the Secretary shall auction ½ of the allowances available for auction for 2012.

(C) In 2009, the Secretary shall auction ½ of the allowances available for auction for 2013.

(D) In 2010 and each subsequent calendar year, the Secretary shall auction—

(i) ½ of the allowances available for auction for that calendar year; and

(ii) ½ of the allowances available for auction for the calendar year that is 4 years after that calendar year.

(4) UNDISTRIBUTED ALLOWANCES.—In an auction held during any calendar year, the Secretary shall auction any allowance that was—

(A) available for allocation under subsection (a) for the calendar year, but not distributed; or

(B) available during the preceding calendar year for an offset or early reduction activity under section 1519 or 1520, but not distributed during that calendar year.

(c) AVAILABLE PERCENTAGES.—Except as directed under section 1521, the percentage of the total quantity of allowances for each calendar year to be available for allocation, auction, offset projects, and early reduction projects shall be determined in accordance with the following table:

Year	Allocation Percentage	Auction Percentage	Percentage Available for Offset Allowances	Percentage Available for Early Reduction Allowances
2010	91.0	5.0	3	1
2011	91.0	5.0	3	1
2012	91.0	5.0	3	1
2013	90.5	5.5	3	1
2014	90.0	6.0	3	1
2015	90.5	6.5	3	1
2016	89.0	7.0	3	1
2017	88.5	7.5	3	1
2018	88.0	8.0	3	1
2019	87.5	8.5	3	1
2020 and thereafter	87.0	10	3	____

SEC. 1515. SUBMISSION OF ALLOWANCES.

(a) REQUIREMENTS.—

(1) REGULATED FUEL DISTRIBUTORS.—

(A) IN GENERAL.—For calendar year 2010 and each calendar year thereafter, each regulated fuel distributor shall submit to the Secretary a number of allowances equal to

the carbon dioxide equivalent of the quantity of covered fuel, determined in accordance with subsection (b)(1), for the regulated fuel distributor.

(B) NATURAL GAS PIPELINES.—For calendar year 2010 and each calendar year thereafter, for any regulated fuel distributor that is a natural gas pipeline, each natural gas shipper on the pipeline shall submit to the owner or operator of the pipeline a number of allowances (or an equivalent payment of the safety valve price) equal to the carbon dioxide equivalent of the quantities of natural gas received by the pipeline from the shipper (excluding any amount received by the pipeline from the shipper at an interconnection of another pipeline).

(2) NONFUEL REGULATED ENTITIES.—For 2010 and each calendar year thereafter, each nonfuel regulated entity shall submit to the Secretary a number of allowances equal to the carbon dioxide equivalent of the quantity of nonfuel-related greenhouse gas, determined in accordance with subsection (b)(2), for the nonfuel regulated entity.

(b) REGULATED QUANTITIES.—

(1) COVERED FUELS.—For purposes of subsection (a)(1), the quantity of covered fuel shall be equal to—

(A) for a petroleum refinery located in the United States, the quantity of petroleum products refined, produced, or consumed at the refinery;

(B) for a natural gas pipeline in the United States, the quantity of natural gas received by the pipeline for transport, excluding any natural gas received at an interconnection with another natural gas pipeline;

(C) for a natural gas processing plant located in the United States, the quantity of natural gas liquids produced at the plant;

(D) for a coal mine located in the United States, the quantity of coal produced at the mine; and

(E) for an importer of coal, petroleum products, or natural gas liquids into the United States, the quantity of coal, petroleum products, or natural gas liquids imported into the United States.

(2) NONFUEL-RELATED GREENHOUSE GASES.—For purposes of subsection (a)(2), the quantity of nonfuel-related greenhouse gas shall be equal to—

(A) for a manufacturer or importer of hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, or nitrous oxide, the quantity of hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, or nitrous oxide produced or imported by the manufacturer or importer;

(B) for an underground coal mine, the quantity of methane emitted by the coal mine;

(C) for a facility that manufactures adipic acid or nitric acid, the quantity of nitrous oxide emitted by the facility;

(D) for a facility that produces cement or lime, the quantity of carbon dioxide emitted by the facility as a result of the calcination process;

(E) for an aluminum smelter, the sum of—

(i) the quantity of carbon dioxide emitted by the smelter; and

(ii) the quantity of perfluorocarbons emitted by the smelter; and

(F) for a facility that produces hydrochlorofluorocarbon-22, the quantity of hydrofluorocarbon-23 emitted by the facility.

(3) ADJUSTMENTS.—

(A) REGULATED FUEL DISTRIBUTORS.—

(i) MODIFICATION.—The Secretary may modify, by rule, a quantity of covered fuels under paragraph (1) if the Secretary determines that the modification is necessary to ensure that—

(I) allowances are submitted for all units of covered fuel; and

(II) allowances are not submitted for the same quantity of covered fuel by more than 1 regulated fuel distributor.

(ii) EXTENSION.—The Secretary may extend, by rule, the requirement to submit allowances under subsection (a)(1) to an entity that is not a regulated fuel distributor if the Secretary determines that the extension is necessary to ensure that allowances are submitted for all covered fuels.

(B) NONFUEL REGULATED ENTITIES.—The Secretary may modify, by rule, a quantity of nonfuel-related greenhouse gases under paragraph (2) if the Secretary determines the modification is necessary to ensure that allowances are not submitted for the same volume of nonfuel-related greenhouse gas by more than 1 regulated entity.

(c) DEADLINE FOR SUBMISSION.—Any entity required to submit an allowance to the Secretary under this section shall submit the allowance not later than March 31 of the calendar year following the calendar year during which the allowance is required to be submitted.

(d) REGULATIONS.—The Secretary shall promulgate such regulations as the Secretary determines to be necessary or appropriate to—

(1) identify and register each regulated entity that is required to submit an allowance under this section; and

(2) require the submission of reports and otherwise obtain any information the Secretary determines to be necessary to calculate or verify the compliance of a regulated entity with any requirement under this section.

(e) EXEMPTION AUTHORITY FOR NON-FUEL REGULATED ENTITIES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the Secretary may exempt from the requirements of this subtitle an entity that emits, manufactures, or imports nonfuel-related greenhouse gases for any period during which the Secretary determines, after providing an opportunity for public comment, that measuring or estimating the quantity of greenhouse gases emitted, manufactured, or imported by the entity is not feasible.

(2) EXCLUSION.—The Secretary may not exempt a regulated fuel distributor from the requirements of this subtitle under paragraph (1).

(f) RETIREMENT OF ALLOWANCES.—

(1) IN GENERAL.—Any person or entity that is not subject to this subtitle may submit to the Secretary an allowance for retirement at any time.

(2) ACTION BY SECRETARY.—On receipt of an allowance under paragraph (1), the Secretary—

(A) shall accept the allowance; and

(B) shall not allocate, auction, or otherwise reissue the allowance.

SEC. 1516. SAFETY VALVE.

The Secretary shall accept from a regulated entity a payment of the applicable safety valve price for a calendar year in lieu of submission of an allowance under section 1515 for that calendar year.

SEC. 1517. ALLOWANCE TRADING SYSTEM.

(a) IN GENERAL.—The Secretary shall establish, by rule, a trading system under which allowances and credits may be sold, exchanged, purchased, or transferred by any person or entity.

(b) TRANSPARENCY.—

(1) IN GENERAL.—The trading system under subsection (a) shall include such provisions as the Secretary considers to be appropriate to—

(A) facilitate price transparency and public participation in the market for allowances and credits; and

(B) protect buyers and sellers of allowances and credits, and the public, from the adverse effects of collusion and other anticompetitive behaviors.

(2) AUTHORITY TO OBTAIN INFORMATION.—The Secretary may obtain any information the Secretary considers to be necessary to carry out this section from any person or entity that buys, sells, exchanges, or otherwise transfers an allowance or credit.

SEC. 1518. CREDITS FOR GEOLOGIC SEQUESTRATION, FEEDSTOCKS, AND EXPORTS.

(a) ESTABLISHMENT.—

(1) IN GENERAL.—The Secretary shall establish, by rule, a program under which the Secretary distributes credits to entities in accordance with this section.

(2) SEQUESTRATION.—If the Secretary determines, based on information submitted under section 1522(c), that an entity has carried out long-term sequestration of carbon dioxide from the combustion of covered fuels in a geologic formation, the Secretary shall distribute to that entity, for 2010 and each subsequent calendar year, a quantity of credits equal to the quantity of carbon dioxide sequestered by the entity during that year, as determined by the Secretary.

(3) EXPORTERS OF COVERED FUEL.—If the Secretary determines that an entity has exported covered fuel, the Secretary shall distribute to that entity, for 2010 and each subsequent calendar year, a quantity of credits equal to the quantity of covered fuel exported by the entity during that year, measured in carbon dioxide equivalents.

(4) USE OF FUELS AS FEEDSTOCKS.—If the Secretary determines that an entity has used a covered fuel as a feedstock so that the carbon dioxide associated with the covered fuel will not be emitted, the Secretary shall distribute to that entity, for 2010 and each subsequent calendar year, a quantity of credits equal to the quantity of covered fuel used as feedstock by the entity during that year, measured in carbon dioxide equivalents.

(5) NON-CARBON-DIOXIDE GREENHOUSE GASES.—If the Secretary determines that an entity has destroyed hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, or nitrous oxide so that the hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, or nitrous oxide will not be emitted, the Secretary shall distribute to that entity, for 2010 and each subsequent calendar year, a quantity of credits equal to the quantity of hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, or nitrous oxide destroyed by the entity during that year, measured in carbon dioxide equivalents.

(6) OTHER EXPORTERS.—If the Secretary determines that an entity has exported hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, or nitrous oxide, the Secretary shall distribute to that entity, for 2010 and each subsequent calendar year, a quantity of credits equal to the volume of hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, or nitrous oxide exported by the entity during that year, measured in carbon dioxide equivalents.

(b) NATURE OF CREDITS.—A credit distributed by the Secretary under this section—

(1) is tradable and bankable;

(2) may be submitted by a regulated entity in lieu of an allowance under section 1515; and

(3) is not a property right.

SEC. 1519. OFFSET PROJECT PILOT PROGRAM.

(a) ESTABLISHMENT.—The Secretary shall establish, by rule, a pilot program under which the Secretary distributes allowances to entities that carry out offset projects that meet the requirements of section 1522(c).

(b) AVAILABLE ALLOWANCES.—The total quantity of allowances distributed under subsection (a) may not exceed the product obtained by multiplying—

(1) the total number of allowances issued for the calendar year under subsection (a)(3) or (b)(3) of section 1513; and

(2) the percentage available for offset allowances for the calendar year under section 1514(c).

(c) INELIGIBLE OFFSET PROJECTS.—An offset project shall not be eligible to receive an allowance under subsection (a) if the offset project—

(1) is carried out in the United States; and

(2) reduces or geologically sequesters covered greenhouse gas emissions.

(d) INTERNATIONAL OFFSET PROJECTS.—

(1) IN GENERAL.—The Secretary may distribute allowances under subsection (a) to an offset project carried out in a foreign country.

(2) FOREIGN CREDITS.—An allowance or credit issued by a foreign country for an offset project described in paragraph (1) shall not be submitted to meet a requirement under section 1515.

SEC. 1520. EARLY REDUCTION ALLOWANCES.

(a) ESTABLISHMENT.—The Secretary shall establish, by rule, a program under which the Secretary distributes to any entity that carries out a project to reduce or sequester greenhouse gas emissions before the initial allocation period a quantity of allowances that reflects the actual emissions reductions or net sequestration of the project, as determined by the Secretary.

(b) AVAILABLE ALLOWANCES.—The total quantity of allowances distributed under subsection (a) may not exceed the product obtained by multiplying—

(1) the total number of allowances issued for the calendar year under subsection (a)(3) of section 1513; and

(2) the percentage available for early reduction allowances for the calendar year under section 1514(c).

(c) ELIGIBILITY.—The Secretary may distribute allowances for early reduction projects only to an entity that has reported the reduced or sequestered greenhouse gas emissions under—

(1) the Voluntary Reporting of Greenhouse Gases Program of the Energy Information Administration under section 1605(b) of the Energy Policy Act of 1992 (42 U.S.C. 13385(b));

(2) the Climate Leaders Program of the Environmental Protection Agency; or

(3) a State-administered or privately-administered registry that includes early reduction actions not covered under the programs described in paragraphs (1) and (2).

SEC. 1521. CONGRESSIONAL REVIEW.

(a) INTERAGENCY REVIEW.—

(1) IN GENERAL.—Not later than January 15, 2014, and every 5 years thereafter, the President shall establish an interagency group to review and make recommendations relating to—

(A) each program under this subtitle; and

(B) any similar program of a foreign country described in paragraph (2).

(2) COUNTRIES TO BE REVIEWED.—An interagency group established under paragraph (1) shall review actions and programs relating to greenhouse gas emissions of—

(A) each member country of the Organisation for Economic Co-operation and Development;

(B) China;

(C) India;

(D) Brazil;

(E) Mexico;

(F) Russia; and

(G) Ukraine.

(3) INCLUSIONS.—A review under paragraph (1) shall—

(A) for the countries described in paragraph (2), analyze whether the countries that contribute at least 75 percent of aggregate greenhouse gas emissions have taken action that—

(i) in the case of member countries of the Organisation for Economic Co-Operation and Development, is comparable to that of the United States; and

(ii) in the case of China, India, Brazil, Mexico, Russia, and Ukraine, is significant, contemporaneous, and equitable compared to action taken by the United States;

(B) analyze whether each of the 5 largest trading partners of the United States, as of the date on which the review is conducted, has taken action with respect to greenhouse gas emissions that is comparable to action taken by the United States;

(C) analyze whether the programs established under this subtitle have contributed to an increase in electricity imports from Canada or Mexico; and

(D) make recommendations with respect to whether—

(i) the rate of reduction of emissions intensity under subsection (a)(2) or (b)(2) of section 1513 should be modified; and

(ii) the rate of increase of the safety valve price should be modified.

(4) SUPPLEMENTARY REVIEW ELEMENTS.—A review under paragraph (1) may include an analysis of—

(A) the feasibility of regulating owners or operators of entities that—

(i) emit nonfuel-related greenhouse gases; and

(ii) that are not subject to this subtitle;

(B) whether the percentage of allowances for any calendar year that are auctioned under section 1514(c) should be modified.

(5) NATIONAL RESEARCH COUNCIL REPORTS.—The President may request such reports from the National Research Council as the President determines to be necessary and appropriate to support the interagency review process under this subsection.

(b) REPORT.—

(1) IN GENERAL.—Not later than January 15, 2015, and every 5 years thereafter, the President shall submit to the House of Representatives and the Senate a report describing any recommendation of the President with respect to changes in the programs under this subtitle.

(2) RECOMMENDATIONS.—A recommendation under paragraph (1) shall take into consideration the results of the most recent interagency review under subsection (a).

(c) CONGRESSIONAL ACTION.—

(1) CONSIDERATION.—Not later than September 30 of any calendar year during which a report is to be submitted under subsection (b), the House of Representatives and the Senate may consider a joint resolution, in accordance with paragraph (2), that—

(A) amends subsection (a)(2) or (b)(2) of section 1513;

(B) modifies the safety valve price; or

(C) modifies the percentage of allowances to be allocated under section 1514(c).

(2) REQUIREMENTS.—A joint resolution considered under paragraph (1) shall—

(A) be introduced during the 45-day period beginning on the date on which a report is required to be submitted under subsection (b); and

(B) after the resolving clause and ''That'', contain only 1 or more of the following:

(i) '', effective beginning January 1, 2015, section 1513(a)(2) of the Climate and Economy Insurance Act of 2005 is amended by striking '2.4' and inserting '_____'.''.

(ii) '', effective beginning _____, section 1513(b)(2) of the Climate and Economy Insurance Act of 2005 is amended by striking '2.8' and inserting '_____'.''.

(iii) '', effective beginning _____, section 1512(13)(B) of the Climate and Economy Insurance Act of 2005 is amended by striking '5 percent' and inserting '_____ percent'.''.

(iv) ''the table under section 1514(c) of the Climate and Economy Insurance Act of 2005 is amended by striking the line relating to calendar year 2020 and thereafter and inserting the following:

'Year	Allocation Percentage	Auction Percentage	Percentage Available for Offset Allowances	Percentage Available for Early Reduction Allowances
2020 and thereafter	____	____	____	____'.''

(3) APPLICABLE LAW.—Subsections (b) through (g) of section 802 of title 5, United States Code, shall apply to any joint resolution under this subsection.

(d) REVIEW OF ALLOCATION RULES.—

(1) EFFECTIVENESS OF ALLOCATION RULE.—A rule prescribed under section 1514(a)(3)(A) shall not take effect if, not later than 180 days after the date on which the rule is submitted to Congress, a joint resolution described in paragraph (2) is enacted.

(2) REQUIREMENTS.—A joint resolution considered under paragraph (1) shall—

(A) be introduced during the 45-day period beginning on the date on which a rule is required to be submitted under section 1514(a)(3); and

(B) after the resolving clause, contain the following: ''That the rule submitted by the Secretary of Energy on _____ under section 1514(a)(3) of the Climate and Economy Insurance Act of 2005 is disapproved.''.

(3) APPLICABLE LAW.—Subsections (b) through (g) of section 802 of title 5, United States Code, shall apply to any joint resolution under this subsection.

SEC. 1522. MONITORING AND REPORTING.

(a) IN GENERAL.—The Secretary shall require, by rule, that a regulated entity shall perform such monitoring and submit such reports as the Secretary determines to be necessary to carry out this subtitle.

(b) SUBMISSION OF INFORMATION.—The Secretary shall establish, by rule, any procedure the Secretary determines to be necessary to ensure the completeness, consistency, transparency, and accuracy of reports under subsection (a), including—

(1) accounting and reporting standards for covered greenhouse gas emissions;

(2) standardized methods of calculating covered greenhouse gas emissions in specific

industries from other information the Secretary determines to be available and reliable, such as energy consumption data, materials consumption data, production data, or other relevant activity data;

(3) if the Secretary determines that a method described in paragraph (2) is not feasible for a regulated entity, a standardized method of estimating covered greenhouse gas emissions of the regulated entity;

(4) a method of avoiding double counting of covered greenhouse gas emissions;

(5) a procedure to prevent a regulated entity from avoiding the requirements of this subtitle by—

(A) reorganization into multiple entities; or

(B) outsourcing the operations or activities of the regulated entity with respect to covered greenhouse gas emissions; and

(6) a procedure for the verification of data relating to covered greenhouse gas emissions by—

(A) regulated entities; and

(B) independent verification organizations.

(c) DETERMINING ELIGIBILITY FOR CREDITS, OFFSET ALLOWANCES, AND EARLY REDUCTION ALLOWANCES.—

(1) IN GENERAL.—An entity shall provide the Secretary with the information described in paragraph (2) in connection with any application to receive—

(A) a credit under section 1518(a)(2);

(B) an allowance under section 1519; or

(C) an early reduction allowance under section 1520 (unless, and to the extent, the Secretary determines that providing such information is not feasible for the entity).

(2) REQUIRED INFORMATION.—

(A) GREENHOUSE GAS EMISSIONS REDUCTION.—In the case of a greenhouse gas emissions reduction, the entity shall provide the Secretary with information verifying that, as determined by the Secretary—

(i) the entity has achieved an actual reduction in greenhouse gas emissions—

(I) relative to historic emissions levels of the entity; and

(II) taking into consideration any increase in other greenhouse gas emissions of the entity; and

(ii) if the reduction exceeds the net reduction of direct greenhouse gas emissions of the entity, the entity reported a reduction that was adjusted so as not to exceed the net reduction.

(B) GREENHOUSE GAS SEQUESTRATION.—In the case of a greenhouse gas sequestration, the entity shall provide the Secretary with information verifying that, as determined by the Secretary, the entity has achieved actual increases in net sequestration, taking into account the total use of materials and energy by the entity in carrying out the sequestration.

SEC. 1523. ENFORCEMENT.

(a) FAILURE TO SUBMIT ALLOWANCES.—

(1) PAYMENT TO SECRETARY.—A regulated entity that fails to submit an allowance (or the safety valve price in lieu of an allowance) for a calendar year not later than March 31 of the following calendar year shall pay to the Secretary, for each allowance the regulated entity failed to submit, an amount equal to the product obtained by multiplying—

(A) the safety valve price for that calendar year; and

(B) 3.

(2) FAILURE TO PAY.—A regulated entity that fails to make a payment to the Secretary under paragraph (1) by December 31 of the calendar year following the calendar year for which the payment is due shall be subject to subsection (b) or (c), or both.

(b) CIVIL ENFORCEMENT.—

(1) PENALTY.—A person that the Secretary determines to be in violation of this subtitle shall be subject to a civil penalty of not more than $25,000 for each day during which the entity is in violation, in addition to any amount required under subsection (a)(1).

(2) INJUNCTION.—The Secretary may bring a civil action for a temporary or permanent injunction against any person described in paragraph (1).

(c) CRIMINAL PENALTIES.—A person that willfully fails to comply with this subtitle shall be subject to a fine under title 18, United States Code, or imprisonment for not to exceed 5 years, or both.

SEC. 1524. JUDICIAL REVIEW.

(a) IN GENERAL.—Except as provided in subsection (b), section 336(b) of the Energy Policy and Conservation Act (42 U.S.C. 6306(b)) shall apply to a review of any rule issued under this subtitle in the same manner, and to the same extent, that that section applies to a rule issued under sections 323, 324, and 325 of that Act (42 U.S.C. 6293, 6294, 6295).

(b) EXCEPTION.—A petition for review of a rule under this subtitle shall be filed in the United States Court of Appeals for the District of Columbia.

SEC. 1525. ADMINISTRATIVE PROVISIONS.

(a) RULES AND ORDERS.—The Secretary may issue such rules and orders as the Secretary determines to be necessary or appropriate to carry out this subtitle.

(b) DATA.—

(1) IN GENERAL.—In carrying out this subtitle, the Secretary may use any authority provided under section 11 of the Energy Supply and Environmental Coordination Act of 1974 (15 U.S.C. 796).

(2) DEFINITION OF ENERGY INFORMATION.—For the purposes of carrying out this subtitle, the definition of the term ''energy information'' under section 11 of the Energy Supply and Environmental Coordination Act of 1974 (15 U.S.C. 796) shall be considered to include any information the Secretary determines to be necessary or appropriate to carry out this subtitle.

SEC. 1526. CLIMATE CHANGE ADAPTATION AND EARLY TECHNOLOGY DEPLOYMENT.

(a) TRUST FUND.—

(1) ESTABLISHMENT.—There is established in the Treasury a trust fund, to be known as the ''Climate Change Trust Fund'' (referred to in this section as the ''Trust Fund'').

(2) DEPOSITS.—The Secretary shall deposit into the Trust Fund any funds received by the Secretary under section 1514(b) or 1516.

(3) MAXIMUM CUMULATIVE AMOUNT.—Not more than $50,000,000,000 may be deposited into the Trust Fund.

(b) DISTRIBUTION.—Beginning in fiscal year 2008, the Secretary shall transfer any funds deposited into the Trust Fund during the previous fiscal year as follows:

(1) CLIMATE CHANGE ADAPTATION.—25 percent of the funds shall be transferred as follows:

(A) CONSERVATION OF COASTAL WETLANDS.—

(i) IN GENERAL.—Subject to clause (ii), 13 percent shall be transferred to the Secretary of the Interior for purposes of making payments to producing states under section 31 of the Outer Continental Shelf Lands Act (43 U.S.C. 1356a) (as amended by section 371).

(ii) LIMITATION.—Not more than 10 percent of the amounts received by a producing State or a coastal political subdivision during any fiscal year shall be used to carry out subparagraphs (C) and (E) of section 31(d)(1) of that Act (43 U.S.C. 1356a) (as amended by section 371).

(B) WILDLIFE CONSERVATION.—12 percent shall be transferred to the wildlife conservation and restoration account within the Federal aid to wildlife restoration fund established under section 3 of the Pittman-Robertson Wildlife Restoration Act (16 U.S.C. 669b) (also known as the ''Federal Aid in Wildlife Restoration Act'').

(2) ZERO- OR LOW-CARBON ENERGY TECHNOLOGIES.—40 percent of the funds shall be transferred to the Secretary to carry out the zero- or low-carbon energy technologies program under subsection (c).

(3) ADVANCED ENERGY TECHNOLOGIES INCENTIVE PROGRAM.—25 percent of the funds shall be transferred as follows:

(A) ADVANCED COAL TECHNOLOGIES.—20 percent shall be transferred to the Secretary to carry out the advanced coal and sequestration technologies program under subsection (d).

(B) CELLULOSIC BIOMASS.—5 percent shall be transferred to the Secretary to carry out—

(i) the cellulosic biomass ethanol and municipal solid waste loan guarantee program under section 212(c) of the Clean Air Act (as added by section 206);

(ii) the cellulosic biomass ethanol conversion assistance program under section 212(f) of that Act (as added by section 206); and

(iii) the fuel from cellulosic biomass program under subsection (e).

(4) ADVANCED TECHNOLOGY VEHICLES.—10 percent shall be transferred to the Secretary to carry out the advanced technology vehicles manufacturing incentive program under subsection (f).

(c) ZERO- OR LOW-CARBON ENERGY TECHNOLOGIES DEPLOYMENT.—

(1) DEFINITIONS.—In this subsection:

(A) ENERGY SAVINGS.—The term ''energy savings'' means megawatt-hours of electricity or million British thermal units of natural gas saved by a product, in comparison to projected energy consumption under the energy efficiency standard applicable to the product.

(B) HIGH-EFFICIENCY CONSUMER PRODUCT.—The term ''high-efficiency consumer product'' means a covered product to which an energy conservation standard applies under section 325 of the Energy Policy and Conservation Act (42 U.S.C. 6295), if the energy efficiency of the product exceeds the energy efficiency required under the standard.

(C) ZERO- OR LOW-CARBON GENERATION.—The term ''zero- or low-carbon generation'' means generation of electricity by an electric generation unit that—

(i) emits no carbon dioxide into the atmosphere, or is fossil-fuel fired and emits into the atmosphere not more than 250 pounds of carbon dioxide per megawatt-hour (after adjustment for any carbon dioxide from the unit that is geologically sequestered); and

(ii) was placed into commercial service after the date of enactment of this Act.

(2) FINANCIAL INCENTIVES PROGRAM.—During each fiscal year beginning on or after October 1, 2006, the Secretary shall competitively award financial incentives under this subsection in the following technology categories:

(A) Production of electricity from new zero- or low-carbon generation.

(B) Manufacture of high-efficiency consumer products.

(3) REQUIREMENTS.—

(A) IN GENERAL.—The Secretary shall make awards under this subsection to producers of new zero- or low-carbon generation and to manufacturers of high-efficiency consumer products—

(i) in the case of producers of new zero- or low-carbon generation, based on the bid of each producer in terms of dollars per megawatt-hour of electricity generated; and

(ii) in the case of manufacturers of high-efficiency consumer products, based on the bid of each manufacturer in terms of dollars per megawatt-hour or million British thermal units saved.

(B) ACCEPTANCE OF BIDS.—

(i) IN GENERAL.—In making awards under this subsection, the Secretary shall—

(I) solicit bids for reverse auction from appropriate producers and manufacturers, as determined by the Secretary; and

(II) award financial incentives to the producers and manufacturers that submit the lowest bids that meet the requirements established by the Secretary.

(ii) FACTORS FOR CONVERSION.—

(I) IN GENERAL.—For the purpose of assessing bids under clause (i), the Secretary shall specify a factor for converting megawatt-hours of electricity and million British thermal units of natural gas to common units.

(II) REQUIREMENT.—The conversion factor shall be based on the relative greenhouse gas emission benefits of electricity and natural gas conservation.

(C) INELIGIBLE UNITS.—A new unit for the generation of electricity that uses renewable energy resources shall not be eligible to receive an award under this subsection if the unit receives renewable energy credits under a Federal renewable portfolio standard.

(4) FORMS OF AWARDS.—

(A) ZERO- AND LOW-CARBON GENERATORS.—An award for zero- or low-carbon generation under this subsection shall be in the form of a contract to provide a production payment for each year during the first 10 years of commercial service of the generation unit in an amount equal to the product obtained by multiplying—

(i) the amount bid by the producer of the zero- or low-carbon generation; and

(ii) the megawatt-hours estimated to be generated by the zero- or low-carbon generation unit each year.

(B) HIGH-EFFICIENCY CONSUMER PRODUCTS.—An award for a high-efficiency consumer product under this subsection shall be in the form of a lump sum payment in an amount equal to the product obtained by multiplying—

(i) the amount bid by the manufacturer of the high-efficiency consumer product; and

(ii) the energy savings during the projected useful life of the high-efficiency consumer product, not to exceed 10 years, as determined under rules issued by the Secretary.

(d) ADVANCED COAL AND SEQUESTRATION TECHNOLOGIES PROGRAM.—

(1) ADVANCED COAL TECHNOLOGIES.—

(A) DEFINITION OF ADVANCED COAL GENERATION TECHNOLOGY.—In this paragraph, the term ''advanced coal generation technology'' means integrated gasification combined cycle or other advanced coal-fueled power plant technologies that—

(i) have a minimum of 50 percent coal heat input on an annual basis;

(ii) provide a technical pathway for carbon capture and storage; and

(iii) provide a technical pathway for co-production of a hydrogen slip-stream.

(B) DEPLOYMENT INCENTIVES.—

(i) IN GENERAL.—The Secretary shall use ½ of the funds provided to carry out this subsection during each fiscal year to provide Federal financial incentives to facilitate the deployment of not more than 20 gigawatts of advanced coal generation technologies.

(ii) ADMINISTRATION.—In providing incentives under clause (i), the Secretary shall—

(I) provide appropriate incentives for regulated investor-owned utilities, municipal utilities, electric cooperatives, and independent power producers, as determined by the Secretary; and

(II) ensure that a range of the domestic coal types is employed in the facilities that receive incentives under this subparagraph.

(C) FUNDING PRIORITIES.—

(i) PROJECTS USING CERTAIN COALS.—In providing incentives under this paragraph, the Secretary shall set aside not less than 25 percent of any funds made available to carry out this paragraph for projects using lower rank coals, such as subbituminous coal and lignite.

(ii) SEQUESTRATION ACTIVITIES.—After the Secretary has made awards for 2000 megawatts of capacity under this paragraph, the Secretary shall give priority to projects that will capture and sequester emissions of carbon dioxide, as determined by the Secretary.

(D) DISTRIBUTION OF FUNDS.—A project that receives an award under this paragraph may elect 1 of the following Federal financial incentives:

(i) A loan guarantee under section 1403(b).

(ii) A cost-sharing grant for not more than 50 percent of the cost of the project.

(iii) Production payments of not more than 1.5 cents per kilowatt-hour of electric output during the first 10 years of commercial service of the project.

(E) LIMITATION.—A project may not receive an award under this subsection if the project receives an award under subsection (c).

(2) SEQUESTRATION.—

(A) IN GENERAL.—The Secretary shall use ½ of the funds provided to carry out this subsection during each fiscal year for large-scale geologic carbon storage demonstration projects that use carbon dioxide captured from facilities for the generation of electricity using coal gasification or other advanced coal combustion processes, including facilities that receive assistance under paragraph (1).

(B) PROJECT CAPITAL AND OPERATING COSTS.—The Secretary shall provide assistance under this paragraph to reimburse the project owner for a percentage of the incremental project capital and operating costs of the project that are attributable to carbon capture and sequestration, as the Secretary determines to be appropriate.

(e) FUEL FROM CELLULOSIC BIOMASS.—

(1) IN GENERAL.—The Secretary shall provide deployment incentives under this subsection to encourage a variety of projects to produce transportation fuels from cellulosic biomass, relying on different feedstocks in different regions of the United States.

(2) PROJECT ELIGIBILITY.—Incentives under this paragraph shall be provided on a competitive basis to projects that produce fuels that—

(A) meet United States fuel and emissions specifications;

(B) help diversify domestic transportation energy supplies; and

(C) improve or maintain air, water, soil, and habitat quality.

(3) INCENTIVES.—Incentives under this subsection may consist of—

(A) additional loan guarantees under section 1403(b) for the construction of production facilities and supporting infrastructure; or

(B) production payments through a reverse auction in accordance with paragraph (4).

(4) REVERSE AUCTION.—

(A) IN GENERAL.—In providing incentives under this subsection, the Secretary shall—

(i) prescribe rules under which producers of fuel from cellulosic biomass may bid for production payments under paragraph (3)(B); and

(ii) solicit bids from producers of different classes of transportation fuel, as the Secretary determines to be appropriate.

(B) REQUIREMENT.—The rules under subparagraph (A) shall require that incentives shall be provided to the producers that submit the lowest bid (in terms of cents per gallon) for each class of transportation fuel from which the Secretary solicits a bid.

(f) ADVANCED TECHNOLOGY VEHICLES MANUFACTURING INCENTIVE PROGRAM.—

(1) DEFINITIONS.—In this subsection:

(A) ADVANCED LEAN BURN TECHNOLOGY MOTOR VEHICLE.—The term ''advanced lean burn technology motor vehicle'' means a passenger automobile or a light truck with an internal combustion engine that—

(i) is designed to operate primarily using more air than is necessary for complete combustion of the fuel;

(ii) incorporates direct injection; and

(iii) achieves at least 125 percent of the 2002 model year city fuel economy of vehicles in the same size class as the vehicle.

(B) ADVANCED TECHNOLOGY VEHICLE.—The term ''advanced technology vehicle'' means a light duty motor vehicle that—

(i) is a hybrid motor vehicle or an advanced lean burn technology motor vehicle; and

(ii) meets the following performance criteria:

(I) Except as provided in paragraph (3)(A)(ii), the Tier II Bin 5 emission standard established in regulations prescribed by the Administrator of the Environmental Protection Agency under section 202(i) of the Clean Air Act (42 U.S.C. 7521(i)), or a lower numbered bin.

(II) At least 125 percent of the base year city fuel economy for the weight class of the vehicle.

(C) ENGINEERING INTEGRATION COSTS.—The term ''engineering integration costs'' includes the cost of engineering tasks relating to—

(i) incorporating qualifying components into the design of advanced technology vehicles; and

(ii) designing new tooling and equipment for production facilities that produce qualifying components or advanced technology vehicles.

(D) HYBRID MOTOR VEHICLE.—The term ''hybrid motor vehicle'' means a motor vehicle that draws propulsion energy from onboard sources of stored energy that are—

(i) an internal combustion or heat engine using combustible fuel; and

(ii) a rechargeable energy storage system.

(E) QUALIFYING COMPONENTS.—The term ''qualifying components'' means components that the Secretary determines to be—

(i) specially designed for advanced technology vehicles; and

(ii) installed for the purpose of meeting the performance requirements of advanced technology vehicles.

(2) MANUFACTURER FACILITY CONVERSION AWARDS.—The Secretary shall provide facility conversion funding awards under this subsection to automobile manufacturers and component suppliers to pay 30 percent of the cost of—

(A) re-equipping or expanding an existing manufacturing facility to produce—

(i) qualifying advanced technology vehicles; or

(ii) qualifying components; and

(B) engineering integration of qualifying vehicles and qualifying components.

(3) PERIOD OF AVAILABILITY.—

(A) PHASE I.—

(i) IN GENERAL.—An award under paragraph (2) shall apply to—

(I) facilities and equipment placed in service before January 1, 2014; and

(II) engineering integration costs incurred during the period beginning on the date of enactment of this Act and ending on December 31, 2013.

(ii) TRANSITION STANDARD FOR LIGHT DUTY DIESEL-POWERED VEHICLES.—For purposes of making an award under clause (i), the term ''advanced technology vehicle'' includes a diesel-powered or diesel-hybrid light duty vehicle that—

(I) has a weight greater than 6,000 pounds; and

(II) meets the Tier II Bin 8 emission standard established in regulations prescribed by the Administrator of the Environmental Protection Agency under section 202(i) of the Clean Air Act (42 U.S.C. 7521(i)), or a lower numbered bin.

(B) PHASE II.—If the Secretary determines under paragraph (4) that the program under this subsection has resulted in a substantial improvement in the ability of automobile manufacturers to produce light duty vehicles with improved fuel economy, the Secretary shall continue to make awards under paragraph (2) that shall apply to—

(i) facilities and equipment placed in service before January 1, 2021; and

(ii) engineering integration costs incurred during the period beginning on January 1, 2014, and ending on December 31, 2020.

(4) DETERMINATION OF IMPROVEMENT.—

(A) IN GENERAL.—Not later than January 1, 2013, the Secretary shall determine, after providing notice and an opportunity for public comment, whether the program under this subsection has resulted in a substantial improvement in the ability of automobile manufacturers to produce light duty vehicles with improved fuel economy.

(B) EFFECT ON MANUFACTURERS.—In preparing the determination under subparagraph (A), the Secretary shall enter into an agreement with the National Academy of Sciences to analyze the effect of the program under this subsection on automobile manufacturers.

SEC. 1527. EFFECT OF SUBTITLE.

Nothing in this subtitle affects the authority of Congress to limit, terminate, or change the value of an allowance or credit issued under this subtitle.

Subtitle B—International Programs

SEC. 1531. PURPOSES.

The purposes of this subtitle are—

(1) to strengthen the cooperation of the United States with developing countries in addressing critical energy needs and global climate change;

(2) to promote sustainable economic development, increase access to modern energy services, reduce greenhouse gas emissions, and strengthen energy security and independence in developing countries through the deployment of clean energy technologies;

(3) to facilitate the export of clean energy technologies to developing countries;

(4) to reduce the trade deficit of the United States through the export of United States energy technologies and technological expertise;

(5) to retain and create manufacturing and related service jobs in the United States;

(6) to integrate the objectives described in paragraphs (1) through (5) in a manner consistent with interests of the United States, into the foreign policy of the United States;

(7) to authorize funds for clean energy development activities in developing countries; and

(8) to ensure that activities funded under part C of title VII of the Global Environmental Protection Assistance Act of 1989 (as added by section 1532) contribute to economic growth, poverty reduction, good governance, the rule of law, property rights, and environmental protection.

SEC. 1532. CLEAN ENERGY TECHNOLOGY DEPLOYMENT IN DEVELOPING COUNTRIES.

Title VII of the Global Environmental Protection Assistance Act of 1989 (Public Law 101–240; 103 Stat. 2521) is amended by adding at the end the following:

"PART C—CLEAN ENERGY TECHNOLOGY DEPLOYMENT IN DEVELOPING COUNTRIES

"SEC. 731. DEFINITIONS.

''In this part:

''(1) CLEAN ENERGY TECHNOLOGY.—The term 'clean energy technology' means an energy supply or end-use technology that, over its lifecycle and compared to a similar technology already in commercial use in any developing country—

''(A) is reliable, affordable, economically viable, socially acceptable, and compatible with the needs and norms of the host country;

''(B) results in—

''(i) reduced emissions of greenhouse gases; or

''(ii) increased geological sequestration; and

''(C) may—

''(i) substantially lower emissions of air pollutants; and

''(ii) generate substantially smaller or less hazardous quantities of solid or liquid waste.

''(2) DEPARTMENT.—The term 'Department' means the Department of State.

''(3) DEVELOPING COUNTRY.—

''(A) IN GENERAL.—The term 'developing country' means any country not listed in Annex I of the United Nations Framework Convention on Climate Change, done at New York on May 9, 1992.

''(B) INCLUSION.—The term 'developing country' may include a country with an economy in transition, as determined by the Secretary.

''(4) GEOLOGICAL SEQUESTRATION.—The term 'geological sequestration' means the capture and long-term storage in a geological formation of a greenhouse gas from an energy producing facility, which prevents the release of greenhouse gases into the atmosphere.

''(5) INTERAGENCY WORKING GROUP.—The term 'Interagency Working Group' means the Interagency Working Group on Clean Energy Technology Exports established under section 732(b)(1)(A).

''(6) QUALIFYING PROJECT.—The term 'qualifying project' means a project meeting the criteria established under section 735(b).

''(7) SECRETARY.—The term 'Secretary' means the Secretary of State.

''(8) STRATEGY.—The term 'Strategy' means the strategy established under section 733.

''(9) TASK FORCE.—The term 'Task Force' means the Task Force on International Clean Energy Cooperation established under section 732(a).

''(10) UNITED STATES.—The term 'United States', when used in a geographical sense, means all of the States.

"SEC. 732. ORGANIZATION.

''(a) TASK FORCE.—

''(1) ESTABLISHMENT.—Not later than 90 days after the date of enactment of this part, the President shall establish a Task Force on International Clean Energy Cooperation.

''(2) COMPOSITION.—The Task Force shall be composed of—

''(A) the Secretary and the Secretary of Energy, who shall serve jointly as Co-Chairpersons; and

''(B) representatives, appointed by the head of the respective Federal agency, of—

''(i) the Department of Commerce;

''(ii) the Department of the Treasury;

''(iii) the Environmental Protection Agency;

''(iv) the United States Agency for International Development;

''(v) the Export-Import Bank;

''(vi) the Overseas Private Investment Corporation;

''(vii) the Trade and Development Agency;

''(viii) the Small Business Administration;

''(ix) the Office of United States Trade Representative; and

''(x) other Federal agencies, as determined by the President.

''(3) DUTIES.—

''(A) LEAD AGENCY.—The Task Force shall act as the lead agency in the development and implementation of strategy under section 733.

''(B) COORDINATION AND IMPLEMENTATION.—The Task Force shall support the coordination and implementation of programs under sections 1331, 1332, and 1608 of the Energy Policy Act of 1992 (42 U.S.C. 13361, 13362, 13387).

''(4) TERMINATION.—The Task Force, including any working group established by the Task Force, shall terminate on January 1, 2016.

''(b) WORKING GROUPS.—

''(1) ESTABLISHMENT.—The Task Force—

''(A) shall establish an Interagency Working Group on Clean Energy Technology Exports; and

''(B) may establish other working groups as necessary to carry out this part.

''(2) COMPOSITION OF INTERAGENCY WORKING GROUP.—The Interagency Working Group shall be composed of—

''(A) the Secretary of Energy, the Secretary of Commerce, and the Administrator of the United States Agency for International Development, who shall jointly serve as Co-Chairpersons; and

''(B) other members, as determined by the Task Force.

''(c) INTERAGENCY CENTER.—

''(1) ESTABLISHMENT.—There is established an Interagency Center in the Office of International Energy Market Development of the Department of Energy.

''(2) DUTIES.—The Interagency Center shall—

''(A) assist the Interagency Working Group in carrying out this part; and

''(B) perform such other duties as are determined to be appropriate by the Secretary of Energy.

"SEC. 733. STRATEGY.

''(a) INITIAL STRATEGY.—

''(1) IN GENERAL.—Not later than 1 year after the date of enactment of this part, the Task Force shall develop and submit to the President a Strategy to—

''(A) support the development and implementation of programs and policies in developing countries to promote the adoption of clean energy technologies and energy efficiency technologies and strategies, with an emphasis on those developing countries that are expected to experience the most significant growth in energy production and use over the next 20 years;

''(B) open and expand clean energy technology markets and facilitate the export of clean energy technology to developing countries, in a manner consistent with the subsidy codes of the World Trade Organization;

''(C) integrate into the foreign policy objectives of the United States the promotion of—

''(i) clean energy technology deployment and reduced greenhouse gas emissions in developing countries; and

''(ii) clean energy technology exports;

''(D) establish a pilot program that provides financial assistance for qualifying projects; and

''(E) develop financial mechanisms and instruments (including securities that mitigate the political and foreign exchange risks of uses that are consistent with the foreign policy of the United States by combining the private sector market and government enhancements) that—

''(i) are cost-effective; and

''(ii) facilitate private capital investment in clean energy technology projects in developing countries.

''(2) TRANSMISSION TO CONGRESS.—On receiving the Strategy from the Task Force

under paragraph (1), the President shall transmit to Congress the Strategy.

''(b) UPDATES.—

''(1) IN GENERAL.—Not later than 2 years after the date of submission of the initial Strategy under subsection (a)(1), and every 2 years thereafter—

''(A) the Task Force shall—

''(i) review and update the Strategy; and

''(ii) report the results of the review and update to the President; and

''(B) the President shall submit to Congress a report on the Strategy.

''(2) INCLUSIONS.—The report shall include—

''(A) the updated Strategy;

''(B) a description of the assistance provided under this part;

''(C) the results of the pilot projects carried out under this part, including a comparative analysis of the relative merits of each pilot project;

''(D) the activities and progress reported by developing countries to the Department under section 736(b)(2); and

''(E) the activities and progress reported towards meeting the goals established under section 736(b)(2).

''(c) CONTENT.—In developing, updating, and submitting a report on the Strategy, the Task Force shall—

''(1) assess—

''(A) energy trends, energy needs, and potential energy resource bases in developing countries; and

''(B) the implications of the trends and needs for domestic and global economic and security interests;

''(2) analyze technology, policy, and market opportunities for international development, demonstration, and deployment of clean energy technologies and strategies;

''(3) examine relevant trade, tax, finance, international, and other policy issues to assess what policies, in the United States and in developing countries, would help open markets and improve clean energy technology exports of the United States in support of—

''(A) enhancing energy innovation and cooperation, including energy sector and market reform, capacity building, and financing measures;

''(B) improving energy end-use efficiency technologies (including buildings and facilities) and vehicle, industrial, and co-generation technology initiatives; and

''(C) promoting energy supply technologies, including fossil, nuclear, and renewable technology initiatives;

''(4) investigate issues associated with building capacity to deploy clean energy technology in developing countries, including—

''(A) energy-sector reform;

''(B) creation of open, transparent, and competitive markets for clean energy technologies;

''(C) the availability of trained personnel to deploy and maintain clean energy technology; and

''(D) demonstration and cost-buydown mechanisms to promote first adoption of clean energy technology;

''(5) establish priorities for promoting the diffusion and adoption of clean energy technologies and strategies in developing countries, taking into account economic and security interests of the United States and opportunities for the export of technology of the United States;

''(6) identify the means of integrating the priorities established under paragraph (5) into bilateral, multilateral, and assistance activities and commitments of the United States;

''(7) establish methodologies for the measurement, monitoring, verification, and reporting under section 736(b)(2) of the greenhouse gas emission impacts of clean energy projects and policies in developing countries;

''(8) establish a registry that is accessible to the public through electronic means (including through the Internet) in which information reported under section 736(b)(2) shall be collected;

''(9) make recommendations to the heads of appropriate Federal agencies on ways to streamline Federal programs and policies to improve the role of the agencies in the international development, demonstration, and deployment of clean energy technology;

''(10) make assessments and recommendations regarding the distinct technological, market, regional, and stakeholder challenges necessary to deploy clean energy technology;

''(11) recommend conditions and criteria that will help ensure that funds provided by the United States promote sound energy policies in developing countries while simultaneously opening their markets and exporting clean energy technology of the United States;

''(12) establish an advisory committee, composed of representatives of the private sector and other interested groups, on the export and deployment of clean energy technology;

''(13) establish a coordinated mechanism for disseminating information to the private sector and the public on clean energy technologies and clean energy technology transfer opportunities; and

''(14) monitor the progress of each Federal agency in promoting the purposes of this part, in accordance with—

''(A) the 5-year strategic plan submitted to Congress in October 2002; and

''(B) other applicable law.

''(d) ONGOING ACTIVITIES.—Existing activities and interagency management efforts underway by Task Force members shall be recognized as contributing to the initial Strategy.

''SEC. 734. CLEAN ENERGY ASSISTANCE TO DEVELOPING COUNTRIES.

''(a) IN GENERAL.—Subject to section 736, the Secretary may provide assistance to developing countries for activities that are consistent with the priorities established in the Strategy.

''(b) ASSISTANCE.—The assistance may be provided through—

''(1) the Millennium Challenge Corporation established under section 604(a) of the Millennium Challenge Act of 2003 (22 U.S.C. 7703(a));

''(2) the Global Village Energy Partnership; and

''(3) other international assistance programs or activities of—

''(A) the Department;

''(B) the United States Agency for International Development; and

''(C) other Federal agencies.

''(c) ELIGIBLE ACTIVITIES.—The activities supported under this section include—

''(1) development of national action plans and policies to—

''(A) facilitate the provision of clean energy services and the adoption of energy efficiency measures;

''(B) identify linkages between the use of clean energy technologies and the provision of agricultural, transportation, water, health, educational, and other development-related services; and

''(C) integrate the use of clean energy technologies into national strategies for economic growth, poverty reduction, and sustainable development;

''(2) strengthening of public and private sector capacity to—

''(A) assess clean energy needs and options;

''(B) identify opportunities to reduce, avoid, or sequester greenhouse gas emissions;

''(C) establish enabling policy frameworks;

''(D) develop and access financing mechanisms; and

''(E) monitor progress in implementing clean energy and greenhouse gas reduction strategies;

''(3) enactment and implementation of market-favoring measures to promote commercial-based energy service provision and to improve the governance, efficiency, and financial performance of the energy sector; and

''(4) development and use of innovative public and private mechanisms to catalyze and leverage financing for clean energy technologies, including use of the development credit authority of the United States Agency for International Development and credit enhancements through the Export-Import Bank and the Overseas Private Investment Corporation.

''SEC. 735. PILOT PROGRAM FOR DEMONSTRATION PROJECTS.

''(a) IN GENERAL.—Not later than 2 years after the date of enactment of this part, the Secretary of Energy and the Administrator of the United States Agency for International Development, in consultation with the Secretary, shall, by regulation, establish a pilot program that provides financial assistance for qualifying projects consistent with the Strategy and the performance criteria established under section 736.

''(b) QUALIFYING PROJECTS.—To be qualified to receive assistance under this section, a project shall—

''(1) be a project—

''(A) to construct an energy production facility in a developing country for the production of energy to be consumed in the developing country; or

''(B) to improve the efficiency of energy use in a developing country;

''(2) be a project that—

''(A) is submitted by a firm of the United States to the Secretary in accordance with procedures established by the Secretary by regulation;

''(B) meets the requirements of section 1608(k) of the Energy Policy Act of 1992 (42 U.S.C. 13387(k));

''(C) uses technology that has been successfully developed or deployed in the United States; and

''(D) is selected by the Secretary without regard to the developing country in which the project is located, with notice of the selection published in the Federal Register; and

''(3) when deployed, result in a greenhouse gas emission reduction (when compared to the technology that would otherwise be deployed) of at least—

''(A) in the case of a unit or energy-efficiency measure placed in service during the period beginning on the date of enactment of this part and ending on December 31, 2009, 20 percentage points;

''(B) in the case of a unit or energy-efficiency measure placed in service during the period beginning on January 1, 2010, and ending on December 31, 2019, 40 percentage points; and

''(C) in the case of a unit or energy-efficiency measure placed in service after December 31, 2019, 60 percentage points.

''(c) FINANCIAL ASSISTANCE.—

''(1) IN GENERAL.—For each qualifying project selected by the Secretary to participate in the pilot program, the Secretary shall make a loan or loan guarantee available for not more than 50 percent of the total cost of the project.

''(2) INTEREST RATE.—The interest rate on a loan made under this subsection shall be

equal to the current average yield on outstanding obligations of the United States with remaining periods of maturity comparable to the maturity of the loan.

''(3) HOST COUNTRY CONTRIBUTION.—To be eligible for a loan or loan guarantee for a project in a host country under this subsection, the host country shall—

''(A) make at least a 10 percent contribution toward the total cost of the project; and

''(B) verify to the Secretary (using the methodology established under section 733(c)(7)) the quantity of annual greenhouse gas emissions reduced, avoided, or sequestered as a result of the deployment of the project.

''(4) CAPACITY BUILDING RESEARCH.—

''(A) IN GENERAL.—A proposal made for a qualifying project may include a research component intended to build technological capacity within the host country.

''(B) RESEARCH.—To be eligible for a loan or loan guarantee under this paragraph, the research shall—

''(i) be related to the technology being deployed; and

''(ii) involve—

''(I) an institution in the host country; and

''(II) a participant from the United States that is an industrial entity, an institution of higher education, or a National Laboratory.

''(C) HOST COUNTRY CONTRIBUTION.—To be eligible for a loan or loan guarantee for research in a host country under this paragraph, the host country shall make at least a 50 percent contribution toward the total cost of the research.

''(5) GRANTS.—

''(A) IN GENERAL.—The Secretary, in consultation with the Secretary of Energy and the Administrator of the United States Agency for International Development, may, at the request of the United States ambassador to a host country, make grants to help address and overcome specific, urgent, and unforeseen obstacles in the implementation of a qualifying project.

''(B) MAXIMUM AMOUNT.—The total amount of a grant made for a qualifying project under this paragraph may not exceed $1,000,000.

''SEC. 736. PERFORMANCE CRITERIA FOR MAJOR ENERGY CONSUMERS.

''(a) IDENTIFICATION OF MAJOR ENERGY CONSUMERS.—Not later than 1 year after the date of enactment of this part, the Task Force shall identify those developing countries that, by virtue of present and projected energy consumption, represent the predominant share of energy use among developing countries.

''(b) PERFORMANCE CRITERIA.—As a condition of accepting assistance provided under sections 734 and 735, any developing country identified under subsection (a) shall—

''(1) meet the eligibility criteria established under section 607 of the Millennium Challenge Act of 2003 (22 U.S.C. 7706), notwithstanding the eligibility of the developing country as a candidate country under section 606 of that Act (22 U.S.C. 7705); and

''(2) agree to establish and report on progress in meeting specific goals for reduced energy-related greenhouse gas emissions and specific goals for—

''(A) increased access to clean energy services among unserved and underserved populations;

''(B) increased use of renewable energy resources;

''(C) increased use of lower greenhouse gas-emitting fossil fuel-burning technologies;

''(D) more efficient production and use of energy;

''(E) greater reliance on advanced energy technologies;

''(F) the sustainable use of traditional energy resources; or

''(G) other goals for improving energy-related environmental performance, including the reduction or avoidance of local air and water quality and solid waste contaminants.

''SEC. 737. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated such sums as are necessary to carry out this part for each of fiscal years 2006 through 2015.''.

SA 869. Mr. BYRD (for himself, Mrs. LINCOLN, Mr. ROCKEFELLER, Mr. HARKIN, and Mr. PRYOR) proposed an amendment to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; as follows:

At the appropriate place insert the following:

SEC. ____. INCOME TAX EXCLUSION FOR CERTAIN FUEL COSTS OF RURAL CARPOOLS.

(a) IN GENERAL.—Section 132(f)(1) of the Internal Revenue Code of 1986 (defining qualified transportation fringe) is amended by adding at the end the following new subparagraph:

''(D) Fuel expenses for a highway vehicle of any employee who meets the rural carpool requirements of paragraph (8).''.

(b) LIMITATION ON EXCLUSION.—Section 132(f)(2) of such Code (relating to limitation on exclusion) is amended by striking ''and'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting '', and'', and by adding at the end the following new subparagraph:

''(C) $50 per month in the case of the benefit described in subparagraph (D).''.

(c) RURAL CARPOOL REQUIREMENTS.—Section 132(f) of such Code is amended by adding at the end the following new paragraph:

''(8) REQUIREMENTS FOR EMPLOYEES PARTICIPATING IN RURAL CARPOOLS.—

''(A) IN GENERAL.—The requirements of this paragraph are met if an employee—

''(i) is an employee of an employer described in subparagraph (B),

''(ii) certifies to such employer that—

''(I) such employee resides in a rural area (as defined by the Bureau of the Census),

''(II) such employee is not eligible to claim any qualified transportation fringe described in subparagraph (A) or (B) of paragraph (1) if provided by such employer,

''(III) such employee uses the employee's highway vehicle when traveling between the employee's residence and place of employment, and

''(IV) for at least 75 percent of the total mileage of such travel, the employee is accompanied by 1 or more employees of such employer, and

''(iii) agrees to notify such employer when any subclause of clause (ii) no longer applies.

''(B) EMPLOYER DESCRIBED.—An employer is described in this subparagraph if the business premises of such employer which serve as the place of employment of the employee are located in an area which is not accessible by a transit system designed primarily to provide daily work trips within a local commuting area.''.

(d) NO EXCLUSION FOR EMPLOYMENT TAXES.—Section 3121(a)(20) of such Code (defining wages) is amended by inserting ''(except by reason of subsection (f)(1)(D) thereof)'' after ''or 132''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to expenses incurred on and after the date of the enactment of this Act and before January 1, 2007.

SA 870. Mrs. BOXER submitted an amendment intended to be proposed by her to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; as follows:

At the appropriate place, insert the following:

Amendment to be proposed by Mrs. Boxer.

SEC. . FINAL ACTION ON REFUNDS FOR EXCESSIVE CHARGES.

(a) FINDINGS.—Congress finds that—

(1) The state of California experienced an energy crisis;

(2) FERC issued an order requiring a refund of the portion of charges on the sale of electric energy that was unjust or unreasonable during that crisis;

(3) As of the date of enactment of this act, none of the refunds ordered to date have been received by the state of California; and

(4) the Commission has ruled that the state of California is entitled to approximately $3 billion in refunds; the state of California maintains that that $8.9 billion in refunds is owed.

(b) FERC shall—

(1) seek to conclude its investigation into the unjust or unreasonable charges incurred by California during the 2000–2001 electricity crisis as soon as possible;

(2) seek to ensure that refunds the Commission determines are owed to the State of California are paid to the state of California; and

(3) submit to Congress a report by December 31, 2005 describing the actions taken by the Commission to date under this section and timetables for further actions.

SA 871. Mr. REID (for himself and Mr. ENSIGN) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

''SECTION . WHISTLEBLOWER PROTECTION FOR EMPLOYEES OF THE DEPARTMENT OF ENERGY AND THE NUCLEAR REGULATORY COMMISSION.

(a) DEFINITION OF EMPLOYER—Section 211(a)(2) of the Energy Reorganization Act of 1974 (42 U.S.C. 5851(a)(2)) is amended—

(1) in subparagraph (C), by striking 'and' at the end;

(2) in subparagraph (D), by striking 'that is indemnified' and all that follows through '12344.'; and

(3) by adding at the end the following:

'(E) the Department of Energy.'.

(b) DE NOVO JUDICIAL DETERMINATION—Section 211(b) of the Energy Reorganization Act of 1974 (42 U.S.C. 5851 (b)) is amended by adding at the end the following:

'(4) DE NOVO JUDICIAL DETERMINATION—If the Secretary does not issue a final decision within 180 days after the filing of a complaint under paragraph (1) and the Secretary does not show that the delay is caused by the bad faith of the claimant, the claimant may bring a civil action in United States district court for a determination of the claim by the court de novo.'.

SA 872. Mr. MARTINEZ (for himself and Mr. JOHNSON) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

Beginning on page 692, strike line 20 and all that follows through page 693, line 13, and insert the following:

(3) ELECTRIC CONSUMER; ELECTRIC UTILITY.—

(A) IN GENERAL.—The terms ''electric consumer'' and ''electric utility'' have the meanings given those terms in section 3 of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 2602).

(B) EXCLUSION.—The term ''electric utility'' does not include any financial institution (as defined in section 509 of the Gramm-Leach-Bliley Act (15 U.S.C. 6809)).

(b) PRIVACY.—

(1) RULES.—The Commission may issue rules protecting the privacy of electric consumers from disclosure by an electric utility of consumer information obtained in connection with the sale or delivery of electric energy to electric consumers.

(2) EFFECT OF RULES.—Rules issued under paragraph (1) shall not affect, alter, limit, interfere with, or otherwise regulate the provision of information by an electric utility to a consumer reporting agency (as defined in section 603 of the Fair Credit Reporting Act (15 U.S.C. 1681a)).

(c) SLAMMING.—The Commission may issue rules prohibiting the change of selection of an electric utility except with the informed consent of the electric consumer or if approved by the appropriate State regulatory authority.

(d) CRAMMING.—The Commission may issue rules prohibiting the sale of goods and services by an electric utility to an electric consumer unless expressly authorized by law or the electric consumer.

SA 873. Mr. SUNUNU (for himself and Mr. WYDEN) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

Beginning on page 756, strike line 1 and all that follows through page 768, line 20.

SA 874. Mr. SUNUNU submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

Beginning on page 328, strike line 13 and all that follows through page 342, line 19.

SA 875. Mr. SUNUNU submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

Beginning on page 503, strike line 10 and all that follows through page 523, line 13.

SA 876. Mr. INOUYE (for himself and Mr. AKAKA) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place insert the following:

SEC. ___. EXCEPTION FROM VOLUME CAP FOR CERTAIN COOLING FACILITIES.

(a) IN GENERAL.—Section 146 of the Internal Revenue Code of 1986 (relating to volume cap) is amended by redesignating subsections (i) through (n) as subsections (j) through (o), respectively, and by inserting after subsection (h) the following:

''(i) EXCEPTION FOR FACILITIES USED TO COOL STRUCTURES WITH OCEAN WATER, ETC..—

''(1) IN GENERAL.—Only for purposes of this section, the term 'private activity bond' shall not include any exempt facility bond described in section 142(a)(9) which is issued as part of an issue to finance any project which is designed to access deep water renewable thermal energy for district cooling to provide building air conditioning (including any distribution piping, pumping, and chiller facilities).

''(2) LIMITATION.—Paragraph (1) shall apply only to bonds with a face amount of not more than $75,000,000 with respect to any project described in such paragraph.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to projects placed in service after the date of enactment of this Act and before July 1, 2008.

SA 877. Mr. VITTER submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 327, after line 21, add the following:

SEC. 390. DEEPWATER PORTS.

Section 4(c) of the Deepwater Port Act of 1974 (33 U.S.C. 1503(c)) is amended by striking paragraphs (8) and (9) and inserting the following:

''(8) the Governor of each adjacent coastal State under section 9 approves, or is presumed to approve, the issuance of the license; and

''(9) as of the date on which the application for a license is submitted, the adjacent coastal State to which the deepwater port is to be directly connected by pipeline has developed, or is making reasonable progress toward developing, as determined in accordance with section 9(c), an approved coastal zone management program under the Coastal Zone Management Act of 1972 (16 U.S.C. 1451 et seq.).''.

SA 878. Mr. KYL submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 635, line 17, strike ''$100,000,000'' and insert ''$500,000,000''.

SA 879. Mr. KYL submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 635, line 17, strike ''$100,000,000'' and insert ''$1,000,000,000''.

SA 880. Mr. KYL submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place in subtitle A of title II, insert the following:

SEC. 2___. STATE EXEMPTION FROM SEASONALITY REQUIREMENTS.

Section 211(o)(6) of the Clean Air Act (as amended by section 205) is amended in subparagraph (F) by adding before the period at the end the following: ''or any State that receives over 50 percent of its fuel from a State that receives a waiver under that section''.

SA 881. Mr. PRYOR submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ___. WEATHERIZATION ASSISTANCE CREDIT.

(a) IN GENERAL.—Subpart D of Part III of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to business related credits), as amended by this Act, is amended by inserting after section 45N the following new section:

''SEC. 45O. WEATHERIZATION ASSISTANCE CREDIT.

''(a) GENERAL RULE.—For purposes of section 38, in the case of a utility, the amount of the weatherization assistance credit determined under this section for the taxable year shall be an amount equal to 20 percent of the qualified weatherization assistance expenses.

''(b) DEFINITIONS.—For purposes of this section:

''(1) WEATHERIZATION ASSISTANCE EXPENSES.—The term 'weatherization assistance expenses' means amounts—

''(A) paid by the taxpayer—

''(i) to an entity that is described in section 415(b)(2) of the Energy Conservation and Production Act (42 U.S.C. 6865(b)(2)), that receives funds from the Department of Energy Weatherization Assistance Program as such an entity, and that uses the taxpayer's amounts for the installation of energy efficiency improvements in residences of low-income individuals for purposes of section 415(a)(2) of the Energy Conservation and Production Act (42 U.S.C. 6865(a)(2)), as administered by the Department of Energy, or

''(ii) to a State weatherization agency for use by such agency in its program that enhances or extends the Department of Energy's program described in subparagraph (A), and

''(B) certified to the taxpayer by a State weatherization agency as paid to one or more entities described in subparagraph (A)(i) or to such agency described in subparagraph (A)(ii).

''(2) QUALIFIED WEATHERIZATION ASSISTANCE EXPENSES.—The term 'qualified weatherization assistance expenses' means—

''(A) with respect to the first 5 taxable years ending after the date of enactment of this section, the weatherization assistance expenses for each such year, and

''(B) with respect to a taxable year after the fifth taxable year ending after the date of enactment of this section, the excess (if any) of the weatherization assistance expenses for such year over the weatherization assistance expenses for the fifth taxable year preceding such year.

''(3) UTILITY.—The term 'utility' means a corporation that is engaged in the sale of electric energy or gas and is described in section 7701(a)(33)(A).

''(4) STATE WEATHERIZATION AGENCY.—The term 'State weatherization agency' means the department, agency, board, or other entity of a State that is authorized by such State to administer the weatherization program described in section 415 of the Energy Conservation and Production Act (42 U.S.C. 6865).

''(c) REGULATIONS.—The Secretary shall prescribe regulations necessary to carry out the purposes of this section.''.

(b) CREDIT TREATED AS PART OF GENERAL BUSINESS CREDIT.—Section 38(b) of the Internal Revenue Code of 1986 (relating to current year business credit), as amended by this Act, is amended by striking ''plus'' at the end of paragraph (23), striking the period at the end of paragraph (24), and inserting '', plus'' and by inserting after paragraph (24) the following new paragraph:

''(25) the weatherization assistance credit determined under section 45O(a).''.

(c) CONFORMING AMENDMENT.—The table of sections for Subpart D of Part III of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to business related credits), as amended by this Act, is

amended by adding after the item relating to section 45N the following new item:

''45O. Weatherization assistance credit.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to weatherization assistance expenses (within the meaning of section 45O of the Internal Revenue Code of 1986) paid or incurred in taxable years ending after the date of enactment of this Act.

SA 882. Mr. DODD (for himself and Mr. LIEBERMAN) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 659, between lines 3 and 4, insert the following:

SEC. 1243. SENSE OF THE SENATE REGARDING LOCATIONAL INSTALLED CAPACITY MECHANISM.

(a) FINDINGS.—The Senate finds that—

(1) as of the date of enactment of this Act, the States of New England have been litigating a proposal to develop and implement a specific type of locational installed capacity mechanism in New England before the Federal Energy Regulatory Commission; and

(2) the Governors of those States have objected to the proposed locational installed capacity mechanism of the Commission because the Governors believe that the mechanism—

(A) does not provide any assurance that needed generation will be built in the right place at the right time;

(B) is not linked to any long-term commitment from generators to provide energy;

(C) is extremely expensive for the region; and

(D) does not recognize efforts by the States of New England to propose alternative solutions through the creation of a regional State commission.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that the Federal Energy Regulatory Commission should suspend the pending locational installed capacity proceeding and allow the States of New England to propose alternatives to the locational installed capacity mechanism that have less regional economic impact and more certainty of providing the necessary generation capacity and reliability.

SA 883. Mr. BINGAMAN submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 310, strike line 25 and insert the following:

repaid or reobligated for authorized uses.

''(3) LIMITATION.—Not more than 23 percent of amounts received by a producing State or coastal political subdivision for any 1 fiscal year shall be used for the purposes described in subparagraphs (C) and (E) of paragraph (1).''.

SA 884. Mr. ROCKEFELLER (for himself, Mr. BINGAMAN, and Mr. BUNNING) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ___. CREDIT FOR INTANGIBLE DRILLING COSTS.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to business related credits), as amended by this Act, is amended by adding at the end the following new section:

''SEC. 45O. INTANGIBLE DRILLING COSTS CREDIT.

''(a) IN GENERAL.—For purposes of section 38, the intangible drilling costs credit for the taxable year is an amount equal to 15 percent of the intangible drilling costs (within the meaning of section 263(c)) paid or incurred during the taxable year in connection with each qualifying natural gas well.

''(b) LIMITATION.—The aggregate amount of credit allowed under this section for all taxable years shall not exceed $50,000 with respect to any qualifying natural gas well.

''(c) QUALIFYING NATURAL GAS WELL.—For purposes of this section, the term 'qualifying natural gas well' means a natural gas well—

''(1) which is placed in service before the date that is 3 years after the date of the enactment of this section,

''(2) which produces a qualified fuel (as defined in section 29(c)), and

''(3) the basis of which is $200,000 or greater.

''(d) DENIAL OF DOUBLE BENEFIT.—No deduction shall be allowed under section 263(c) for any cost for which a credit is allowed under this section.''.

(b) CREDIT TREATED AS PART OF GENERAL BUSINESS CREDIT.—Section 38(b) of the Internal Revenue Code of 1986 (relating to general business credit), as amended by this Act, is amended by striking ''plus'' at the end of paragraph (23), by striking the period at the end of paragraph (24) and inserting '', plus'', and by adding at the end the following new paragraph:

''(25) the intangible drill costs credit determined under section 45O.''.

(c) NO CARRYBACK OF CREDIT.—Section 39 of the Internal Revenue Code of 1986 (relating to carryback and carryforward of unused credit) is amended by adding at the end the following new subsection:

''(e) SPECIAL RULE FOR INTANGIBLE DRILLING COSTS CREDIT.—No portion of the unused credit which is attributable to the intangible drilling costs credit under section 45O may be taken into account under section 38(a)(3).''.

(d) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986, as amended by this Act, is amended by inserting after the item relating to section 45N the following new item:

''Sec. 45O. Intangible drilling costs credit.''.

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

SA 885. Ms. CANTWELL (for herself, Mr. GRAHAM, Mrs. MURRAY, Mr. SMITH, Mr. BINGAMAN, and Mr. COLEMAN) submitted an amendment intended to be proposed by her to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ___. THREE-YEAR APPLICABLE RECOVERY PERIOD FOR DEPRECIATION OF QUALIFIED ENERGY MANAGEMENT DEVICES.

(a) IN GENERAL.—Section 168(e)(3)(A) (defining 3-year property) is amended by striking ''and'' at the end of clause (ii), by striking the period at the end of clause (iii) and inserting '', and'', and by adding at the end the following new clause:

''(iv) any qualified energy management device.''.

(b) DEFINITION OF QUALIFIED ENERGY MANAGEMENT DEVICE.—Section 168(i) (relating to definitions and special rules), as amended by this Act, is amended by inserting at the end the following new paragraph:

''(17) QUALIFIED ENERGY MANAGEMENT DEVICE.—

''(A) IN GENERAL.—The term 'qualified energy management device' means any energy management device which is placed in service before January 1, 2009, by a taxpayer who is a supplier of electric energy or a provider of electric energy services.

''(B) ENERGY MANAGEMENT DEVICE.—For purposes of subparagraph (A), the term 'energy management device' means any meter or metering device which is used by the taxpayer—

''(i) to measure and record electricity usage data on a time-differentiated basis in at least 4 separate time segments per day, and

''(ii) to provide such data on at least a monthly basis to both consumers and the taxpayer.''.

(c) ALTERNATIVE SYSTEM.—The table contained in section 168(g)(3)(B) is amended by inserting after the item relating to subparagraph (A)(iii) the following:

''(A)(iv) ..... 20''.

(d) EFFECTIVE DATE.—The amendments made by this section (other than subsection (e)) shall apply to property placed in service after December 31, 2005, in taxable years ending after such date.

(e) FREEZE OF INTEREST SUSPENSION RULES WITH RESPECT TO LISTED TRANSACTIONS.—

(1) IN GENERAL.—Paragraph (2) of section 903(d) of the American Jobs Creation Act of 2004 is amended to read as follows:

''(2) EXCEPTION FOR REPORTABLE OR LISTED TRANSACTIONS.—

''(A) IN GENERAL.—The amendments made by subsection (c) shall apply with respect to interest accruing after October 3, 2004.

''(B) SPECIAL RULE FOR CERTAIN LISTED TRANSACTIONS.—

''(i) IN GENERAL.—Except as provided in clause (ii) or (iii), in the case of any listed transaction, the amendments made by subsection (c) shall also apply with respect to interest accruing on or before October 3, 2004.

''(ii) PARTICIPANTS IN SETTLEMENT INITIATIVES.—Clause (i) shall not apply to a listed transaction if, as of May 9, 2005—

''(I) the taxpayer is participating in a published settlement initiative which is offered by the Secretary of the Treasury or his delegate to a group of similarly situated taxpayers claiming benefits from the listed transaction, or

''(II) the taxpayer has entered into a settlement agreement pursuant to such an initiative with respect to the tax liability arising in connection with the listed transaction.

Subclause (I) shall not apply to the taxpayer if, after May 9, 2005, the taxpayer withdraws from, or terminates, participation in the initiative or the Secretary or his delegate determines that a settlement agreement will not be reached pursuant to the initiative within a reasonable period of time.

''(iii) CLOSED TRANSACTIONS.—Clause (i) shall not apply to a listed transaction if, as of May 9, 2005—

''(I) the assessment of all Federal income taxes for the taxable year in which the tax liability to which the interest relates arose is prevented by the operation of any law or rule of law, or

''(II) a closing agreement under section 7121 has been entered into with respect to the tax liability arising in connection with the listed transaction.''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall take effect as if included in the provisions of the American Jobs Creation Act of 2004 to which it relates.

SA 886. Mr. COCHRAN submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 159, after line 23, add the following:

SEC. 211. WASTE-DERIVED ETHANOL AND BIODIESEL.

Section 312(f)(1) of the Energy Policy Act of 1992 (42 U.S.C. 13220(f)(1)) is amended—

(1) by striking '''biodiesel' means'' and inserting the following: '''biodiesel'—

''(A) means''; and

(2) in subparagraph (A) (as designated by paragraph (1)) by striking ''and'' at the end and inserting the following:

''(B) includes ethanol and biodiesel derived from—

''(i) animal wastes, including poultry fats and poultry wastes, and other waste materials; or

''(ii) municipal solid waste and sludges and oils derived from wastewater and the treatment of wastewater; and''.

SA 887. Mr. CHAMBLISS submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place, insert:

SEC. ___. ARBITRAGE RULES NOT TO APPLY TO PREPAYMENTS FOR NATURAL GAS.

(a) IN GENERAL.—Section 148(b) of the Internal Revenue Code of 1986 (relating to higher yielding investments) is amended by adding at the end the following new paragraph:

''(4) SAFE HARBOR FOR PREPAID NATURAL GAS.—

''(A) IN GENERAL.—The term 'investment-type property' does not include a prepayment under a qualified natural gas supply contract.

''(B) QUALIFIED NATURAL GAS SUPPLY CONTRACT.—For purposes of this paragraph, the term 'qualified natural gas supply contract' means any contract to acquire natural gas for resale by or for a utility owned by a governmental unit if the amount of gas permitted to be acquired under the contract for the utility during any year does not exceed the sum of—

''(i) the annual average amount during the testing period of natural gas purchased (other than for resale) by customers of such utility who are located within the service area of such utility, and

''(ii) the amount of natural gas to be used to transport the prepaid natural gas to the utility during such year.

''(C) NATURAL GAS USED TO GENERATE ELECTRICITY.—Natural gas used to generate electricity shall be taken into account in determining the average under subparagraph (B)(i)—

''(i) only if the electricity is generated by a utility owned by a governmental unit, and

''(ii) only to the extent that the electricity is sold (other than for resale) to customers of such utility who are located within the service area of such utility.

''(D) ADJUSTMENTS FOR CHANGES IN CUSTOMER BASE.—

''(i) NEW BUSINESS CUSTOMERS.—If—

''(I) after the close of the testing period and before the date of issuance of the issue, the utility owned by a governmental unit enters into a contract to supply natural gas (other than for resale) for use by a business at a property within the service area of such utility, and

''(II) the utility did not supply natural gas to such property during the testing period or the ratable amount of natural gas to be supplied under the contract is significantly greater than the ratable amount of gas supplied to such property during the testing period,

then a contract shall not fail to be treated as a qualified natural gas supply contract by reason of supplying the additional natural gas under the contract referred to in subclause (I).

''(ii) OVERALL LIMITATION.—The average under subparagraph (B)(i) shall not exceed the annual amount of natural gas reasonably expected to be purchased (other than for resale) by persons who are located within the service area of such utility and who, as of the date of issuance of the issue, are customers of such utility.

''(E) RULING REQUESTS.—The Secretary may increase the average under subparagraph (B)(i) for any period if the utility owned by the governmental unit establishes to the satisfaction of the Secretary that, based on objective evidence of growth in natural gas consumption or population, such average would otherwise be insufficient for such period.

''(F) ADJUSTMENT FOR NATURAL GAS OTHERWISE ON HAND.—

''(i) IN GENERAL.—The amount otherwise permitted to be acquired under the contract for any period shall be reduced by—

''(I) the applicable share of natural gas held by the utility on the date of issuance of the issue, and

''(II) the natural gas (not taken into account under subclause (I)) which the utility has a right to acquire during such period (determined as of the date of issuance of the issue).

''(ii) APPLICABLE SHARE.—For purposes of clause (i), the term 'applicable share' means, with respect to any period, the natural gas allocable to such period if the gas were allocated ratably over the period to which the prepayment relates.

''(G) INTENTIONAL ACTS.—Subparagraph (A) shall cease to apply to any issue if the utility owned by the governmental unit engages in any intentional act to render the volume of natural gas acquired by such prepayment to be in excess of the sum of—

''(i) the amount of natural gas needed (other than for resale) by customers of such utility who are located within the service area of such utility, and

''(ii) the amount of natural gas used to transport such natural gas to the utility.

''(H) TESTING PERIOD.—For purposes of this paragraph, the term 'testing period' means, with respect to an issue, the most recent 5 calendar years ending before the date of issuance of the issue.

''(I) SERVICE AREA.—For purposes of this paragraph, the service area of a utility owned by a governmental unit shall be comprised of—

''(i) any area throughout which such utility provided at all times during the testing period—

''(I) in the case of a natural gas utility, natural gas transmission or distribution services, and

''(II) in the case of an electric utility, electricity distribution services,

''(ii) any area within a county contiguous to the area described in clause (i) in which retail customers of such utility are located if such area is not also served by another utility providing natural gas or electricity services, as the case may be, and

''(iii) any area recognized as the service area of such utility under State or Federal law.''.

(b) PRIVATE LOAN FINANCING TEST NOT TO APPLY TO PREPAYMENTS FOR NATURAL GAS.—Section 141(c)(2) of the Internal Revenue Code of 1986 (providing exceptions to the private loan financing test) is amended by striking ''or'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting '', or'', and by adding at the end the following new subparagraph:

''(C) is a qualified natural gas supply contract (as defined in section 148(b)(4)).''.

(c) CONFORMING AMENDMENT.—Section 141(d) of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

''(7) EXCEPTION FOR QUALIFIED ELECTRIC AND NATURAL GAS SUPPLY CONTRACTS.—The term 'nongovernmental output property' shall not include any contract for the prepayment of electricity or natural gas which is not investment property under section 148(b)(2).''.

(d) EFFECTIVE DATE.—The amendment made by this section shall apply to obligations issued after December 31, 2005.

SA 888. Mr. INHOFE submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the end of title XV, add the following:

SEC. 15___. STATE INCENTIVES FOR USE OF CLEAN COAL TECHNOLOGY.

(a) DEFINITIONS.—In this section:

(1) COMPLIANCE FACILITY.—The term ''compliance facility'' means any facility that—

(A)(i) is designed, constructed, or installed, and used, at a coal-fired electric generation unit for the primary purpose of complying with acid rain control requirements established by title IV of Public Law 101–549 (commonly known as the ''Clean Air Act Amendments of 1990'') (42 U.S.C. 7651 et seq.); and

(ii) controls or limits emissions of sulfur or nitrogen compounds resulting from the combustion of coal through the removal or reduction of those compounds before, during, or after the combustion of the coal, but before the combustion products are emitted into the atmosphere;

(B)(i) removes sulfur compounds from coal before the combustion of the coal; and

(ii) is located off the premises of the electric generation facility at which the coal processed by the compliance facility is burned;

(C) includes a flue gas desulfurization system connected to a coal-fired electric generation unit; or

(D) includes facilities or equipment acquired, constructed, or installed, and used, at a coal-fired electric generating unit primarily for the purpose of handling—

(i) the byproducts produced by the compliance facility; or

(ii) other coal combustion byproducts produced by the electric generation unit in or to which the compliance facility is incorporated or connected.

(2) ELECTRIC UTILITY.—The term ''electric utility'' means any person (including any municipality) that generates, transmits, or distributes electric energy through the use of a coal-fired generating unit that contains, is attached to, or is used in conjunction with a compliance facility.

(b) CREDITS.—A State may provide to an electric utility a credit against any tax or fee owed to the State under a State law, in an amount calculated in accordance with a

formula to be determined by the State, for the use of coal mined from deposits in the State that is burned in a coal-fired electric generation unit that is owned or operated by the electric utility that receives the credit.

(c) EFFECT ON INTERSTATE COMMERCE.—Action taken by a State in accordance with this section—

(1) shall be considered to be a reasonable regulation of commerce as of the effective date of the action; and

(2) shall not be considered to impose an undue burden on interstate commerce or to otherwise impair, restrain, or discriminate against interstate commerce.

SA 889. Ms. SNOWE (for herself and Mr. STEVENS) submitted an amendment intended to be proposed by her to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

(The bill will be printed in a future edition of the RECORD.)

SA 890. Mr. SMITH submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page [154], strike line [24], and insert the following:

''SOLAR ENERGY PROPERTY.—Clause (i)''.

On page [155] lines [2 through 3], strike ''for use in a structure''.

SA 891. Mr. DOMENICI (for himself, Mr. BINGAMAN, Ms. LANDRIEU, Mr. VITTER, Mr. LOTT, Mr. COCHRAN, and Mrs. HUTCHISON) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

Beginning on page 297, strike line 2 and all that follows through page 310, line 25, and insert the following:

SEC. 371. COASTAL IMPACT ASSISTANCE PROGRAM.

Section 31 of the Outer Continental Shelf Lands Act (43 U.S.C. 1356a) is amended to read as follows:

''SEC. 31. COASTAL IMPACT ASSISTANCE PROGRAM.

''(a) DEFINITIONS.—In this section:

''(1) COASTAL POLITICAL SUBDIVISION.—The term 'coastal political subdivision' means a political subdivision of a coastal State any part of which political subdivision is—

''(A) within the coastal zone (as defined in section 304 of the Coastal Zone Management Act of 1972 (16 U.S.C. 1453)) of the coastal State as of the date of enactment of the Energy Policy Act of 2005; and

''(B) not more than 200 nautical miles from the geographic center of any leased tract.

''(2) COASTAL POPULATION.—The term 'coastal population' means the population, as determined by the most recent official data of the Census Bureau, of each political subdivision any part of which lies within the designated coastal boundary of a State (as defined in a State's coastal zone management program under the Coastal Zone Management Act of 1972 (16 U.S.C. 1451 et seq.)).

''(3) COASTAL STATE.—The term 'coastal State' has the meaning given the term in section 304 of the Coastal Zone Management Act of 1972 (16 U.S.C. 1453).

''(4) COASTLINE.—The term 'coastline' has the meaning given the term 'coast line' in section 2 of the Submerged Lands Act (43 U.S.C. 1301).

''(5) DISTANCE.—The term 'distance' means the minimum great circle distance, measured in statute miles.

''(6) LEASED TRACT.—The term 'leased tract' means a tract that is subject to a lease under section 6 or 8 for the purpose of drilling for, developing, and producing oil or natural gas resources.

''(7) LEASING MORATORIA.—The term 'leasing moratoria' means the prohibitions on preleasing, leasing, and related activities on any geographic area of the outer Continental Shelf as contained in sections 107 through 109 of division E of the Consolidated Appropriations Act, 2005 (Public Law 108–447; 118 Stat. 3063).

''(8) POLITICAL SUBDIVISION.—The term 'political subdivision' means the local political jurisdiction immediately below the level of State government, including counties, parishes, and boroughs.

''(9) PRODUCING STATE.—

''(A) IN GENERAL.—The term 'producing State' means a coastal State that has a coastal seaward boundary within 200 nautical miles of the geographic center of a leased tract within any area of the outer Continental Shelf.

''(B) EXCLUSION.—The term 'producing State' does not include a producing State, a majority of the coastline of which is subject to leasing moratoria, unless production was occurring on January 1, 2005, from a lease within 10 nautical miles of the coastline of that State.

''(10) QUALIFIED OUTER CONTINENTAL SHELF REVENUES.—

''(A) IN GENERAL.—The term 'qualified Outer Continental Shelf revenues' means all amounts received by the United States from each leased tract or portion of a leased tract—

''(i) lying—

''(I) seaward of the zone covered by section 8(g); or

''(II) within that zone, but to which section 8(g) does not apply; and

''(ii) the geographic center of which lies within a distance of 200 nautical miles from any part of the coastline of any coastal State.

''(B) INCLUSIONS.—The term 'qualified Outer Continental Shelf revenues' includes bonus bids, rents, royalties (including payments for royalty taken in kind and sold), net profit share payments, and related late-payment interest from natural gas and oil leases issued under this Act.

''(C) EXCLUSION.—The term 'qualified Outer Continental Shelf revenues' does not include any revenues from a leased tract or portion of a leased tract that is located in a geographic area subject to a leasing moratorium on January 1, 2005, unless the lease was in production on January 1, 2005.

''(b) PAYMENTS TO PRODUCING STATES AND COASTAL POLITICAL SUBDIVISIONS.—

''(1) IN GENERAL.—The Secretary shall, without further appropriation, disburse to producing States and coastal political subdivisions in accordance with this section $250,000,000 for each of fiscal years 2007 through 2010.

''(2) DISBURSEMENT.—In each fiscal year, the Secretary shall disburse to each producing State for which the Secretary has approved a plan under subsection (c), and to coastal political subdivisions under paragraph (4), such funds as are allocated to the producing State or coastal political subdivision, respectively, under this section for the fiscal year.

''(3) ALLOCATION AMONG PRODUCING STATES.—

''(A) IN GENERAL.—Except as provided in subparagraph (C) and subject to subparagraph (D), the amounts available under paragraph (1) shall be allocated to each producing State based on the ratio that—

''(i) the amount of qualified outer Continental Shelf revenues generated off the coastline of the producing State; bears to

''(ii) the amount of qualified outer Continental Shelf revenues generated off the coastline of all producing States.

''(B) AMOUNT OF OUTER CONTINENTAL SHELF REVENUES.—For purposes of subparagraph (A)—

''(i) the amount of qualified outer Continental Shelf revenues for each of fiscal years 2007 and 2008 shall be determined using qualified outer Continental Shelf revenues received for fiscal year 2006; and

''(ii) the amount of qualified outer Continental Shelf revenues for each of fiscal years 2009 and 2010 shall be determined using qualified outer Continental Shelf revenues received for fiscal year 2008.

''(C) MULTIPLE PRODUCING STATES.—In a case in which more than 1 producing State is located within 200 nautical miles of any portion of a leased tract, the amount allocated to each producing State for the leased tract shall be inversely proportional to the distance between—

''(i) the nearest point on the coastline of the producing State; and

''(ii) the geographic center of the leased tract.

''(D) MINIMUM ALLOCATION.—The amount allocated to a producing State under subparagraph (A) shall be at least 1 percent of the amounts available under paragraph (1).

''(4) PAYMENTS TO COASTAL POLITICAL SUBDIVISIONS.—

''(A) IN GENERAL.—The Secretary shall pay 35 percent of the allocable share of each producing State, as determined under paragraph (3) to the coastal political subdivisions in the producing State.

''(B) FORMULA.—Of the amount paid by the Secretary to coastal political subdivisions under subparagraph (A)—

''(i) 25 percent shall be allocated to each coastal political subdivision in the proportion that—

''(I) the coastal population of the coastal political subdivision; bears to

''(II) the coastal population of all coastal political subdivisions in the producing State;

''(ii) 25 percent shall be allocated to each coastal political subdivision in the proportion that—

''(I) the number of miles of coastline of the coastal political subdivision; bears to

''(II) the number of miles of coastline of all coastal political subdivisions in the producing State; and

''(iii) 50 percent shall be allocated in amounts that are inversely proportional to the respective distances between the points in each coastal political subdivision that are closest to the geographic center of each leased tract, as determined by the Secretary.

''(C) EXCEPTION FOR THE STATE OF LOUISIANA.—For the purposes of subparagraph (B)(ii), the coastline for coastal political subdivisions in the State of Louisiana without a coastline shall be considered to be ⅓ the average length of the coastline of all coastal political subdivisions with a coastline in the State of Louisiana.

''(D) EXCEPTION FOR THE STATE OF ALASKA.—For the purposes of carrying out subparagraph (B)(iii) in the State of Alaska, the amounts allocated shall be divided equally among the 2 coastal political subdivisions that are closest to the geographic center of a leased tract.

''(E) EXCLUSION OF CERTAIN LEASED TRACTS.—For purposes of subparagraph (B)(iii), a leased tract or portion of a leased tract shall be excluded if the tract or portion of a leased tract is located in a geographic

area subject to a leasing moratorium on January 1, 2005, unless the lease was in production on that date.

''(6) NO APPROVED PLAN.—

''(A) IN GENERAL.—Subject to subparagraph (B) and except as provided in subparagraph (C), in a case in which any amount allocated to a producing State or coastal political subdivision under paragraph (4) or (5) is not disbursed because the producing State does not have in effect a plan that has been approved by the Secretary under subsection (c), the Secretary shall allocate the undisbursed amount equally among all other producing States.

''(B) RETENTION OF ALLOCATION.—The Secretary shall hold in escrow an undisbursed amount described in subparagraph (A) until such date as the final appeal regarding the disapproval of a plan submitted under subsection (c) is decided.

''(C) WAIVER.—The Secretary may waive subparagraph (A) with respect to an allocated share of a producing State and hold the allocable share in escrow if the Secretary determines that the producing State is making a good faith effort to develop and submit, or update, a plan in accordance with subsection (c).

''(c) COASTAL IMPACT ASSISTANCE PLAN.—

''(1) SUBMISSION OF STATE PLANS.—

''(A) IN GENERAL.—Not later than July 1, 2008, the Governor of a producing State shall submit to the Secretary a coastal impact assistance plan.

''(B) PUBLIC PARTICIPATION.—In carrying out subparagraph (A), the Governor shall solicit local input and provide for public participation in the development of the plan.

''(2) APPROVAL.—

''(A) IN GENERAL.—The Secretary shall approve a plan of a producing State submitted under paragraph (1) before disbursing any amount to the producing State, or to a coastal political subdivision located in the producing State, under this section.

''(B) COMPONENTS.—The Secretary shall approve a plan submitted under paragraph (1) if—

''(i) the Secretary determines that the plan is consistent with the uses described in subsection (d); and

''(ii) the plan contains—

''(I) the name of the State agency that will have the authority to represent and act on behalf of the producing State in dealing with the Secretary for purposes of this section;

''(II) a program for the implementation of the plan that describes how the amounts provided under this section to the producing State will be used;

''(III) for each coastal political subdivision that receives an amount under this section—

''(aa) the name of a contact person; and

''(bb) a description of how the coastal political subdivision will use amounts provided under this section;

''(IV) a certification by the Governor that ample opportunity has been provided for public participation in the development and revision of the plan; and

''(V) a description of measures that will be taken to determine the availability of assistance from other relevant Federal resources and programs.

''(3) AMENDMENT.—Any amendment to a plan submitted under paragraph (1) shall be—

''(A) developed in accordance with this subsection; and

''(B) submitted to the Secretary for approval or disapproval under paragraph (4).

''(4) PROCEDURE.—Not later than 90 days after the date on which a plan or amendment to a plan is submitted under paragraph (1) or (3), the Secretary shall approve or disapprove the plan or amendment.

''(d) AUTHORIZED USES.—

''(1) IN GENERAL.—A producing State or coastal political subdivision shall use all amounts received under this section, including any amount deposited in a trust fund that is administered by the State or coastal political subdivision and dedicated to uses consistent with this section, in accordance with all applicable Federal and State law, only for 1 or more of the following purposes:

''(A) Projects and activities for the conservation, protection, or restoration of coastal areas, including wetland.

''(B) Mitigation of damage to fish, wildlife, or natural resources.

''(C) Planning assistance and the administrative costs of complying with this section.

''(D) Implementation of a federally-approved marine, coastal, or comprehensive conservation management plan.

''(E) Mitigation of the impact of outer Continental Shelf activities through funding of onshore infrastructure projects and public service needs.

''(2) COMPLIANCE WITH AUTHORIZED USES.—If the Secretary determines that any expenditure made by a producing State or coastal political subdivision is not consistent with this subsection, the Secretary shall not disburse any additional amount under this section to the producing State or the coastal political subdivision until such time as all amounts obligated for unauthorized uses have been repaid or reobligated for authorized uses.

''(3) LIMITATION.—Not more than 23 percent of amounts received by a producing State or coastal political subdivision for any 1 fiscal year shall be used for the purposes described subparagraphs (C) and (E) of paragraph (1).''.

SA 892. Mr. SALAZAR submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 342, strike lines 3 through 10 and insert the following:

(a) PROJECT.—

(1) IN GENERAL.—Subject to the availability of appropriations, the Secretary shall carry out a project to demonstrate production of energy from coal mined in the western United States using integrated gasification combined cycle technology (referred to in this section as the ''demonstration project'').

(2) COMPONENTS.—The demonstration project—

(A) may include repowering of facilities in existence on the date of enactment of this Act;

(B) shall be designed to ensure the capability—

(i) to remove and sequester carbon dioxide; and

(ii) to accommodate a variety of types of coal (including subbituminous and bituminous coal up to 13,000 Btu/lb) mined in the western United States; and

(C) shall be carried out to test and evaluate integrated gasification combined cycle technology using coals mined in the western United States to assess the operation of—

(i) coal feed systems;

(ii) syngas cooling;

(iii) operating pressures;

(iv) carbon dioxide capture; and

(v) such other commercial designs and innovations as may be determined by the Secretary.

SA 893. Mr. BAUCUS submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 53, line 8, strike the quotation marks and the final period and insert the following:

''(3) The Secretary, the Administrator of the Environmental Protection Agency, and the Administrator of the Small Business Administration, as a part of the outreach to small business concerns regarding the Energy Star Program required by this subsection, may enter into cooperative agreements with qualified resource partners (including the National Center for Appropriate Technology) to establish, maintain, and promote a Small Business Energy Clearinghouse (in this subsection referred to as the 'Clearinghouse'). The Secretary and the Administrators shall ensure that the Clearinghouse provides a centralized resource where small business concerns may access, telephonically and electronically, technical information and advice to help increase energy efficiency and reduce energy costs.

''(4) There are authorized to be appropriated such sums as may be necessary to carry out this subsection, to remain available until expended.''.

SA 894. Mr. SALAZAR submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ____. PAYMENT TO CERTAIN ULTIMATE VENDORS OF EXCISE TAX REFUND FOR BIODIESEL MIXTURES SOLD FOR NONTAXABLE PURPOSES.

(a) IN GENERAL.—Section 6427(l) of the Internal Revenue Code of 1986 (relating to nontaxable uses of diesel fuel and kerosene), as amended by this Act, is amended by adding at the end the following new paragraph:

''(7) REFUNDS FOR BIODIESEL MIXTURES.—With respect to diesel fuel used in any biodiesel mixture, if the ultimate purchaser of such mixture waives (at such time and in such form and manner as the Secretary shall prescribe) the right to payment under paragraph (1) and assigns such right to the ultimate vendor, then the Secretary shall pay the amount which would be paid under paragraph (1) to such ultimate vendor, but only if such ultimate vendor—

''(A) is registered under section 4101, and

''(B) meets the requirements of subparagraph (A), (B), or (D) of section 6416(a)(1).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to any biodiesel mixture sold after the date of the enactment of this Act.

SA 895. Ms. CANTWELL submitted an amendment intended to be proposed by her to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 696, lines 24 and 25, strike ''unlawful on the grounds that it is unjust and unreasonable'' and insert ''not permitted under a rate schedule (or contract under such a schedule) or is otherwise unlawful on the grounds that the contract is unjust and unreasonable or contrary to the public interest''.

SA 896. Ms. CANTWELL submitted an amendment intended to be proposed by her to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 424, after line 16, insert the following:

SEC. 712. UPDATED FUEL ECONOMY LABELING PROCEDURES.

(a) IN GENERAL.—The Administrator of the Environmental Protection Agency shall, as appropriate and in consultation with the Administrator of the National Highway Traffic Safety Administration, update and revise the process used to determine fuel economy values for labeling purposes as set forth in sections 600.209–85 and 600.209.95 (40 C.F.R. 600.209–85 and 600.209.95) to take into consideration current factors such as speed limits, acceleration rates, braking, variations in weather and temperature, vehicle load, use of air conditioning, driving patterns, and the use of other fuel consuming features. The Administrator shall use existing emissions test cycles and, or, updated adjustment factors to implement the requirements of this subsection.

(b) DEADLINE.—The Administrator of the Environmental Protection Agency shall promulgate a notice of proposed rulemaking by December 31, 2005, and a final rule within 18 months after the date on which the Administrator issues the notice.

(c) REPORT.—Three years after issuing the final rule required by subsection (b) and every 3 years thereafter the Administrator of the Environmental Protection Agency shall reconsider the fuel economy labeling procedures required under subsection (a) to determine if the changes in the factors require revisiting the process. The administrator shall report to the Senate Committee on Commerce, Science and Transportation and to the House of Representatives Committee on Energy and Commerce on the outcome of the reconsideration process.

SA 897. Ms. CANTWELL submitted an amendment intended to be proposed by her to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 684, between lines 5 and 6, insert the following:

SEC. 1255. SMART ENERGY DEPLOYMENT.

Not later than 1 year after the date of enactment of this Act and annually thereafter, the Secretary shall submit to Congress a report that—

(1) describes the status of the implementation by the States of the amendments made by sections 1251 and 1254;

(2) contains a list of preapproved systems and equipment eligible to meet the standards established under the amendments made by sections 1251 and 1254; and

(3) describes—

(A) the public benefits that have been derived from net metering and interconnection standards; and

(B) any barriers to further deployment of net metering and interconnection technologies.

SA 898. Mr. LEVIN (for himself and Ms. STABENOW) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 523, between lines 13 and 14, insert the following:

SEC. 958. WESTERN MICHIGAN DEMONSTRATION PROJECT.

(a) IN GENERAL.—Not later than 2 years after the date of enactment of this Act, the Administrator of the Environmental Protection Agency (referred to in this section as the ''Administrator''), in consultation with the State of Michigan and affected local officials, shall conduct a demonstration project to address the effect of transported ozone and ozone precursors in southwestern Michigan.

(b) INCLUDED AREAS.—The demonstration project shall address projected nonattainment areas in southwestern Michigan that include counties with design values for ozone of less than .095 based on air quality data for—

(1) the period of calendar years 2000 through 2002; or

(2) the most current 3-year period for which those data are available.

(c) ASSESSMENT.—The Administrator shall assess any difficulties an area described in subsection (b) may experience in meeting the 8-hour national ambient air quality standard for ozone under the Clean Air Act (42 U.S.C. 7401 et seq.) because of the effect of transported ozone or ozone precursors into the area.

(d) STATE AND LOCAL INVOLVEMENT.—The Administrator shall cooperate with State and local officials to determine—

(1) the extent of ozone and ozone precursor transport described in subsection (c);

(2) to assess alternatives to achieve compliance with the 8-hour standard described in subsection (c) other than through local controls; and

(3) to determine the timeframe in which that compliance could be achieved.

(e) NONATTAINMENT STATUS.—

(1) IN GENERAL.—Until such date as the demonstration project under this section is complete, the Administrator shall not—

(A) designate or classify any area described in subsection (b) as a nonattainment area under section 181 of the Clean Air Act (42 U.S.C. 7511); or

(B) impose on such an area any requirement or sanction that might otherwise apply as a result of the area being so designated or classified.

(2) CURRENT DESIGNATION.—Any designation or classification of an area described in subsection (b) as a nonattainment area that is in effect as of the date of enactment of this Act shall be of no force or effect on and after that date.

SA 899. Mr. ENZI submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 296, after line 25, add the following:

SEC. 34___. REINSTATEMENT OF LEASES.

Notwithstanding section 31(d)(2)(B) of the Mineral Leasing Act (30 U.S.C. 188(d)(2)(B)), the Secretary may reinstate any oil and gas lease issued under that Act that was terminated for failure of a lessee to pay the full amount of rental on or before the anniversary date of the lease, during the period beginning on September 1, 2001, and ending on the date that is 60 days after the date of enactment of this Act, if, not later than 120 days after the date of enactment of this Act, the lessee—

(1) files a petition for reinstatement of the lease;

(2) complies with the conditions of section 31(e) of the Mineral Leasing Act (30 U.S.C. 188(e)); and

(3) certifies that the lessee did not receive a notice of termination by the date that was 13 months before the date of termination.

SA 900. Mr. INHOFE submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ___. RATEPAYER PROTECTION.

(a) STUDY OF EFFECTS OF UTILITY ACTIONS TO REDUCE CARBON DIOXIDE EMISSIONS ON DISADVANTAGED INDIVIDUALS.—

(1) DEFINITIONS.—In this subsection:

(A) DISADVANTAGED INDIVIDUAL.—The term ''disadvantaged individual'' means—

(i) an individual with a disability, as defined in section 3 of the Americans with Disabilities Act of 1990 (42 U.S.C. 12102);

(ii) a member of a family whose income does not exceed the poverty line, as defined in section 673 of the Community Services Block Grant Act (42 U.S.C. 9902);

(iii) an individual who belongs to a minority group;

(iv) a senior citizen; and

(v) other disadvantaged individuals.

(B) UTILITY.—The term ''utility'' means any for-profit organization that—

(i) provides retail customers with electricity services; and

(ii) is regulated, either by price or terms of service, by 1 or more State utility or public service commissions.

(2) STUDY.—Not later than 30 days after the date of enactment of this Act, the Congressional Budget Office, in consultation with other appropriate organizations, shall initiate a study to determine the effect on disadvantaged individuals of actions taken or considered, or likely to be taken or considered, by utilities to reduce the carbon dioxide emissions of the utilities.

(3) REPORT.—

(A) IN GENERAL.—Not later than 1 year after the date of enactment of this Act, the Congressional Budget Office shall submit to Congress a report that specifically describes the results of the study, including the economic costs to disadvantaged individuals of actions by utilities intended to reduce carbon dioxide emissions.

(B) REVIEW PERIOD.—Congress shall have 180 days after the date of receipt by Congress of the report described in subparagraph (B) to review the report.

(C) EFFECTIVE DATE.—If the Congressional Budget Office determines that there would be an additional economic burden on any of the classes of disadvantaged individuals if the costs of actions by utilities intended to reduce carbon dioxide emissions were recovered from ratepayers, the amendment made by section 3 shall take effect on the day after the end of the review period described in subparagraph (B).

(b) PAYMENTS TO ELECTRIC GENERATING UNITS.—

(1) IN GENERAL.—Beginning in calendar year 2008 and each subsequent calendar year, any electric generating unit that incurs any costs in complying with the requirements of that title shall submit to the Commissioner of the Federal Energy Regulatory Commission (referred to in this subsection as the ''Commissioner'') a statement of the total costs incurred by the electric generating unit for the calendar year.

(2) APPROVED COSTS.—The Commissioner shall—

(A) review any costs submitted under paragraph (1);

(B) approve or disapprove the submitted costs as legitimate; and

(C) determine the total amount of approved costs submitted by all electric generating utilities.

(3) AVERAGE COSTS.—The Commissioner shall determine—

(A) the total megawatts of electricity produced from all electric generating units for the calendar year; and

(B) the average cost per megawatt incurred in complying with any carbon reduction mandates of this Act by dividing—

(i) the total costs approved under paragraph (2)(C); by

(ii) the total megawatts determined under subparagraph (A).

(4) PAYMENTS TO COMMISSIONER.—Each electric generating unit shall submit to the Commissioner a payment in an amount equal to the product obtained by multiplying—

(A) the average cost per megawatt determined by the Commissioner under paragraph (3)(B); and

(B) the total megawatts of electricity produced by the electric generating unit during a calendar year, as determined by the Commissioner.

(5) REIMBURSEMENT OF COSTS.—The Commissioner shall provide to each electric generating unit that submitted costs under paragraph (1) that were approved under paragraph (2) an amount to reimburse the electric generating unit for any costs of complying with any carbon reduction mandates of this Act paid by the electric generating unit in excess of the amount required to be paid by the electric generating unit under paragraph (4).

(6) REGULATIONS.—The Commissioner shall issue regulations to carry out this subsection, including provisions that establish—

(A) criteria for determining the legitimacy of costs under paragraph (2);

(B) a deadline and other appropriate conditions for payments required under paragraph (4); and

(C) procedures for the provision of reimbursement payments under paragraph (5).

(c) UTILITY ACTIONS TO REDUCE CARBON DIOXIDE EMISSIONS.—The National Climate Program Act (15 U.S.C. 2901 et seq.) is amended by adding at the end the following:

"SEC. 9. UTILITY ACTIONS TO REDUCE CARBON DIOXIDE EMISSIONS.

''(a) DEFINITION OF UTILITY.—In this section, the term 'utility' means any organization that—

''(1) provides retail customers with electricity services; and

''(2) is regulated, either by price or terms of service, by 1 or more State utility or public service commissions.

''(b) RATEPAYER PROTECTIONS.—

''(1) IN GENERAL.—No utility may recover from ratepayers any costs, expenses, fees, or other outlays incurred for the stated purpose by the utility to reduce carbon dioxide emissions.

''(2) PROHIBITION ON CERTAIN COMMISSION ACTIONS.—No State utility commission, public service commission, or similar entity may compel ratepayers to pay the costs, expenses, fees, or other outlays incurred for the stated purpose by a utility to reduce carbon dioxide emissions.

''(c) SHAREHOLDER OBLIGATIONS UNAFFECTED.—Nothing in this section prevents the shareholders of, or other parties associated with (other than ratepayers), a utility from paying for any action by the utility to reduce carbon dioxide emissions.''.

SA 901. Ms. SNOWE (for herself and Mr. BURNS) submitted an amendment intended to be proposed by her to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 52, line 24, strike ''efficiency; and'' and all that follows through page 53, line 8 and insert the following: ''efficiency;

''(C) understanding and accessing Federal procurement opportunities with regard to Energy Star technologies and products; and

''(D) identifying financing options for energy efficiency upgrades.

''(2) The Secretary, the Administrator of the Environmental Protection Agency, and the Administrator of the Small Business Administration shall—

''(A) make program information available to small business concerns directly through the district offices and resource partners of the Small Business Administration, including small business development centers, women's business centers, and the Service Corps of Retired Executives (SCORE), and through other Federal agencies, including the Federal Emergency Management Agency and the Department of Agriculture; and

''(B) coordinate assistance with the Secretary of Commerce for manufacturing-related efforts, including the Manufacturing Extension Partnership Program.

''(3) The Secretary, on a cost shared basis in cooperation with the Administrator of the Environmental Protection Agency, shall provide to the Small Business Administration all advertising, marketing, and other written materials necessary for the dissemination of information under paragraph (2).

''(4) The Secretary, the Administrator of the Environmental Protection Agency, and the Administrator of the Small Business Administration, as a part of the outreach to small business concerns regarding the Energy Star Program required by this subsection, may enter into cooperative agreements with qualified resource partners (including the National Center for Appropriate Technology) to establish, maintain, and promote a Small Business Energy Clearinghouse (in this subsection referred to as the 'Clearinghouse'). The Secretary and the Administrators shall ensure that the Clearinghouse provides a centralized resource where small business concerns may access, telephonically and electronically, technical information and advice to help increase energy efficiency and reduce energy costs.

''(5) There are authorized to be appropriated such sums as may be necessary to carry out this subsection, to remain available until expended.''.

SA 902. Mr. DURBIN submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 424, line 9, strike ''**SEC. 711**'' and insert the following:

SEC. 711. SHORT TITLE.

This subtitle may be cited as the ''Automobile Fuel Efficiency Improvements Act of 2005''.

SEC. 712. PHASED INCREASES IN FUEL ECONOMY STANDARDS.

(a) PASSENGER AUTOMOBILES.—

(1) MINIMUM STANDARDS.—Section 32902(b) of title 49, United States Code, is amended to read as follows:

''(b) PASSENGER AUTOMOBILES.—Except as otherwise provided under this section, the average fuel economy standard for passenger automobiles manufactured by a manufacturer in a model year—

''(1) after model year 1984 and before model year 2008 shall be 25 miles per gallon;

''(2) after model year 2007 and before model year 2011 shall be 28 miles per gallon;

''(3) after model year 2010 and before model year 2014 shall be 32 miles per gallon;

''(4) after model year 2013 and before model year 2017 shall be 36 miles per gallon; and

''(5) after model year 2016 shall be 40 miles per gallon.''.

(2) HIGHER STANDARDS SET BY REGULATION.—Section 32902(c) of title 49, United States Code, is amended—

(A) by striking paragraph (2); and

(B) in paragraph (1)—

(i) by striking ''Subject to paragraph (2) of this subsection, the'' and inserting ''The'';

(ii) by striking ''amending the standard'' and inserting ''increasing the standard otherwise applicable''; and

(iii) by striking ''Section 553'' and inserting the following:

''(2) Section 553''.

(b) NON-PASSENGER AUTOMOBILES.—Section 32902(a) of title 49, United States Code, is amended—

(1) by striking ''At least 18 months before each model year,'' and inserting the following:

''(1) The average fuel economy standard applicable for automobiles (except passenger automobiles) manufactured by a manufacturer in a model year—

''(A) after model year 1984 and before model year 2008 shall be 17 miles per gallon;

''(B) after model year 2007 and before model year 2011 shall be 19 miles per gallon;

''(C) after model year 2010 and before model year 2014 shall be 21.5 miles per gallon;

''(D) after model year 2013 and before model year 2017 shall be 24.5 miles per gallon; and

''(E) after model year 2016 shall be 27.5 miles per gallon, except as provided under paragraph (2).

''(2) At least 18 months before the beginning of each model year after model year 2017,''; and

(2) by adding at the end the following:

''(3) If the Secretary does not increase the average fuel economy standard applicable under paragraph (1)(E) or (2), or applicable to any class under paragraph (2), within 24 months after the latest increase in the standard applicable under paragraph (1)(E) or (2), the Secretary, not later than 90 days after the expiration of the 24-month period, shall submit to Congress a report containing an explanation of the reasons for not increasing the standard.''.

SEC. 713. INCREASED INCLUSIVENESS OF DEFINITIONS OF AUTOMOBILE AND PASSENGER AUTOMOBILE.

(a) AUTOMOBILE.—

(1) IN GENERAL.—Section 32901(a)(3) of title 49, United States Code, is amended—

(A) by striking ''6,000 pounds'' each place it appears and inserting ''12,000 pounds''; and

(B) in subparagraph (B)—

(i) by striking ''10,000 pounds'' and inserting ''14,000 pounds''; and

(ii) in clause (ii), by striking ''an average fuel economy standard'' and all that follows through ''conservation or''.

(2) SPECIAL RULE.—Section 32908(a)(1) of such title is amended by striking ''8,500 pounds'' and inserting ''14,000 pounds''.

(b) PASSENGER AUTOMOBILE.—Section 32901(a)(16) of such title is amended to read as follows:

''(16) 'passenger automobile'—

''(A) means, except as provided in subparagraph (B), an automobile having a gross vehicle weight of 12,000 pounds or less that is designed to be used principally for the transportation of persons; but

''(B) does not include—

''(i) a vehicle that has a primary load carrying device or container attached;

''(ii) a vehicle that has a seating capacity of more than 12 persons;

''(iii) a vehicle that has a seating capacity of more than 9 persons behind the driver's seat; or

''(iv) a vehicle that is equipped with a cargo area of at least 6 feet in interior length that does not extend beyond the frame of the vehicle and is an open area or is designed for

use as an open area but is enclosed by a cap and is not readily accessible directly from the passenger compartment.''.

(c) APPLICABILITY.—The amendments made by this section shall apply with respect to automobiles manufactured for model years beginning after the date of enactment of this Act.

SEC. 714. CIVIL PENALTIES.

(a) INCREASED PENALTY FOR VIOLATIONS OF FUEL ECONOMY STANDARDS.—Section 32912(b) of title 49, United States Code, is amended—

(1) by inserting ''(1)'' before ''Except as provided'';

(2) by striking ''$5'' and inserting ''the dollar amount applicable under paragraph (2)'';

(3) by redesignating paragraphs (1), (2), and (3) as subparagraphs (A), (B), and (C), respectively; and

(4) by adding at the end the following:

''(2)(A) The dollar amount referred to in paragraph (1) is $10, as increased from time to time under subparagraph (B).

''(B) Effective on October 1 of each year, the dollar amount applicable under subparagraph (A) shall be increased by the percentage (rounded to the nearest one-tenth of one percent) by which the price index for July of such year exceeds the price index for July of the preceding year. The amount calculated under the preceding sentence shall be rounded to the nearest $0.10.

''(C) In this paragraph, the term 'price index' means the Consumer Price Index for all-urban consumers published monthly by the Department of Labor.''.

(b) CONFORMING AMENDMENT.—Section 32912(c)(1) of title 49, United States Code, is amended—

(1) by striking subparagraph (B); and

(2) by redesignating subparagraphs (C) and (D) as subparagraphs (B) and (C), respectively.

(c) APPLICABILITY.—The amendments made by subsection (a) shall apply with respect to automobiles manufactured for model years beginning after the date of enactment of this Act.

SEC. 715. STANDARDS FOR EXECUTIVE AGENCY AUTOMOBILES.

Section 32917 of title 49, United States Code, is amended—

(1) in subsection (b)—

(A) by amending paragraph (1) to read as follows:

''(1) The President shall prescribe regulations that require automobiles leased for at least 60 consecutive days or bought by executive agencies in a fiscal year to achieve—

''(A) in the case of non-passenger automobiles, a fleet average fuel economy for that year of at least the average fuel economy standard applicable under section 32902(a) of this title for the model year that includes January 1 of that fiscal year; and

''(B) in the case of passenger automobiles, a fleet average fuel economy for that year of at least the average fuel economy standard applicable under subsection (b) or (c) of section 32902 of this title for such model year.'';

(B) in paragraph (2)—

(i) by striking ''Fleet average fuel economy is—'' and inserting ''For the purposes of paragraph (1), the fleet average fuel economy of non-passenger or passenger automobiles in a fiscal year is—'';

(ii) in subparagraph (A), by striking ''passenger automobiles leased for at least 60 consecutive days or bought by executive agencies in a'' and inserting ''the non-passenger automobiles or passenger automobiles, respectively, that are leased for at least 60 consecutive days or bought by executive agencies in such''; and

(iii) in subparagraph (B), by inserting ''such'' after ''the number of''; and

(2) by adding at the end the following:

''(c) MINIMUM NUMBER OF EXCEPTIONALLY FUEL-EFFICIENT VEHICLES.—The President shall prescribe regulations that require that—

''(1) at least 20 percent of the passenger automobiles leased for at least 60 consecutive days or bought by executive agencies in a fiscal year have a vehicle fuel economy rating that is at least 5 miles per gallon higher than the average fuel economy standard applicable to the automobile under subsection (b) or (c) of section 32902 of this title for the model year that includes January 1 of that fiscal year; and

''(2) beginning in fiscal year 2011, at least 10,000 vehicles in the fleet of automobiles used by executive agencies in a fiscal year have a vehicle fuel economy that is at least 5 miles per gallon higher than the average fuel economy standards applicable to such automobiles under section 32902 of this title for the model year that includes January 1 of that fiscal year.''.

SEC. 716.

SA 903. Mr. DURBIN submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

Beginning on page, 469, strike line 10 and all that follows through page 470, line 20, and insert the following:

(d) INDUSTRY ALLIANCE.—Not later than 90 days after the date of enactment of this Act, the Secretary shall competitively select an Industry Alliance to represent participants who are private, for-profit firms representing large and small businesses that, as a group, are broadly representative of United States solid state lighting research, development, infrastructure, and manufacturing expertise as a whole.

(e) RESEARCH.—

(1) GRANTS.—The Secretary shall carry out the research activities of the Initiative through competitively awarded grants to—

(A) researchers, including Industry Alliance participants;

(B) small businesses;

(C) National Laboratories; and

(D) institutions of higher education.

(2) INDUSTRY ALLIANCE.—The Secretary shall annually solicit from the Industry Alliance—

(A) comments to identify solid-state lighting technology needs;

(B) an assessment of the progress of the research activities of the Initiative; and

(C) assistance in annually updating solid-state lighting technology roadmaps.

(3) AVAILABILITY TO PUBLIC.—The information and roadmaps under paragraph (2) shall be available to the public.

(f) DEVELOPMENT, DEMONSTRATION, AND COMMERCIAL APPLICATION.—

(1) IN GENERAL.—The Secretary shall carry out a development, demonstration, and commercial application program for the Initiative through competitively selected awards.

(2) PREFERENCE.—In making the awards, the Secretary may give preference to participants in the Industry Alliance, including making at least 1 award to a small business entity.

SA 904. Mr. ALEXANDER submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ___. RENEWABLE ENERGY EQUIPMENT CREDIT.

(a) IN GENERAL.—Section 25D of the Internal Revenue Code of 1986, as added by section 1527 of this Act, is amended to read as follows:

''SEC. 25D. RENEWABLE ENERGY EQUIPMENT CREDITS.

''(a) ALLOWANCE OF CREDIT.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 30 percent of so much of the qualified photovoltaic property expenditures or qualified solar heating property expenditures made by the taxpayer during such year as do not exceed $7,500.

''(b) DEFINITIONS.—For purposes of this section—

''(1) PROPERTY EXPENDITURE.—

''(A) IN GENERAL.—The term 'property expenditure' means any expenditure for a property.

''(B) INCLUSIONS.—

''(i) LABOR COSTS.—The term 'property expenditure' includes the cost of any labor that is properly allocable to the onsite preparation, assembly, or original installation of the property described in paragraph (2) or (3), including the cost of piping or wiring to interconnect such property to the dwelling unit.

''(ii) SOLAR PANELS.—No expenditure relating to a solar panel or other property installed as a roof (or portion thereof) shall fail to be treated as a property expenditure solely because it constitutes a structural component of the structure on which it is installed.

''(2) QUALIFIED PHOTOVOLTAIC PROPERTY EXPENDITURE.—The term 'qualified photovoltaic property expenditure' means any property expenditure for property which uses solar energy to generate electricity for use in a dwelling unit through the photovoltaic effect.

''(3) QUALIFIED SOLAR HEATING PROPERTY EXPENDITURE.—

''(A) IN GENERAL.—The term 'qualified solar heating property expenditure' means any property expenditure for property which uses solar energy to heat or cool (or provide hot water for use in) a dwelling unit.

''(B) EXCLUSION.—The term 'qualified solar heating property expenditure' does not include an expenditure for property which uses solar energy to heat or cool a swimming pool.

''(c) SPECIAL RULES.—

''(1) JOINT OCCUPANCY.—In the case of any dwelling unit which is jointly occupied and used during any calendar year as a residence by 2 or more individuals, the following shall apply separately with respect to qualified solar heating property expenditures and qualified photovoltaic property expenditures:

''(A) The amount of the credit allowable under subsection (a) by reason of expenditures made during such calendar year by any of such individuals with respect to such dwelling unit shall be determined by treating all of such individuals as 1 taxpayer whose taxable year is such calendar year.

''(B) There shall be allowable with respect to such expenditures to each of such individuals, a credit under subsection (a) for the taxable year in which such calendar year ends in an amount which bears the same ratio to the amount determined under subparagraph (A) as the amount of such expenditures made by such individual during such calendar year bears to the aggregate of such expenditures made by all of such individuals during such calendar year.

''(2) TENANT-STOCKHOLDER IN COOPERATIVE HOUSING CORPORATION.—In the case of an individual who is a tenant-stockholder (as defined in section 216) in a cooperative housing

corporation (as defined in that section), the individual shall be treated as having made such individual's tenant-stockholder's proportionate share (as defined in section 216(b)(3)) of any expenditures of such corporation.

''(3) CONDOMINIUMS.—

''(A) IN GENERAL.—In the case of an individual who is a member of a condominium management association with respect to a condominium which such individual owns, such individual shall be treated as having made such individual's proportionate share of any expenditures of such association.

''(B) MANAGEMENT ASSOCIATION.—For purposes of this paragraph, the term 'condominium management association' means an organization which meets the requirements of paragraph (1) of section 528(c) (other than subparagraph (E) thereof) with respect to a condominium project substantially all of the units of which are used as residences.

''(4) AMOUNT OF EXPENDITURE.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), an expenditure with respect to an item shall be treated as made when the original installation of the item is completed.

''(B) EXPENDITURES IN CONNECTION WITH BUILDING CONSTRUCTION.—In the case of an expenditure in connection with the construction or reconstruction of a structure, such expenditure shall be treated as made when the original use of the constructed or reconstructed structure by the taxpayer begins.

''(C) AMOUNT.—

''(i) IN GENERAL.—The amount of any expenditure shall be the cost of the expenditure.

''(ii) SUBSIDIZED ENERGY FINANCING.—For purposes of determining the amount of expenditures, there shall not be taken into account expenditures which are made from subsidized energy financing (as defined in section 48(a)(5)(A)).

''(d) BASIS ADJUSTMENTS.—For purposes of this subtitle, if a credit is allowed under this section for any expenditure with respect to any property, the increase in the basis of such property which would (but for this subsection) result from such expenditure shall be reduced by the amount of the credit so allowed.

''(e) LIMITATIONS.—No credit shall be allowed under this section for an item of property unless—

''(1) in the case of solar heating property, the property meets all applicable health and safety standards and requirements imposed by any State or local permitting authority, and

''(2) in the case of a photovoltaic property, the property meets all appropriate fire and electric code requirements.

''(f) TERMINATION.—This section shall not apply to expenditures made after December 31, 2010.''.

(b) PRODUCTION TAX CREDIT FOR UTILITY-SCALE SOLAR.—Paragraph (4) of section 45(d) of the Internal Revenue Code of 1986 (relating to qualified facilities) is amended to read as follows:

''(4) GEOTHERMAL OR SOLAR ENERGY FACILITY.—In the case of a facility using geothermal or solar energy to produce electricity, the term 'qualified facility' means any facility owned by the taxpayer which is originally placed in service after December 31, 2005, and before December 31, 2010.''.

(c) CONFORMING AMENDMENTS.—

(1) Section 1016(a)(36) of the Internal revenue Code of 1986, as added by section 1527 of this Act, is amended to read as follows:

''(36) to the extent provided in section 25D(d), in the case of amounts with respect to which a credit has been allowed under section 25D.''.

(2) The item relating to section 25D in the table of sections for subpart A of part IV of subchapter A of chapter 1 of such Code, as added by section 1527 of this Act, is amended to read as follows:

''Sec. 25D. Renewable energy equipment credits.''.

(d) EFFECTIVE DATE.—The amendments made by this section (other than subsection (e)) shall apply to property placed in service after December 31, 2005, in taxable years ending after such date.

(e) REDUCTION IN PERIOD BY WHICH RENEWABLE ENERGY PRODUCTION CREDIT EXTENDED.—Section 45(d) of the Internal Revenue Code of 1986 (relating to qualified facilities), as amended by section 1501, is amended by striking ''2009'' each place it appears in paragraphs (1) through (7) and inserting ''2008''.

SA 905. Mr. ALEXANDER submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ___. RENEWABLE ENERGY EQUIPMENT CREDIT.

(a) IN GENERAL.—Section 25D of the Internal Revenue Code of 1986, as added by section 1527 of this Act, is amended to read as follows:

''SEC. 25D. RENEWABLE ENERGY EQUIPMENT CREDITS.

''(a) ALLOWANCE OF CREDIT.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 30 percent of so much of the qualified photovoltaic property expenditures or qualified solar heating property expenditures made by the taxpayer during such year as do not exceed $7,500.

''(b) DEFINITIONS.—For purposes of this section—

''(1) PROPERTY EXPENDITURE.—

''(A) IN GENERAL.—The term 'property expenditure' means any expenditure for a property.

''(B) INCLUSIONS.—

''(i) LABOR COSTS.—The term 'property expenditure' includes the cost of any labor that is properly allocable to the onsite preparation, assembly, or original installation of the property described in paragraph (2) or (3), including the cost of piping or wiring to interconnect such property to the dwelling unit.

''(ii) SOLAR PANELS.—No expenditure relating to a solar panel or other property installed as a roof (or portion thereof) shall fail to be treated as a property expenditure solely because it constitutes a structural component of the structure on which it is installed.

''(2) QUALIFIED PHOTOVOLTAIC PROPERTY EXPENDITURE.—The term 'qualified photovoltaic property expenditure' means any property expenditure for property which uses solar energy to generate electricity for use in a dwelling unit through the photovoltaic effect.

''(3) QUALIFIED SOLAR HEATING PROPERTY EXPENDITURE.—

''(A) IN GENERAL.—The term 'qualified solar heating property expenditure' means any property expenditure for property which uses solar energy to heat or cool (or provide hot water for use in) a dwelling unit.

''(B) EXCLUSION.—The term 'qualified solar heating property expenditure' does not include an expenditure for property which uses solar energy to heat or cool a swimming pool.

''(c) SPECIAL RULES.—

''(1) JOINT OCCUPANCY.—In the case of any dwelling unit which is jointly occupied and used during any calendar year as a residence by 2 or more individuals, the following shall apply separately with respect to qualified solar heating property expenditures and qualified photovoltaic property expenditures:

''(A) The amount of the credit allowable under subsection (a) by reason of expenditures made during such calendar year by any of such individuals with respect to such dwelling unit shall be determined by treating all of such individuals as 1 taxpayer whose taxable year is such calendar year.

''(B) There shall be allowable with respect to such expenditures to each of such individuals, a credit under subsection (a) for the taxable year in which such calendar year ends in an amount which bears the same ratio to the amount determined under subparagraph (A) as the amount of such expenditures made by such individual during such calendar year bears to the aggregate of such expenditures made by all of such individuals during such calendar year.

''(2) TENANT-STOCKHOLDER IN COOPERATIVE HOUSING CORPORATION.—In the case of an individual who is a tenant-stockholder (as defined in section 216) in a cooperative housing corporation (as defined in that section), the individual shall be treated as having made such individual's tenant-stockholder's proportionate share (as defined in section 216(b)(3)) of any expenditures of such corporation.

''(3) CONDOMINIUMS.—

''(A) IN GENERAL.—In the case of an individual who is a member of a condominium management association with respect to a condominium which such individual owns, such individual shall be treated as having made such individual's proportionate share of any expenditures of such association.

''(B) MANAGEMENT ASSOCIATION.—For purposes of this paragraph, the term 'condominium management association' means an organization which meets the requirements of paragraph (1) of section 528(c) (other than subparagraph (E) thereof) with respect to a condominium project substantially all of the units of which are used as residences.

''(4) AMOUNT OF EXPENDITURE.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), an expenditure with respect to an item shall be treated as made when the original installation of the item is completed.

''(B) EXPENDITURES IN CONNECTION WITH BUILDING CONSTRUCTION.—In the case of an expenditure in connection with the construction or reconstruction of a structure, such expenditure shall be treated as made when the original use of the constructed or reconstructed structure by the taxpayer begins.

''(C) AMOUNT.—

''(i) IN GENERAL.—The amount of any expenditure shall be the cost of the expenditure.

''(ii) SUBSIDIZED ENERGY FINANCING.—For purposes of determining the amount of expenditures, there shall not be taken into account expenditures which are made from subsidized energy financing (as defined in section 48(a)(5)(A)).

''(d) BASIS ADJUSTMENTS.—For purposes of this subtitle, if a credit is allowed under this section for any expenditure with respect to any property, the increase in the basis of such property which would (but for this subsection) result from such expenditure shall be reduced by the amount of the credit so allowed.

''(e) LIMITATIONS.—No credit shall be allowed under this section for an item of property unless—

''(1) in the case of solar heating property, the property meets all applicable health and safety standards and requirements imposed by any State or local permitting authority, and

''(2) in the case of a photovoltaic property, the property meets all appropriate fire and electric code requirements.

''(f) TERMINATION.—This section shall not apply to expenditures made after December 31, 2010.''.

(b) PRODUCTION TAX CREDIT FOR UTILITY-SCALE SOLAR.—Paragraph (4) of section 45(d) of the Internal Revenue Code of 1986 (relating to qualified facilities) is amended to read as follows:

''(4) GEOTHERMAL OR SOLAR ENERGY FACILITY.—In the case of a facility using geothermal or solar energy to produce electricity, the term 'qualified facility' means any facility owned by the taxpayer which is originally placed in service after December 31, 2005, and before December 31, 2010.''.

(c) CONFORMING AMENDMENTS.—

(1) Section 1016(a)(36) of the Internal revenue Code of 1986, as added by section 1527 of this Act, is amended to read as follows:

''(36) to the extent provided in section 25D(d), in the case of amounts with respect to which a credit has been allowed under section 25D.''.

(2) The item relating to section 25D in the table of sections for subpart A of part IV of subchapter A of chapter 1 of such Code, as added by section 1527 of this Act, is amended to read as follows:

''Sec. 25D. Renewable energy equipment credits.''.

(d) EFFECTIVE DATE.—The amendments made by this section (other than subsection (e)) shall apply to property placed in service after December 31, 2005, in taxable years ending after such date.

(e) REDUCTION IN PERIOD BY WHICH RENEWABLE ENERGY PRODUCTION CREDIT EXTENDED.—Section 45(d) of the Internal Revenue Code of 1986 (relating to qualified facilities), as amended by this Act, is amended by striking ''2008'' each place it appears in paragraphs (1) through (7) and inserting ''2007''.

SA 906. Mr. ALEXANDER submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 327, after line 21, add the following:

SEC. 390. GAS-ONLY LEASES; STATE REQUESTS TO EXAMINE ENERGY AREAS.

(a) GAS-ONLY LEASES.—Section 8 of the Outer Continental Shelf Lands Act (43 U.S.C. 1337) (as amended by section 321) is amended by adding at the end the following:

''(q) GAS-ONLY LEASES.—

''(1) IN GENERAL.—The Secretary may issue a lease under this section beginning in the 2007–2012 plan period that authorizes development and production only of gas and associated condensate in accordance with regulations issued under paragraph (2).

''(2) REGULATIONS.—Not later than October 1, 2006, the Secretary shall issue regulations that, for purposes of this section—

''(A) define natural gas so that the definition—

''(i) includes—

''(I) hydrocarbons and other substances in a gaseous state at atmospheric pressure and a temperature of 60 degrees Fahrenheit;

''(II) liquids that condense from natural gas in the process of treatment, dehydration, decompression, or compression prior to the point for measuring volume and quality of the production established by the Minerals Management Service; and

''(III) natural gas liquefied for transportation; and

''(ii) excludes crude oil;

''(B) provide that gas-only leases shall contain the same rights and obligations established for oil and gas leases;

''(C) provide that, in reviewing the adequacy of bids for gas-only leases, the Minerals Management Service shall exclude the value of any crude oil estimated to be discovered within the boundaries of the leasing area;

''(D) provide for cancellation of a gas-only lease, with payment of the fair value of the lease rights canceled, if the Secretary determines that any natural gas discovered within the boundaries of the leasing area cannot be produced without causing an unacceptable waste of crude oil discovered in association with the natural gas; and

''(E) provide that, at the request and with the consent of the Governor of the State adjacent to the lease area, as determined under section 18(i)(2)(B)(i), and with the consent of the lessee, an existing gas-only lease may be converted, without an increase in the rental or royalty rate and without further payment in the nature of a lease bonus, to a lease under subsection (b), in accordance with a process, to be established by the Secretary, that requires—

''(i) consultation by the Secretary with the Governor of the State and the lessee with respect to the operating conditions of the lease, taking into consideration environmental resource conservation and recovery, economic factors, and other factors, as the Secretary determines to be relevant; and

''(ii) compliance with the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.).

''(3) EFFECT OF OTHER LAWS.—Any Federal law (including regulations) that applies to an oil and gas lease on the Outer Continental Shelf shall apply to a gas-only lease issued under this subsection.''.

(b) STATE REQUESTS TO EXAMINE ENERGY AREAS.—Section 18 of the Outer Continental Shelf Lands Act (43 U.S.C. 1344) is amended by adding at the end the following:

''(i) STATE REQUESTS TO EXAMINE ENERGY AREAS.—

''(1) DEFINITIONS.—In this subsection:

''(A) LEASE.—The term 'lease' includes a gas-only lease under section 8(q).

''(B) MORATORIUM AREA.—The term 'moratorium area' means—

''(i) any area withdrawn from disposition by leasing by the memorandum entitled 'Memorandum on Withdrawal of Certain Areas of the United States Outer Continental Shelf from Leasing Disposition' (34 Weekly Comp. Pres. Doc. 1111 (June 12, 1998)); and

''(ii) any area of the outer Continental Shelf as to which Congress has denied the use of appropriated funds or other means for preleasing, leasing, or related activities.

''(2) RESOURCE ESTIMATES.—

''(A) REQUESTS.—At any time, the Governor of an affected State, acting on behalf of the State, may request the Secretary to provide a current estimate of proven and potential gas, or oil and gas, resources in any moratorium area (or any part of the moratorium area the Governor identifies) adjacent to, or lying seaward of the coastline of, that State.

''(B) RESPONSE OF SECRETARY.—Not later than 45 days after the date on which the Governor of a State requests an estimate under subparagraph (A), the Secretary shall provide—

''(i) a delineation of the lateral boundaries between the coastal States, in accordance with—

''(I) any judicial decree or interstate compact delineating lateral offshore boundaries between coastal States:

''(II) any principles of domestic and international law governing the delineation of lateral offshore boundaries; and

''(III) to the maximum extent practicable, existing lease boundaries and block lines based on the official protraction diagrams of the Secretary;

''(ii) a current inventory of proven and potential gas, or oil and gas, resources in any moratorium areas within the area off the shore of a State, in accordance with the lateral boundaries delineated under clause (i), as requested by the Governor; and

''(iii) an explanation of the planning processes that could lead to the leasing, exploration, development, and production of the gas, or oil and gas, resources within the area identified.

''(3) MAKING CERTAIN AREAS AVAILABLE FOR LEASING.—

''(A) PETITION.—

''(i) IN GENERAL.—On consideration of the information received from the Secretary, the Governor (acting on behalf of the State of the Governor) may submit to the Secretary a petition requesting that the Secretary make available for leasing any portion of a moratorium area off the coast of the State, in accordance with the lateral boundaries delineated under paragraph (2)(B)(i).

''(ii) CONTENTS.—In a petition under clause (i), a Governor may request that an area described in that clause be made available for leasing under subsection (b) or (q), or both, of section 8.

''(B) ACTION BY SECRETARY.—Not later than 90 days after the date of receipt of a petition under subparagraph (A), the Secretary shall approve the petition unless the Secretary determines that leasing in the affected area presents a significant likelihood of incidents associated with the development of resources that would cause serious harm or damage to the marine resources of the area or of an adjacent State.

''(C) FAILURE TO ACT.—If the Secretary fails to approve or deny a petition in accordance with subparagraph (B), the petition shall be considered to be approved as of the date that is 90 days after the date of receipt of the petition.

''(D) TREATMENT.—Notwithstanding any other provision of this section, not later than 180 days after the date on which a petition is approved, or considered to be approved, under subparagraph (B) or (C), the Secretary shall—

''(i) treat the petition of the Governor under subparagraph (A) as a proposed revision to a leasing program under this section; and

''(ii) except as provided in subparagraph (E), expedite the revision of the 5-year outer Continental Shelf oil and gas leasing program in effect as of that date to include any lease sale for any area covered by the petition.

''(E) INCLUSION IN SUBSEQUENT PLANS.—

''(i) IN GENERAL.—If there are fewer than 18 months remaining in the 5-year outer Continental Shelf oil and gas leasing program described in subparagraph (D)(ii), the Secretary, without consultation with any State, shall include the areas covered by the petition in lease sales under the subsequent 5-year outer Continental Shelf oil and gas leasing program.

''(ii) ENVIRONMENTAL ASSESSMENT.—Before modifying a 5-Year Outer Continental Shelf Oil and Gas Leasing Program under clause (i), the Secretary shall complete an environmental assessment that describes any anticipated environmental effect of leasing in the area under the petition.

''(F) SPENDING LIMITATIONS.—Any Federal spending limitation with respect to preleasing, leasing, or a related activity in an area made available for leasing under this paragraph shall terminate as of the date on which the petition of the Governor relating to the area is approved, or considered to be approved, under subparagraph (B) or (C).

''(G) COASTAL ZONE MANAGEMENT.—For purposes of title III of the Coastal Zone Management Act of 1972 (16 U.S.C. 1451 et seq.), any activity relating to leasing and subsequent production in an area made available for leasing under this paragraph shall—

''(i) if the leased area is located more than 20 miles offshore of an adjacent State (or the boundaries of the State as delineated under paragraph (2)(B)), be considered by the Secretary of Commerce to be necessary to the interest of national security and be carried out notwithstanding the objection of a State to a consistency certification under that Act; or

''(ii) if the leased area is located not greater than 20 miles offshore of an adjacent State, be subject to section 307(c) of that Act (16 U.S.C. 1456(c)).

''(4) REVENUE SHARING.—

''(A) BONUS BIDS.—If the Governor of a State requests the Secretary to allow gas, or oil or natural gas, leasing in the moratorium area and the Secretary allows that leasing, the State shall, without further appropriation or action, receive 25 percent of any bonus bid paid for leasing rights in the area.

''(B) POST LEASING REVENUES.—In addition to bonus bids under subparagraph (A), a State described in subparagraph (A) shall receive 25 percent of—

''(i) any lease rental minimum royalty;

''(ii) any royalty proceeds from a sale of royalties taken in kind by the Secretary; and

''(iii) any other revenues from a bidding system under section 8.

''(C) CONSERVATION ROYALTIES.—After making distributions in accordance with subparagraphs (A) and (B), and in accordance with section 31, the Secretary, in coordination with the Governor of a State, shall, without further appropriation or action, distribute a conservation royalty of 12.5 percent of Federal royalty revenues in an area leased under this section, not to exceed $1,250,000,000 for any year, to 1 or more of the following:

''(i) The Coastal and Estuary Habitat Restoration Trust Fund.

''(ii) The wildlife restoration fund established under section 3 of the Pittman–Robertson Wildlife Restoration Act (16 U.S.C. 669b).

''(iii) The Land and Water Conservation Fund to provide financial assistance to States under section 6 of that Act (16 U.S.C. 460*l*–8).

''(5) APPLICATION.—This subsection shall not apply to—

''(A) any area designated as a national marine sanctuary or a national wildlife refuge;

''(B) the Lease Sale 181 planning area;

''(C) any area not included in the outer Continental Shelf;

''(D) the Great Lakes, as defined in section 118(a)(3) of the Federal Water Pollution Control Act (33 U.S.C. 1268(a)(3)); or

''(E) the eastern coast of the State of Florida.''.

SA 907. Mr. ALEXANDER submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 327, after line 21, add the following:

SEC. 390. GAS-ONLY LEASES; STATE REQUESTS TO EXAMINE ENERGY AREAS.

(a) GAS-ONLY LEASES.—Section 8 of the Outer Continental Shelf Lands Act (43 U.S.C. 1337) (as amended by section 321) is amended by adding at the end the following:

''(q) GAS-ONLY LEASES.—

''(1) IN GENERAL.—The Secretary may issue a lease under this section beginning in the 2007–2012 plan period that authorizes development and production only of gas and associated condensate in accordance with regulations issued under paragraph (2).

''(2) REGULATIONS.—Not later than October 1, 2006, the Secretary shall issue regulations that, for purposes of this section—

''(A) define natural gas so that the definition—

''(i) includes—

''(I) hydrocarbons and other substances in a gaseous state at atmospheric pressure and a temperature of 60 degrees Fahrenheit;

''(II) liquids that condense from natural gas in the process of treatment, dehydration, decompression, or compression prior to the point for measuring volume and quality of the production established by the Minerals Management Service; and

''(III) natural gas liquefied for transportation; and

''(ii) excludes crude oil;

''(B) provide that gas-only leases shall contain the same rights and obligations established for oil and gas leases;

''(C) provide that, in reviewing the adequacy of bids for gas-only leases, the Minerals Management Service shall exclude the value of any crude oil estimated to be discovered within the boundaries of the leasing area;

''(D) provide for cancellation of a gas-only lease, with payment of the fair value of the lease rights canceled, if the Secretary determines that any natural gas discovered within the boundaries of the leasing area cannot be produced without causing an unacceptable waste of crude oil discovered in association with the natural gas; and

''(E) provide that, at the request and with the consent of the Governor of the State adjacent to the lease area, as determined under section 18(i)(2)(B)(i), and with the consent of the lessee, an existing gas-only lease may be converted, without an increase in the rental or royalty rate and without further payment in the nature of a lease bonus, to a lease under subsection (b), in accordance with a process, to be established by the Secretary, that requires—

''(i) consultation by the Secretary with the Governor of the State and the lessee with respect to the operating conditions of the lease, taking into consideration environmental resource conservation and recovery, economic factors, and other factors, as the Secretary determines to be relevant; and

''(ii) compliance with the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.).

''(3) EFFECT OF OTHER LAWS.—Any Federal law (including regulations) that applies to an oil and gas lease on the Outer Continental Shelf shall apply to a gas-only lease issued under this subsection.''.

(b) STATE REQUESTS TO EXAMINE ENERGY AREAS.—Section 18 of the Outer Continental Shelf Lands Act (43 U.S.C. 1344) is amended by adding at the end the following:

''(i) STATE REQUESTS TO EXAMINE ENERGY AREAS.—

''(1) DEFINITIONS.—In this subsection:

''(A) LEASE.—The term 'lease' includes a gas-only lease under section 8(q).

''(B) MORATORIUM AREA.—The term 'moratorium area' means—

''(i) any area withdrawn from disposition by leasing by the memorandum entitled 'Memorandum on Withdrawal of Certain Areas of the United States Outer Continental Shelf from Leasing Disposition' (34 Weekly Comp. Pres. Doc. 1111 (June 12, 1998)); and

''(ii) any area of the outer Continental Shelf as to which Congress has denied the use of appropriated funds or other means for preleasing, leasing, or related activities.

''(2) RESOURCE ESTIMATES.—

''(A) REQUESTS.—At any time, the Governor of an affected State, acting on behalf of the State, may request the Secretary to provide a current estimate of proven and potential gas, or oil and gas, resources in any moratorium area (or any part of the moratorium area the Governor identifies) adjacent to, or lying seaward of the coastline of, that State.

''(B) RESPONSE OF SECRETARY.—Not later than 45 days after the date on which the Governor of a State requests an estimate under subparagraph (A), the Secretary shall provide—

''(i) a delineation of the lateral boundaries between the coastal States, in accordance with—

''(I) any judicial decree or interstate compact delineating lateral offshore boundaries between coastal States:

''(II) any principles of domestic and international law governing the delineation of lateral offshore boundaries; and

''(III) to the maximum extent practicable, existing lease boundaries and block lines based on the official protraction diagrams of the Secretary;

''(ii) a current inventory of proven and potential gas, or oil and gas, resources in any moratorium areas within the area off the shore of a State, in accordance with the lateral boundaries delineated under clause (i), as requested by the Governor; and

''(iii) an explanation of the planning processes that could lead to the leasing, exploration, development, and production of the gas, or oil and gas, resources within the area identified.

''(3) MAKING CERTAIN AREAS AVAILABLE FOR LEASING.—

''(A) PETITION.—

''(i) IN GENERAL.—On consideration of the information received from the Secretary, the Governor (acting on behalf of the State of the Governor) may submit to the Secretary a petition requesting that the Secretary make available for leasing any portion of a moratorium area off the coast of the State, in accordance with the lateral boundaries delineated under paragraph (2)(B)(i).

''(ii) CONTENTS.—In a petition under clause (i), a Governor may request that an area described in that clause be made available for leasing under subsection (b) or (q), or both, of section 8.

''(B) ACTION BY SECRETARY.—Not later than 90 days after the date of receipt of a petition under subparagraph (A), the Secretary shall approve the petition unless the Secretary determines that leasing in the affected area presents a significant likelihood of incidents associated with the development of resources that would cause serious harm or damage to the marine resources of the area or of an adjacent State.

''(C) FAILURE TO ACT.—If the Secretary fails to approve or deny a petition in accordance with subparagraph (B), the petition shall be considered to be approved as of the date that is 90 days after the date of receipt of the petition.

''(D) TREATMENT.—Notwithstanding any other provision of this section, not later than 180 days after the date on which a petition is approved, or considered to be approved, under subparagraph (B) or (C), the Secretary shall—

''(i) treat the petition of the Governor under subparagraph (A) as a proposed revision to a leasing program under this section; and

''(ii) except as provided in subparagraph (E), expedite the revision of the 5-year outer Continental Shelf oil and gas leasing program in effect as of that date to include any lease sale for any area covered by the petition.

''(E) INCLUSION IN SUBSEQUENT PLANS.—

''(i) IN GENERAL.—If there are fewer than 18 months remaining in the 5-year outer Continental Shelf oil and gas leasing program described in subparagraph (D)(ii), the Secretary, without consultation with any State, shall include the areas covered by the petition in lease sales under the subsequent 5-year outer Continental Shelf oil and gas leasing program.

''(ii) ENVIRONMENTAL ASSESSMENT.—Before modifying a 5-Year Outer Continental Shelf Oil and Gas Leasing Program under clause (i), the Secretary shall complete an environmental assessment that describes any anticipated environmental effect of leasing in the area under the petition.

''(F) SPENDING LIMITATIONS.—Any Federal spending limitation with respect to preleasing, leasing, or a related activity in an area made available for leasing under this paragraph shall terminate as of the date on which the petition of the Governor relating to the area is approved, or considered to be approved, under subparagraph (B) or (C).

''(G) COASTAL ZONE MANAGEMENT.—For purposes of title III of the Coastal Zone Management Act of 1972 (16 U.S.C. 1451 et seq.), any activity relating to leasing and subsequent production in an area made available for leasing under this paragraph shall—

''(i) if the leased area is located more than 20 miles offshore of an adjacent State (or the boundaries of the State as delineated under paragraph (2)(B)), be considered by the Secretary of Commerce to be necessary to the interest of national security and be carried out notwithstanding the objection of a State to a consistency certification under that Act; or

''(ii) if the leased area is located not greater than 20 miles offshore of an adjacent State, be subject to section 307(c) of that Act (16 U.S.C. 1456(c)).

''(4) REVENUE SHARING.—

''(A) BONUS BIDS.—If the Governor of a State requests the Secretary to allow gas, or oil or natural gas, leasing in the moratorium area and the Secretary allows that leasing, the State shall, without further appropriation or action, receive 25 percent of any bonus bid paid for leasing rights in the area.

''(B) POST LEASING REVENUES.—In addition to bonus bids under subparagraph (A), a State described in subparagraph (A) shall receive 25 percent of—

''(i) any lease rental minimum royalty;

''(ii) any royalty proceeds from a sale of royalties taken in kind by the Secretary; and

''(iii) any other revenues from a bidding system under section 8.

''(C) CONSERVATION ROYALTIES.—After making distributions in accordance with subparagraphs (A) and (B), and in accordance with section 31, the Secretary, in coordination with the Governor of a State, shall, without further appropriation or action, distribute a conservation royalty of 12.5 percent of Federal royalty revenues in an area leased under this section, not to exceed $1,250,000,000 for any year, to 1 or more of the following:

''(i) The Coastal and Estuary Habitat Restoration Trust Fund.

''(ii) The wildlife restoration fund established under section 3 of the Pittman–Robertson Wildlife Restoration Act (16 U.S.C. 669b).

''(iii) The Land and Water Conservation Fund to provide financial assistance to States under section 6 of that Act (16 U.S.C. 460*l*–8).

''(5) APPLICATION.—This subsection shall not apply to—

''(A) any area designated as a national marine sanctuary or a national wildlife refuge;

''(B) the Lease Sale 181 planning area;

''(C) any area not included in the outer Continental Shelf;

''(D) the Great Lakes, as defined in section 118(a)(3) of the Federal Water Pollution Control Act (33 U.S.C. 1268(a)(3)); or

''(E) the eastern coast of the State of Florida.''.

(c) GREAT LAKES OIL AND GAS DRILLING BAN.—No Federal or State permit or lease shall be issued for new oil and gas slant, directional, or offshore drilling in or under 1 or more of the Great Lakes (as defined in section 118(a)(3) of the Federal Water Pollution Control Act (33 U.S.C. 1268(a)(3))).

SA 908. Mr. ALEXANDER submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ___. ADVANCED TECHNOLOGY MOTOR VEHICLES MANUFACTURING CREDIT.

(a) IN GENERAL.—Subpart B of part IV of subchapter A of chapter 1 (relating to foreign tax credit, etc.), as amended by this Act, is amended by adding at the end the following new section:

''SEC. 30D. ADVANCED TECHNOLOGY MOTOR VEHICLES MANUFACTURING CREDIT.

''(a) CREDIT ALLOWED.—

''(1) IN GENERAL.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 35 percent of the qualified investment of an eligible taxpayer for such taxable year.

''(2) LIMITATION.—The credit allowed under subsection (a) for any taxable year shall not exceed $25,000,000.

''(b) ELIGIBLE TAXPAYER.—For purposes of this section, the term 'eligible taxpayer' means any taxpayer if more than 50 percent of its gross receipts from manufacturing (as determined under section 199) for the taxable year is derived from the manufacture of motor vehicles or any component parts of such vehicles.

''(c) QUALIFIED INVESTMENT.—For purposes of this section—

''(1) IN GENERAL.—The qualified investment for any taxable year is equal to the incremental costs incurred during such taxable year—

''(A) to re-equip or expand a manufacturing facility of the eligible taxpayer to produce advanced technology motor vehicles or to produce eligible components,

''(B) for engineering integration of such vehicles and components as described in subsection (e), and

''(C) for research and development related to advanced technology motor vehicles and eligible components.

''(2) ATTRIBUTION RULES.—In the event a facility of the taxpayer produces both advanced technology motor vehicles and conventional motor vehicles, or eligible and non-eligible components, only the qualified investment attributable to production of advanced technology motor vehicles and eligible components shall be taken into account.

''(d) ADVANCED TECHNOLOGY MOTOR VEHICLES AND ELIGIBLE COMPONENTS.—For purposes of this section—

''(1) ADVANCED TECHNOLOGY MOTOR VEHICLE.—The term 'advanced technology motor vehicle' means—

''(A) any new advanced lean burn technology motor vehicle (as defined in section 30B(c)(3)), or

''(B) any new qualified hybrid motor vehicle (as defined in section 30B(d)(2)(A) and determined without regard to any gross vehicle weight rating).

''(2) ELIGIBLE COMPONENTS.—The term 'eligible component' means any component inherent to any advanced technology motor vehicle, including—

''(A) with respect to any gasoline or diesel-electric new qualified hybrid motor vehicle—

''(i) electric motor or generator,

''(ii) power split device,

''(iii) power control unit,

''(iv) power controls,

''(v) integrated starter generator, or

''(vi) battery,

''(B) with respect to any hydraulic new qualified hybrid motor vehicle—

''(i) hydraulic accumulator vessel,

''(ii) hydraulic pump, or

''(iii) hydraulic pump-motor assembly,

''(C) with respect to any new advanced lean burn technology motor vehicle—

''(i) diesel engine,

''(ii) turbocharger,

''(iii) fuel injection system, or

''(iv) after-treatment system, such as a particle filter or NO_x absorber, and

''(D) with respect to any advanced technology motor vehicle, any other component submitted for approval by the Secretary.

''(e) ENGINEERING INTEGRATION COSTS.—For purposes of subsection (c)(1)(B), costs for engineering integration are costs incurred prior to the market introduction of advanced technology vehicles for engineering tasks related to—

''(1) establishing functional, structural, and performance requirements for component and subsystems to meet overall vehicle objectives for a specific application,

''(2) designing interfaces for components and subsystems with mating systems within a specific vehicle application,

''(3) designing cost effective, efficient, and reliable manufacturing processes to produce components and subsystems for a specific vehicle application, and

''(4) validating functionality and performance of components and subsystems for a specific vehicle application.

''(f) LIMITATION BASED ON AMOUNT OF TAX.—The credit allowed under subsection (a) for the taxable year shall not exceed the excess of—

''(1) the sum of—

''(A) the regular tax liability (as defined in section 26(b)) for such taxable year, plus

''(B) the tax imposed by section 55 for such taxable year and any prior taxable year beginning after 1986 and not taken into account under section 53 for any prior taxable year, over

''(2) the sum of the credits allowable under subpart A and sections 27, 30, and 30B for the taxable year.

''(g) REDUCTION IN BASIS.—For purposes of this subtitle, if a credit is allowed under this section for any expenditure with respect to any property, the increase in the basis of such property which would (but for this paragraph) result from such expenditure shall be reduced by the amount of the credit so allowed.

''(h) NO DOUBLE BENEFIT.—

''(1) COORDINATION WITH OTHER DEDUCTIONS AND CREDITS.—Except as provided in paragraph (2), the amount of any deduction or other credit allowable under this chapter for any cost taken into account in determining the amount of the credit under subsection (a)

shall be reduced by the amount of such credit attributable to such cost.

''(2) RESEARCH AND DEVELOPMENT COSTS.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), any amount described in subsection (c)(1)(C) taken into account in determining the amount of the credit under subsection (a) for any taxable year shall not be taken into account for purposes of determining the credit under section 41 for such taxable year.

''(B) COSTS TAKEN INTO ACCOUNT IN DETERMINING BASE PERIOD RESEARCH EXPENSES.—Any amounts described in subsection (c)(1)(C) taken into account in determining the amount of the credit under subsection (a) for any taxable year which are qualified research expenses (within the meaning of section 41(b)) shall be taken into account in determining base period research expenses for purposes of applying section 41 to subsequent taxable years.

''(i) BUSINESS CARRYOVERS ALLOWED.—If the credit allowable under subsection (a) for a taxable year exceeds the limitation under subsection (f) for such taxable year, such excess (to the extent of the credit allowable with respect to property subject to the allowance for depreciation) shall be allowed as a credit carryback and carryforward under rules similar to the rules of section 39.

''(j) SPECIAL RULES.—For purposes of this section, rules similar to the rules of paragraphs (4) and (5) of section 179A(e) and paragraphs (1) and (2) of section 41(f) shall apply

''(k) ELECTION NOT TO TAKE CREDIT.—No credit shall be allowed under subsection (a) for any property if the taxpayer elects not to have this section apply to such property.

''(l) REGULATIONS.—The Secretary shall prescribe such regulations as necessary to carry out the provisions of this section.

''(m) TERMINATION.—This section shall not apply to any qualified investment after December 31, 2010.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 1016(a), as amended by this Act, is amended by striking ''and'' at the end of paragraph (39), by striking the period at the end of paragraph (40) and inserting '', and'', and by adding at the end the following new paragraph:

''(41) to the extent provided in section 30D(g).''.

(2) Section 6501(m), as amended by this Act, is amended by inserting ''30D(k),'' after ''30C(j),''.

(3) The table of sections for subpart B of part IV of subchapter A of chapter 1, as amended by this Act, is amended by inserting after the item relating to section 30C the following new item:

''Sec. 30D. Advanced technology motor vehicles manufacturing credit.''.

(c) EFFECTIVE DATE.—The amendments made by this section (other than subsection (d)) shall apply to amounts incurred in taxable years beginning after December 31, 2006.

(d) REDUCTION IN PERIOD BY WHICH RENEWABLE ENERGY PRODUCTION CREDIT EXTENDED.—Section 45(d) of the Internal Revenue Code of 1986 (relating to qualified facilities), as amended by section 1501, is amended by striking ''2009'' each place it appears in paragraphs (1) through (7) and inserting ''2008''.

SA 909. Mr. ALEXANDER (for himself, Mr. WARNER, Ms. LANDRIEU, Mr. MCCAIN, Mr. ALLEN, Mr. VOINOVICH, and Mr. BROWNBACK) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 697, between lines 6 and 7, insert the following:

SEC. 1270A. LOCAL CONTROL FOR SITING OF WINDMILS.

(a) LOCAL NOTIFICATION.—Prior to the Federal Energy Regulatory Commission issuing to any wind turbine project its Exempt-Wholesale Generator Status, Market-Based Rate Authority, or Qualified Facility rate schedule, the wind project shall complete its Local Notification Process.

(b) LOCAL NOTIFICATION PROCESS.—

(1) In this section, the term ''Local Authorities'' means the governing body, and the senior executive of the body, at the lowest level of government that possesses authority under State law to carry out this Act.

(2) Applicant shall notify in writing the Local Authorities on the day of the filing of such Market-Based Rate application or Federal Energy Regulatory Commission Form number 556 (or a successor form) at the Federal Energy Regulatory Commission. Evidence of such notification shall be submitted to the Federal Energy Regulatory Commission.

(3) The Federal Energy Regulatory Commission shall notify in writing the Local Authorities within 10 days of the filing of such Market-Based Rate application or Federal Energy Regulatory Commission Form number 556 (or a successor form) at the Federal Energy Regulatory Commission.

(4) The Federal Energy Regulatory Commission shall not issue to the project Market-Based Rate Authority, Exempt Wholesaler Generator Status, or Qualified Facility rate schedule, until 180 days after the date on which the Federal Energy Regulatory Commission notifies the Local Authorities under paragraph (3).

(c) HIGHLY SCENIC AREA AND FEDERAL LAND.—

(1)(A) A Highly Scenic Area is—

(i) any area listed as an official United Nations Educational, Scientific, and Cultural Organization World Heritage Site, as supported by the Department of the Interior, the National Park Service, and the International Council on Monuments and Sites;

(ii) land designated as a National Park;

(iii) a National Lakeshore;

(iv) a National Seashore;

(v) a National Wildlife Refuge that is adjacent to an ocean;

(vi) a National Military Park;

(vii) the Flint Hills National Wildlife Reserve;

(viii) the Tallgrass Prairie National Preserve; or

(ix) the Flint Hills Tallgrass Prairie Preserve or the Konza Prairie in the State of Kansas.

(B) The term ''Highly Scenic Area'' does not include—

(i) any coastal wildlife refuge located in the State of Louisiana; or

(ii) any area in the State of Alaska.

(2) A Qualified Wind Project is any wind-turbine project located—

(A)(i) in a Highly Scenic Area; or

(ii) within 20 miles of the boundaries of an area described in subparagraph (A), (B), (C), (D), or (F) of paragraph (1); or

(B) within 20 miles off the coast of a National Wildlife Refuge that is adjacent to an ocean.

(3) Prior to the Federal Energy Regulatory Commission issuing to a Qualified Wind Project its Exempt-Wholesale Generator Status, Market-Based Rate Authority, or Qualified Facility rate schedule, an environmental impact statement shall be conducted and completed by the lead agency in accordance with the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.). If no lead agency is designated, the lead agency shall be the Department of the Interior.

(4) The environmental impact statement determination shall be issued within 12 months of the date of application.

(5) Such environmental impact statement review shall include a cumulative impacts analysis addressing visual impacts and avian mortality analysis of a Qualified Wind Project.

(6) A Qualified Wind Project shall not be eligible for any Federal tax subsidy.

(d) EFFECTIVE DATE.—

(1) This section shall expire 10 years after the date of enactment of this Act.

(2) Nothing in this section shall prevent or discourage environmental review of any wind projects or any Qualified Wind Project on a State or local level.

(e) EFFECT OF SECTION.—Nothing in this section shall apply to a project that, as of the date of enactment of this Act—

(1) is generating energy; or

(2) has been issued a permit by the Federal Energy Regulatory Commission.

SA 910. Mr. THOMAS submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place insert the following:

SEC. ___. COMPARABLE ALLOCATIONS OF CAPACITY FOR INTEGRATED GASIFICATION COMBINED CYCLE PROJECTS AMONG MAJOR TYPES OF COAL FEEDSTOCKS.

(a) IN GENERAL.—Section 48A(e)(2)(A) of the Internal Revenue Code of 1986, as added by this Act, is amended by striking ''certify capacity'' and inserting ''certify capacity in relatively equal amounts''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in the amendment made by section 1506(b) of this Act.

SA 911. Mr. INHOFE (for himself and Mr. CORNYN) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 523, between line 13 and 14, insert the following:

SEC. 95___. HEAVY OIL RESEARCH, DEVELOPMENT, AND DEMONSTRATION.

(a) FINDINGS.—Congress finds that—

(1) the continued imbalance between the oil consumption and conventional crude oil reserves of the United States has resulted in unacceptable dependency on foreign oil supplies;

(2) national energy security requires rapid development of alternative hydrocarbon resources that are both commercially recoverable and compatible with the infrastructure for petroleum processing, distribution, and use in existence as of the date of enactment of this Act;

(3) the Western Hemisphere contains the largest resources of heavy oil and natural bitumen in the world, but no in-depth assessment of domestic heavy oil has been completed since 1987;

(4) an up-to-date, in-depth assessment of domestic heavy oil would be of high value to energy policymakers and industry and could provide insights into formulation of policies, initiatives, and technology for more efficient development of that large domestic resource;

(5) resources of heavy oil and bitumen in the United States and Canada known as of

the date of enactment of this Act alone could supply crude oil demand in both countries for well over 100 years;

(6) the States of Alabama, Alaska, Kentucky, Louisiana, Missouri, Oklahoma, Texas, and Utah have significant deposits of heavy oil and bitumen;

(7) emerging technologies for in situ production of heavy oil and bitumen have been verified experimentally in both Canada and the United States and have been employed successfully in the field in Canada;

(8) Canadian operations have received substantial government subsidies and United States production should receive similar financial support;

(9) potential environmental impacts from in situ production of heavy oil and bitumen appear more manageable than impacts from other processes for unconventional oil extraction;

(10) testing as of the date of enactment of this Act indicates that in some cases, heavy hydrocarbon production technologies can be combined with cogeneration facilities to reduce recovery costs and produce electricity economically; and

(11) current testing indicates that emerging acoustic agglomeration technologies are capable of converting heavy oil production and refinery wastes into materials capable of use in recycling, production, or refining processes, or other reuse to produce electricity, thermal energy, chemicals, liquid fuels, or hydrogen.

(b) PROGRAM.—

(1) IN GENERAL.—The Secretary shall establish a program for research, development, and commercial demonstration of technologies for in situ production of heavy oil and natural bitumen.

(2) ASSESSMENT.—In carrying out the program, the Secretary shall first update the technical and economic assessment of domestic heavy oil resources prepared in 1987 by the Interstate Oil and Gas Compact Commission to cover—

(A) the entire continent of North America; and

(B) all unconventional oil resources, including heavy oil, tar sands, and oil shale.

(c) ADMINISTRATION.—The program shall—

(1) focus initially on technologies and domestic resources most likely to result in significant commercial production in the near future, including technologies that combine heavy oil recovery with electric power generation; and

(2) include research necessary—

(A) to ensure that refinery processes are capable of providing conventional petroleum products from the crude oils derived from heavy oil and bitumen production; and

(B) to assist in recycling and reuse of associated production and refinery wastes.

(d) COST SHARING.—Cost sharing shall not be required under the program.

(e) AUTHORIZATION OF APPROPRIATIONS.—

(1) IN GENERAL.—There is authorized to be appropriated to the Secretary to carry out this section $50,000,000 for each of fiscal years 2006 through 2010.

(2) ASSESSMENT SET-ASIDE.—Of the amount authorized to be applied under paragraph (1) for fiscal year 2006, $1,000,000 shall be provided to the Interstate Oil and Gas Compact Commission for use in updating and expanding the assessment described in subsection (b)(2).

SA 912. Mr. INHOFE submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place insert the following:

SEC. ___. ENHANCED OIL RECOVERY INCENTIVES FOR THE PRODUCTION OF OIL FROM SHALE.

(a) IN GENERAL.—Section 43(c) of the Internal Revenue Code of 1986, as amended by this Act, is amended by adding at the end the following:

''(7) APPLICATION OF SECTION TO QUALIFIED OIL SHALE WELL PROJECTS.—

''(A) IN GENERAL.—For purposes of this section, the taxpayer's qualified oil shale well project costs for any taxable year shall be treated in the same manner as if they were qualified enhanced oil recovery costs.

''(B) QUALIFIED OIL SHALE WELL PROJECT COSTS.—For purposes of this paragraph, the term 'qualified oil shale well project costs' shall be the costs determined under paragraph (1) by substituting 'qualified oil shale well project' for 'qualified enhanced oil recovery project' each place it appears.

''(C) QUALIFIED OIL SHALE WELL PROJECT.—For purposes of this paragraph, the term 'qualified oil shale well project' means any project—

''(i) which involves the construction and operation of a well to produce oil in naturally liquid form from shale, and

''(ii) which is located within the United States.

''(D) PHASE-OUT NOT TO APPLY.—Subsection (b) shall not apply to any qualified oil shale well project.

''(E) TERMINATION.—This paragraph shall not apply to qualified oil well shale project costs paid or incurred after December 31, 2010.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to costs paid or incurred in taxable years ending after December 31, 2005.

SA 913. Mr. GRASSLEY submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place insert the following:

SEC. ___. BIODIESEL B20 TREATED AS ALTERNATIVE FUEL FOR VEHICLE REFUELING PROPERTY CREDIT.

(a) IN GENERAL.—Section 30C(c)(1) of the Internal Revenue Code of 1986, as added by this Act, is amended by inserting ''or any qualified biodiesel mixture (as defined in section 40A(b)(1)(B)) containing at least 20 percent biodiesel'' after ''hydrogen''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to property placed in service after December 31, 2005, in taxable years ending after such date.

SA 914. Ms. LANDRIEU (for herself and Mr. SHELBY) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 310, after line 25, add the following:

SEC. 372. REPORT ON SHARING OUTER CONTINENTAL SHELF REVENUES.

Not later than 180 days after the date of enactment of this Act, the Secretary of the Interior shall submit to the Committee on Appropriations of the Senate and the Committee on Appropriations of the House of Representatives a report on alternatives and recommendations of the Secretary for formulas for sharing revenues produced from leasing land on the outer Continental Shelf.

SA 915. Ms. LANDRIEU submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

Beginning on page 326, strike line 22 and all that follows through page 327, line 1, and insert the following:

(c) PURPOSES.—The purposes of the forums shall be to identify and develop best practices for addressing the issues and challenges associated with liquefied natural gas imports and to provide to Congress a report on the proceedings that identifies policy recommendations and issues raised during the forums and otherwise under this section.

(d) REPORT.—The Comptroller General of the United States shall submit to Congress a report describing the proceedings of the forums, including an analysis of the following:

(1) The necessary level of security for liquefied natural gas plants.

(2) Costs to State and local governments with respect to increased security for liquefied natural gas plants.

(3) The necessary infrastructure adjustments for liquefied natural gas plants.

(4) Costs to State and local governments with resect to infrastructure adjustments for liquefied natural gas plants.

(5) Potential environmental impacts of liquefied natural gas plants.

(6) Costs to State and local governments of mitigating environmental impacts of liquefied natural gas plants.

(7) The necessary improvements in emergency evacuation, health care, and firefighting capacities for States and communities that host liquefied natural gas plants.

(8) Potential revenue mechanisms to allow State and local entities to recover the costs of hosting liquefied natural gas plants.

(e) AUTHORIZATION OF APPROPRIATIONS.—There * * *

SA 916. Mr. JEFFORDS (for himself and Mr. LAUTENBERG) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 130, between lines 6 and 7, insert the following:

SEC. 202. LEAKING UNDERGROUND STORAGE TANKS.

Section 210 and the amendments made by section 210 shall have no force or effect.

SA 917. Mr. JEFFORDS submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 122, between lines 14 and 15, insert the following:

SEC. 152. ANNUAL REPORT ON MILITARY COST OF SECURING UNITED STATES ACCESS TO FOREIGN OIL.

Not later than December 31, 2005, and annually thereafter, the Secretary of Energy shall, in consultation with the Secretary of Defense and the Secretary of State, submit to Congress a report containing an estimate of the total annual military cost, both financially and with respect to military personnel, of securing United States access to foreign sources of oil.

SA 918. Mr. CORZINE submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the end of title XVI, add the following:

Subtitle C—National Greenhouse Gas Database

SEC. 1621. PURPOSE.

The purpose of this subtitle is to establish a greenhouse gas inventory, reductions registry, and information system that—

(1) are complete, consistent, transparent, and accurate;

(2) will create reliable and accurate data that can be used by public and private entities to design efficient and effective greenhouse gas emission reduction strategies; and

(3) will acknowledge and encourage greenhouse gas emission reductions.

SEC. 1622. DEFINITIONS.

In this subtitle:

(1) ADMINISTRATOR.—The term ''Administrator'' means the Administrator of the Environmental Protection Agency.

(2) BASELINE.—The term ''baseline'' means the historic greenhouse gas emission levels of an entity, as adjusted upward by the designated agency to reflect actual reductions that are verified in accordance with—

(A) regulations issued under section 1624(c)(1); and

(B) relevant standards and methods developed under this subtitle.

(3) DATABASE.—The term ''database'' means the National Greenhouse Gas Database established under section 1624.

(4) DESIGNATED AGENCY.—The term ''designated agency'' means a department or agency to which responsibility for a function or program is assigned under the memorandum of agreement entered into under section 1623(a).

(5) DIRECT EMISSIONS.—The term ''direct emissions'' means greenhouse gas emissions by an entity from a facility that is owned or controlled by that entity.

(6) ENTITY.—The term ''entity'' means—

(A) a person located in the United States; or

(B) a public or private entity, to the extent that the entity operates in the United States.

(7) FACILITY.—The term ''facility'' means—

(A) all buildings, structures, or installations located on any 1 or more contiguous or adjacent properties of an entity in the United States; and

(B) a fleet of 20 or more motor vehicles under the common control of an entity.

(8) GREENHOUSE GAS.—The term ''greenhouse gas'' means—

(A) carbon dioxide;

(B) methane;

(C) nitrous oxide;

(D) hydrofluorocarbons;

(E) perfluorocarbons;

(F) sulfur hexafluoride; and

(G) any other anthropogenic, climate-forcing emission with significant ascertainable global warming potential, as—

(i) recommended by the National Academy of Sciences under section 1627(b)(3); and

(ii) determined in regulations issued under section 1624(c)(1) (or revisions to the regulations) to be appropriate and practicable for coverage under this subtitle.

(9) INDIRECT EMISSIONS.—The term ''indirect emissions'' means greenhouse gas emissions that—

(A) are a result of the activities of an entity; but

(B)(i) are emitted from a facility owned or controlled by another entity; and

(ii) are not reported as direct emissions by the entity the activities of which resulted in the emissions.

(10) REGISTRY.—The term ''registry'' means the registry of greenhouse gas emission reductions established as a component of the database under section 1624(b)(2).

(11) SEQUESTRATION.—

(A) IN GENERAL.—The term ''sequestration'' means the capture, long-term separation, isolation, or removal of greenhouse gases from the atmosphere.

(B) INCLUSIONS.—The term ''sequestration'' includes—

(i) soil carbon sequestration;

(ii) agricultural and conservation practices;

(iii) reforestation;

(iv) forest preservation;

(v) maintenance of an underground reservoir; and

(vi) any other appropriate biological or geological method of capture, isolation, or removal of greenhouse gases from the atmosphere, as determined by the Administrator.

SEC. 1623. ESTABLISHMENT OF MEMORANDUM OF AGREEMENT.

(a) IN GENERAL.—Not later than 1 year after the date of enactment of this Act, the President, acting through the Director of the Office of National Climate Change Policy, shall direct the Secretary, the Secretary of Commerce, the Secretary of Agriculture, the Secretary of Transportation, and the Administrator to enter into a memorandum of agreement under which those heads of Federal agencies will—

(1) recognize and maintain statutory and regulatory authorities, functions, and programs that—

(A) are established as of the date of enactment of this Act under other law;

(B) provide for the collection of data relating to greenhouse gas emissions and effects; and

(C) are necessary for the operation of the database;

(2)(A) distribute additional responsibilities and activities identified under this subtitle to Federal departments or agencies in accordance with the missions and expertise of those departments and agencies; and

(B) maximize the use of available resources of those departments and agencies; and

(3) provide for the comprehensive collection and analysis of data on greenhouse gas emissions relating to product use (including the use of fossil fuels and energy-consuming appliances and vehicles).

(b) MINIMUM REQUIREMENTS.—The memorandum of agreement entered into under subsection (a) shall, at a minimum, retain the following functions for the designated agencies:

(1) DEPARTMENT OF ENERGY.—The Secretary shall be primarily responsible for developing, maintaining, and verifying the registry and the emission reductions reported under section 1605(b) of the Energy Policy Act of 1992 (42 U.S.C. 13385(b)).

(2) DEPARTMENT OF COMMERCE.—The Secretary of Commerce shall be primarily responsible for the development of—

(A) measurement standards for the monitoring of emissions; and

(B) verification technologies and methods to ensure the maintenance of a consistent and technically accurate record of emissions, emission reductions, and atmospheric concentrations of greenhouse gases for the database.

(3) ENVIRONMENTAL PROTECTION AGENCY.—The Administrator shall be primarily responsible for—

(A) emissions monitoring, measurement, verification, and data collection under this subtitle and title IV (relating to acid deposition control) and title VIII of the Clean Air Act (42 U.S.C. 7651 et seq.), including mobile source emissions information from implementation of the corporate average fuel economy program under chapter 329 of title 49, United States Code; and

(B) responsibilities of the Environmental Protection Agency relating to completion of the national inventory for compliance with the United Nations Framework Convention on Climate Change, done at New York on May 9, 1992.

(4) DEPARTMENT OF AGRICULTURE.—The Secretary of Agriculture shall be primarily responsible for—

(A) developing measurement techniques for—

(i) soil carbon sequestration; and

(ii) forest preservation and reforestation activities; and

(B) providing technical advice relating to biological carbon sequestration measurement and verification standards for measuring greenhouse gas emission reductions or offsets.

(c) DRAFT MEMORANDUM OF AGREEMENT.—Not later than 15 months after the date of enactment of this Act, the President, acting through the Director of the Office of National Climate Change Policy, shall publish in the Federal Register, and solicit comments on, a draft version of the memorandum of agreement described in subsection (a).

(d) NO JUDICIAL REVIEW.—The final version of the memorandum of agreement shall not be subject to judicial review.

SEC. 1624. NATIONAL GREENHOUSE GAS DATABASE.

(a) ESTABLISHMENT.—As soon as practicable after the date of enactment of this Act, the designated agencies, in consultation with the private sector and nongovernmental organizations, shall jointly establish, operate, and maintain a database, to be known as the ''National Greenhouse Gas Database'', to collect, verify, and analyze information on greenhouse gas emissions by entities.

(b) NATIONAL GREENHOUSE GAS DATABASE COMPONENTS.—The database shall consist of—

(1) an inventory of greenhouse gas emissions; and

(2) a registry of greenhouse gas emission reductions.

(c) COMPREHENSIVE SYSTEM.—

(1) IN GENERAL.—Not later than 2 years after the date of enactment of this Act, the designated agencies shall jointly promulgate regulations to implement a comprehensive system for greenhouse gas emissions reporting, inventorying, and reductions registration.

(2) REQUIREMENTS.—The designated agencies shall ensure, to the maximum extent practicable, that—

(A) the comprehensive system described in paragraph (1) is designed to—

(i) maximize completeness, transparency, and accuracy of information reported; and

(ii) minimize costs incurred by entities in measuring and reporting greenhouse gas emissions; and

(B) the regulations issued under paragraph (1) establish procedures and protocols necessary—

(i) to prevent the reporting of some or all of the same greenhouse gas emissions or emission reductions by more than 1 reporting entity;

(ii) to provide for corrections to errors in data submitted to the database;

(iii) to provide for adjustment to data by reporting entities that have had a significant organizational change (including mergers, acquisitions, and divestiture), in order to maintain comparability among data in the database over time;

(iv) to provide for adjustments to reflect new technologies or methods for measuring or calculating greenhouse gas emissions; and

(v) to account for changes in registration of ownership of emission reductions resulting from a voluntary private transaction between reporting entities.

(3) BASELINE IDENTIFICATION AND PROTECTION.—Through regulations issued under

paragraph (1), the designated agencies shall develop and implement a system that provides—

(A) for the provision of unique serial numbers to identify the verified emission reductions made by an entity relative to the baseline of the entity;

(B) for the tracking of the reductions associated with the serial numbers; and

(C) that the reductions may be applied, as determined to be appropriate by any Act of Congress enacted after the date of enactment of this Act, toward a Federal requirement under such an Act that is imposed on the entity for the purpose of reducing greenhouse gas emissions.

SEC. 1625. GREENHOUSE GAS REDUCTION REPORTING.

(a) IN GENERAL.—An entity that participates in the registry shall meet the requirements described in subsection (b).

(b) REQUIREMENTS.—

(1) IN GENERAL.—The requirements referred to in subsection (a) are that an entity (other than an entity described in paragraph (2)) shall—

(A) establish a baseline (including all of the entity's greenhouse gas emissions on an entity-wide basis); and

(B) submit the report described in subsection (c)(1).

(2) REQUIREMENTS APPLICABLE TO ENTITIES ENTERING INTO CERTAIN AGREEMENTS.—An entity that enters into an agreement with a participant in the registry for the purpose of a carbon sequestration project shall not be required to comply with the requirements specified in paragraph (1) unless that entity is required to comply with the requirements by reason of an activity other than the agreement.

(c) REPORTS.—

(1) REQUIRED REPORT.—Not later than April 1 of the third calendar year that begins after the date of enactment of this Act, and not later than April 1 of each calendar year thereafter, subject to paragraph (3), an entity described in subsection (a) shall submit to each appropriate designated agency a report that describes, for the preceding calendar year, the entity-wide greenhouse gas emissions (as reported at the facility level), including—

(A) the total quantity of each greenhouse gas emitted, expressed in terms of mass and in terms of the quantity of carbon dioxide equivalent;

(B) an estimate of the greenhouse gas emissions from fossil fuel combusted by products manufactured and sold by the entity in the previous calendar year, determined over the average lifetime of those products; and

(C) such other categories of emissions as the designated agency determines in the regulations issued under section 1624(c)(1) may be practicable and useful for the purposes of this subtitle, such as—

(i) direct emissions from stationary sources;

(ii) indirect emissions from imported electricity, heat, and steam;

(iii) process and fugitive emissions; and

(iv) production or importation of greenhouse gases.

(2) VOLUNTARY REPORTING.—An entity described in subsection (a) may (along with establishing a baseline and reporting reductions under this section)—

(A) submit a report described in paragraph (1) before the date specified in that paragraph for the purposes of achieving and commoditizing greenhouse gas reductions through use of the registry; and

(B) submit to any designated agency, for inclusion in the registry, information that has been verified in accordance with regulations issued under section 1624(c)(1) and that relates to—

(i) with respect to the calendar year preceding the calendar year in which the information is submitted, and with respect to any greenhouse gas emitted by the entity—

(I) project reductions from facilities owned or controlled by the reporting entity in the United States;

(II) transfers of project reductions to and from any other entity;

(III) project reductions and transfers of project reductions outside the United States;

(IV) other indirect emissions that are not required to be reported under paragraph (1); and

(V) product use phase emissions;

(ii) with respect to greenhouse gas emission reduction activities of the entity that have been carried out during or after 1990, verified in accordance with regulations issued under section 1624(c)(1), and submitted to 1 or more designated agencies before the date that is 4 years after the date of enactment of this Act, any greenhouse gas emission reductions that have been reported or submitted by an entity under—

(I) section 1605(b) of the Energy Policy Act of 1992 (42 U.S.C. 13385(b)); or

(II) any other Federal or State voluntary greenhouse gas reduction program; and

(iii) any project or activity for the reduction of greenhouse gas emissions or sequestration of a greenhouse gas that is carried out by the entity, including a project or activity relating to—

(I) fuel switching;

(II) energy efficiency improvements;

(III) use of renewable energy;

(IV) use of combined heat and power systems;

(V) management of cropland, grassland, or grazing land;

(VI) a forestry activity that increases forest carbon stocks or reduces forest carbon emissions;

(VII) carbon capture and storage;

(VIII) methane recovery;

(IX) greenhouse gas offset investment; and

(X) any other practice for achieving greenhouse gas reductions as recognized by 1 or more designated agencies.

(3) EXEMPTIONS FROM REPORTING.—

(A) IN GENERAL.—If the Director of the Office of National Climate Change Policy determines under section 1628(b) that the reporting requirements under paragraph (1) shall apply to all entities (other than entities exempted by this paragraph), regardless of participation or nonparticipation in the registry, an entity shall be required to submit reports under paragraph (1) only if, in any calendar year after the date of enactment of this Act—

(i) the total greenhouse gas emissions of at least 1 facility owned by the entity exceeds 10,000 metric tons of carbon dioxide equivalent (or such greater quantity as may be established by a designated agency by regulation); or

(ii)(I) the total quantity of greenhouse gases produced, distributed, or imported by the entity exceeds 10,000 metric tons of carbon dioxide equivalent (or such greater quantity as may be established by a designated agency by regulation); and

(II) the entity is not a feedlot or other farming operation (as defined in section 101 of title 11, United States Code).

(B) ENTITIES ALREADY REPORTING.—

(i) IN GENERAL.—An entity that, as of the date of enactment of this Act, is required to report carbon dioxide emissions data to a Federal agency shall not be required to re-report that data for the purposes of this subtitle.

(ii) REVIEW OF PARTICIPATION.—For the purpose of section 1628, emissions reported under clause (i) shall be considered to be reported by the entity to the registry.

(4) PROVISION OF VERIFICATION INFORMATION BY REPORTING ENTITIES.—Each entity that submits a report under this subsection shall provide information sufficient for each designated agency to which the report is submitted to verify, in accordance with measurement and verification methods and standards developed under section 1626, that the greenhouse gas report of the reporting entity—

(A) has been accurately reported; and

(B) in the case of each voluntary report under paragraph (2), represents—

(i) actual reductions in direct greenhouse gas emissions—

(I) relative to historic emission levels of the entity; and

(II) net of any increases in—

(aa) direct emissions; and

(bb) indirect emissions described in paragraph (1)(C)(ii); or

(ii) actual increases in net sequestration.

(5) FAILURE TO SUBMIT REPORT.—An entity that participates or has participated in the registry and that fails to submit a report required under this subsection shall be prohibited from including emission reductions reported to the registry in the calculation of the baseline of the entity in future years.

(6) INDEPENDENT THIRD-PARTY VERIFICATION.—To meet the requirements of this section and section 1626, a entity that is required to submit a report under this section may—

(A) obtain independent third-party verification; and

(B) present the results of the third-party verification to each appropriate designated agency.

(7) AVAILABILITY OF DATA.—

(A) IN GENERAL.—The designated agencies shall ensure, to the maximum extent practicable, that information in the database is—

(i) published;

(ii) accessible to the public; and

(iii) made available in electronic format on the Internet.

(B) EXCEPTION.—Subparagraph (A) shall not apply in any case in which the designated agencies determine that publishing or otherwise making available information described in that subparagraph poses a risk to national security.

(8) DATA INFRASTRUCTURE.—The designated agencies shall ensure, to the maximum extent practicable, that the database uses, and is integrated with, Federal, State, and regional greenhouse gas data collection and reporting systems in effect as of the date of enactment of this Act.

(9) ADDITIONAL ISSUES TO BE CONSIDERED.—In promulgating the regulations under section 1624(c)(1) and implementing the database, the designated agencies shall take into consideration a broad range of issues involved in establishing an effective database, including—

(A) the appropriate units for reporting each greenhouse gas;

(B) the data and information systems and measures necessary to identify, track, and verify greenhouse gas emission reductions in a manner that will encourage the development of private sector trading and exchanges;

(C) the greenhouse gas reduction and sequestration methods and standards applied in other countries, as applicable or relevant;

(D) the extent to which available fossil fuels, greenhouse gas emissions, and greenhouse gas production and importation data are adequate to implement the database;

(E) the differences in, and potential uniqueness of, the facilities, operations, and business and other relevant practices of persons and entities in the private and public

sectors that may be expected to participate in the registry; and

(F) the need of the registry to maintain valid and reliable information on baselines of entities so that, in the event of any future action by Congress to require entities, individually or collectively, to reduce greenhouse gas emissions, Congress will be able—

(i) to take into account that information; and

(ii) to avoid enacting legislation that penalizes entities for achieving and reporting reductions.

(d) ANNUAL REPORT.—The designated agencies shall jointly publish an annual report that—

(1) describes the total greenhouse gas emissions and emission reductions reported to the database during the year covered by the report;

(2) provides entity-by-entity and sector-by-sector analyses of the emissions and emission reductions reported;

(3) describes the atmospheric concentrations of greenhouse gases; and

(4) provides a comparison of current and past atmospheric concentrations of greenhouse gases.

SEC. 1626. MEASUREMENT AND VERIFICATION.

(a) STANDARDS.—

(1) IN GENERAL.—Not later than 1 year after the date of enactment of this Act, the designated agencies shall jointly develop comprehensive measurement and verification methods and standards to ensure a consistent and technically accurate record of greenhouse gas emissions, emission reductions, sequestration, and atmospheric concentrations for use in the registry.

(2) REQUIREMENTS.—The methods and standards developed under paragraph (1) shall address the need for—

(A) standardized measurement and verification practices for reports made by all entities participating in the registry, taking into account—

(i) protocols and standards in use by entities desiring to participate in the registry as of the date of development of the methods and standards under paragraph (1);

(ii) boundary issues, such as leakage and shifted use;

(iii) avoidance of double counting of greenhouse gas emissions and emission reductions; and

(iv) such other factors as the designated agencies determine to be appropriate;

(B) measurement and verification of actions taken to reduce, avoid, or sequester greenhouse gas emissions;

(C) in coordination with the Secretary of Agriculture, measurement of the results of the use of carbon sequestration and carbon recapture technologies, including—

(i) organic soil carbon sequestration practices; and

(ii) forest preservation and reforestation activities that adequately address the issues of permanence, leakage, and verification;

(D) such other measurement and verification standards as the Secretary of Commerce, the Secretary of Agriculture, the Administrator, and the Secretary determine to be appropriate; and

(E) other factors that, as determined by the designated agencies, will allow entities to adequately establish a fair and reliable measurement and reporting system.

(b) REVIEW AND REVISION.—The designated agencies shall periodically review, and revise as necessary, the methods and standards developed under subsection (a).

(c) PUBLIC PARTICIPATION.—The Secretary of Commerce shall—

(1) make available to the public for comment, in draft form and for a period of at least 90 days, the methods and standards developed under subsection (a); and

(2) after the 90-day period referred to in paragraph (1), in coordination with the Secretary, the Secretary of Agriculture, and the Administrator, adopt the methods and standards developed under subsection (a) for use in implementing the database.

(d) EXPERTS AND CONSULTANTS.—

(1) IN GENERAL.—The designated agencies may obtain the services of experts and consultants in the private and nonprofit sectors in accordance with section 3109 of title 5, United States Code, in the areas of greenhouse gas measurement, certification, and emission trading.

(2) AVAILABLE ARRANGEMENTS.—In obtaining any service described in paragraph (1), the designated agencies may use any available grant, contract, cooperative agreement, or other arrangement authorized by law.

SEC. 1627. INDEPENDENT REVIEWS.

(a) IN GENERAL.—Not later than 5 years after the date of enactment of this Act, and every 3 years thereafter, the Comptroller General of the United States shall submit to Congress a report that—

(1) describes the efficacy of the implementation and operation of the database; and

(2) includes any recommendations for improvements to this subtitle and programs carried out under this subtitle—

(A) to achieve a consistent and technically accurate record of greenhouse gas emissions, emission reductions, and atmospheric concentrations; and

(B) to achieve the purposes of this subtitle.

(b) REVIEW OF SCIENTIFIC METHODS.—The designated agencies shall enter into an agreement with the National Academy of Sciences under which the National Academy of Sciences shall—

(1) review the scientific methods and standards used by the designated agencies in implementing this subtitle;

(2) not later than 4 years after the date of enactment of this Act, submit to Congress a report that describes any recommendations for improving—

(A) those methods and standards; and

(B) related elements of the programs, and structure of the database, established by this subtitle; and

(3) regularly review and update as appropriate the list of anthropogenic climate-forcing emissions with significant global warming potential described in section 1622(8)(G).

SEC. 1628. REVIEW OF PARTICIPATION.

(a) IN GENERAL.—Not later than 5 years after the date of enactment of this Act, the Director of the Office of National Climate Change Policy shall determine whether the reports submitted to the registry under section 1625(c)(1) represent less than 60 percent of the national aggregate anthropogenic greenhouse gas emissions.

(b) INCREASED APPLICABILITY OF REQUIREMENTS.—If the Director of the Office of National Climate Change Policy determines under subsection (a) that less than 60 percent of the aggregate national anthropogenic greenhouse gas emissions are being reported to the registry—

(1) the reporting requirements under section 1625(c)(1) shall apply to all entities (except entities exempted under section 1625(c)(3)), regardless of any participation or nonparticipation by the entities in the registry; and

(2) each entity shall submit a report described in section 1625(c)(1)—

(A) not later than the earlier of—

(i) April 30 of the calendar year immediately following the year in which the Director of the Office of National Climate Change Policy makes the determination under subsection (a); or

(ii) the date that is 1 year after the date on which the Director of the Office of National Climate Change Policy makes the determination under subsection (a); and

(B) annually thereafter.

(c) RESOLUTION OF DISAPPROVAL.—For the purposes of this section, the determination of the Director of the Office of National Climate Change Policy under subsection (a) shall be considered to be a major rule (as defined in section 804(2) of title 5, United States Code) subject to the congressional disapproval procedure under section 802 of title 5, United States Code.

SEC. 1629. ENFORCEMENT.

If an entity that is required to report greenhouse gas emissions under section 1625(c)(1) or 1628 fails to comply with that requirement, the Attorney General may, at the request of the designated agencies, bring a civil action in United States district court against the entity to impose on the entity a civil penalty of not more than $25,000 for each day for which the entity fails to comply with that requirement.

SEC. 1630. REPORT ON STATUTORY CHANGES AND HARMONIZATION.

Not later than 3 years after the date of enactment of this Act, the President shall submit to Congress a report that describes any modifications to this subtitle or any other provision of law that are necessary to improve the accuracy or operation of the database and related programs under this subtitle.

SEC. 1631. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated such sums as are necessary to carry out this subtitle.

SA 919. Mr. HARKIN (for himself, Mr. LUGAR, Mr. OBAMA, Mr. COLEMAN, and Mr. BAYH) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 493, between lines 19 and 20, insert the following:

SEC. 9____. BIOMASS RESEARCH AND DEVELOPMENT.

(a) DEFINITIONS.—Section 303 of the Biomass Research and Development Act of 2000 (Public Law 106–224; 7 U.S.C. 8101 note) is amended—

(1) by striking paragraphs (2), (9), and (10);

(2) by redesignating paragraphs (3), (4), (5), (6), (7), and (8) as paragraphs (4), (5), (7), (8), (9), and (10), respectively;

(3) by inserting after paragraph (1) the following:

''(2) BIOBASED FUEL.—The term 'biobased fuel' means any transportation fuel produced from biomass.

''(3) BIOBASED PRODUCT.—The term 'biobased product' means an industrial product (including chemicals, materials, and polymers) produced from biomass, or a commercial or industrial product (including animal feed and electric power) derived in connection with the conversion of biomass to fuel.'';

(4) by inserting after paragraph (5) (as redesignated by paragraph (2)) the following:

''(6) DEMONSTRATION.—The term 'demonstration' means demonstration of technology in a pilot plant or semi-works scale facility.''; and

(5) by striking paragraph (9) (as redesignated by paragraph (2)) and inserting the following:

''(9) NATIONAL LABORATORY.—The term 'National Laboratory' means any of the following laboratories owned by the Department:

''(A) Ames Laboratory.

''(B) Argonne National Laboratory.

''(C) Brookhaven National Laboratory.
''(D) Fermi National Accelerator Laboratory.
''(E) Idaho National Laboratory.
''(F) Lawrence Berkeley National Laboratory.
''(G) Lawrence Livermore National Laboratory.
''(H) Los Alamos National Laboratory.
''(I) National Energy Technology Laboratory.
''(J) National Renewable Energy Laboratory.
''(K) Oak Ridge National Laboratory.
''(L) Pacific Northwest National Laboratory.
''(M) Princeton Plasma Physics Laboratory.
''(N) Sandia National Laboratories.
''(O) Stanford Linear Accelerator Center.
''(P) Thomas Jefferson National Accelerator Facility.''.

(b) COOPERATION AND COORDINATION IN BIOMASS RESEARCH AND DEVELOPMENT.—Section 304 of the Biomass Research and Development Act of 2000 (Public Law 106–224; 7 U.S.C. 8101 note) is amended—

(1) in subsections (a) and (d), by striking ''industrial products'' each place it appears and inserting ''fuels and biobased products'';

(2) by striking subsections (b) and (c); and

(3) by redesignating subsection (d) as subsection (b).

(c) BIOMASS RESEARCH AND DEVELOPMENT BOARD.—Section 305 of the Biomass Research and Development Act of 2000 (Public Law 106–224; 7 U.S.C. 8101 note) is amended—

(1) in subsections (a) and (c), by striking ''industrial products'' each place it appears and inserting ''fuels and biobased products'';

(2) in subsection (b)—

(A) in paragraph (1), by striking ''304(d)(1)(B)'' and inserting ''304(b)(1)(B)''; and

(B) in paragraph (2), by striking ''304(d)(1)(A)'' and inserting ''304(b)(1)(A)''; and

(3) in subsection (c)—

(A) in paragraph (1)(B), by striking ''and'' at the end;

(B) in paragraph (2), by striking the period at the end and inserting a semicolon; and

(C) by adding at the end the following:

''(3) ensure that—

''(A) solicitations are open and competitive with awards made annually; and

''(B) objectives and evaluation criteria of the solicitations are clearly stated and minimally prescriptive, with no areas of special interest; and

''(4) ensure that the panel of scientific and technical peers assembled under section 307(c)(2)(C) to review proposals is composed predominantly of independent experts selected from outside the Departments of Agriculture and Energy.''.

(d) BIOMASS RESEARCH AND DEVELOPMENT TECHNICAL ADVISORY COMMITTEE.—Section 306 of the Biomass Research and Development Act of 2000 (Public Law 106–224; 7 U.S.C. 8101 note) is amended—

(1) in subsection (b)(1)—

(A) in subparagraph (A), by striking ''biobased industrial products'' and inserting ''biofuels'';

(B) by redesignating subparagraphs (B) through (J) as subparagraphs (C) through (K), respectively;

(C) by inserting after subparagraph (A) the following:

''(B) an individual affiliated with the biobased industrial and commercial products industry;'';

(D) in subparagraph (F) (as redesignated by subparagraph (B)) by striking ''an individual'' and inserting ''2 individuals'';

(E) in subparagraphs (C), (D), (G), and (I) (as redesignated by subparagraph (B)) by striking ''industrial products'' each place it appears and inserting ''fuels and biobased products''; and

(F) in subparagraph (H) (as redesignated by subparagraph (B)), by inserting ''and environmental'' before ''analysis'';

(2) in subsection (c)(2)—

(A) in subparagraph (A), by striking ''goals'' and inserting ''objectives, purposes, and considerations'';

(B) by redesignating subparagraphs (B) and (C) as subparagraphs (C) and (D), respectively;

(C) by inserting after subparagraph (A) the following:

''(B) solicitations are open and competitive with awards made annually and that objectives and evaluation criteria of the solicitations are clearly stated and minimally prescriptive, with no areas of special interest;''; and

(D) in subparagraph (C) (as redesignated by subparagraph (B)) by inserting ''predominantly from outside the Departments of Agriculture and Energy'' after ''technical peers''.

(e) BIOMASS RESEARCH AND DEVELOPMENT INITIATIVE.—Section 307 of the Biomass Research and Development Act of 2000 (Public Law 106–224; 7 U.S.C. 8101 note) is amended—

(1) in subsection (a), by striking ''research on biobased industrial products'' and inserting ''research on, and development and demonstration of, biobased fuels and biobased products, and the methods, practices and technologies, biotechnology, for their production''; and

(2) by striking subsections (b) through (e) and inserting the following:

''(b) AGENCIES.—

''(1) AGRICULTURE.—The Secretary of Agriculture, through the point of contact of the Department of Agriculture and in consultation with the Board, shall provide, or enter into, grants, contracts, and financial assistance under this section through the Cooperative State Research, Education, and Extension Service of the Department of Agriculture.

''(2) ENERGY.—The Secretary of Energy, though the point of contact of the Department of Energy and in consultation with the Board, shall provide, or enter into, grants, contracts, and financial assistance under this section through the appropriate agency, as determined by the Secretary of Energy.

''(c) OBJECTIVES.—The objectives of the Initiative are to develop—

''(1) technologies and processes necessary for abundant commercial production of biobased fuels at prices competitive with fossil fuels;

''(2) high-value biobased products—

''(A) to enhance the economic viability of biobased fuels and power; and

''(B) as substitutes for petroleum-based feedstocks and products; and

''(3) a diversity of sustainable domestic sources of biomass for conversion to biobased fuels and biobased products.

''(d) PURPOSES.—The purposes of the Initiative are—

''(1) to increase the energy security of the United States;

''(2) to create jobs and enhance the economic development of the rural economy;

''(3) to enhance the environment and public health; and

''(4) to diversify markets for raw agricultural and forestry products.

''(e) TECHNICAL AREAS.—To advance the objectives and purposes of the Initiative, the Secretary of Agriculture and the Secretary of Energy, in consultation with the Administrator of the Environmental Protection Agency and heads of other appropriate departments and agencies (referred to in this section as the 'Secretaries'), shall direct research and development toward—

''(1) feedstock production through the development of crops and cropping systems relevant to production of raw materials for conversion to biobased fuels and biobased products, including—

''(A) development of advanced and dedicated crops with desired features, including enhanced productivity, broader site range, low requirements for chemical inputs, and enhanced processing;

''(B) advanced crop production methods to achieve the features described in subparagraph (A);

''(C) feedstock harvest, handling, transport, and storage; and

''(D) strategies for integrating feedstock production into existing managed land;

''(2) overcoming recalcitrance of cellulosic biomass through developing technologies for converting cellulosic biomass into intermediates that can subsequently be converted into biobased fuels and biobased products, including—

''(A) pretreatment in combination with enzymatic or microbial hydrolysis; and

''(B) thermochemical approaches, including gasification and pyrolysis;

''(3) product diversification through technologies relevant to production of a range of biobased products (including chemicals, animal feeds, and cogenerated power) that eventually can increase the feasibility of fuel production in a biorefinery, including—

''(A) catalytic processing, including thermochemical fuel production;

''(B) metabolic engineering, enzyme engineering, and fermentation systems for biological production of desired products or cogeneration of power;

''(C) product recovery;

''(D) power production technologies; and

''(E) integration into existing biomass processing facilities, including starch ethanol plants, paper mills, and power plants; and

''(4) analysis that provides strategic guidance for the application of biomass technologies in accordance with realization of societal benefits in improved sustainability and environmental quality, cost effectiveness, security, and rural economic development, usually featuring system-wide approaches.

''(f) ADDITIONAL CONSIDERATIONS.—Within the technical areas described in subsection (e), and in addition to advancing the purposes described in subsection (d) and the objectives described in subsection (c), the Secretaries shall support research and development—

''(1) to create continuously expanding opportunities for participants in existing biofuels production by seeking synergies and continuity with current technologies and practices, including the use of dried distillers grains as a bridge feedstock;

''(2) to maximize the environmental, economic, and social benefits of production of biobased fuels and biobased products on a large scale through life-cycle economic and environmental analysis and other means; and

''(3) to assess the potential of Federal land and land management programs as feedstock resources for biobased fuels and biobased products, consistent with the integrity of soil and water resources and with other environmental considerations.

''(g) ELIGIBLE ENTITIES.—To be eligible for a grant, contract, or assistance under this section, an applicant shall be—

''(1) an institution of higher education;

''(2) a national laboratory;

''(3) a Federal research agency;

''(4) a State research agency;

''(5) a private sector entity;

''(6) a nonprofit organization; or

''(7) a consortium of 2 of more entities described in paragraphs (1) through (6).

''(h) ADMINISTRATION.—

''(1) IN GENERAL.—After consultation with the Board, the points of contact shall—

''(A) publish annually 1 or more joint requests for proposals for grants, contracts, and assistance under this section;

''(B) establish a priority in grants, contracts, and assistance under this section for research that advances the objectives, purposes, and additional considerations of this title;

''(C) require that grants, contracts, and assistance under this section be awarded competitively, on the basis of merit, after the establishment of procedures that provide for scientific peer review by an independent panel of scientific and technical peers; and

''(D) give some preference to applications that—

''(i) involve a consortia of experts from multiple institutions;

''(ii) encourage the integration of disciplines and application of the best technical resources; and

''(iii) increase the geographic diversity of demonstration projects.

''(2) DISTRIBUTION OF FUNDING BY TECHNICAL AREA.—Of the funds authorized to be appropriated for activities described in this section, funds shall be distributed for each fiscal year so as to achieve an approximate distribution of—

''(A) 20 percent of the funds to carry out activities for feedstock production under subsection (e)(1);

''(B) 45 percent of the funds to carry out activities for overcoming recalcitrance of cellulosic biomass under subsection (e)(2);

''(C) 30 percent of the funds to carry out activities for product diversification under subsection (e)(3); and

''(D) 5 percent of the funds to carry out activities for strategic guidance under subsection (e)(4).

''(3) DISTRIBUTION OF FUNDING WITHIN EACH TECHNICAL AREA.—Within each technical area described in paragraphs (1) through (3) of subsection (e), funds shall be distributed for each fiscal year so as to achieve an approximate distribution of—

''(A) 15 percent of the funds for applied fundamentals;

''(B) 35 percent of the funds for innovation; and

''(C) 50 percent of the funds for demonstration.

''(4) MATCHING FUNDS.—

''(A) IN GENERAL.—A minimum 20 percent funding match shall be required for demonstration projects under this title.

''(B) COMMERCIAL APPLICATIONS.—A minimum of 50 percent funding match shall be required for commercial application projects under this title.

''(5) TECHNOLOGY AND INFORMATION TRANSFER TO AGRICULTURAL USERS.—

''(A) IN GENERAL.—The Administrator of the Cooperative State Research, Education, and Extension Service and the Chief of the Natural Resources Conservation Service shall ensure that applicable research results and technologies from the Initiative are adapted, made available, and disseminated through those services, as appropriate.

''(B) REPORT.—Not later than 2 years after the date of enactment of this paragraph, and every 2 years thereafter, the Administrator of the Cooperative State Research, Education, and Extension Service and the Chief of the Natural Resources Conservation Service shall submit to the committees of Congress with jurisdiction over the Initiative a report describing the activities conducted by the services under this subsection.''.

(f) REPORTS.—Section 309 of the Biomass Research and Development Act of 2000 (Public Law 106–224; 7 U.S.C. 8101 note) is amended—

(1) in subsection (a)—

(A) in paragraph (2), by striking ''industrial product'' and inserting ''fuels and biobased products''; and

(B) in paragraph (3), by striking ''industrial products'' each place it appears and inserting ''fuels and biobased products'';

(2) by redesignating subsection (b) as subsection (c);

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

''(b) ASSESSMENT REPORT AND STRATEGIC PLAN.—Not later than 1 year after the date of enactment of the Energy Policy Act of 2005, the Secretary and the Secretary of Energy shall jointly submit to Congress a report that—

''(1) describes the status and progress of current research and development efforts in both the Federal Government and private sector in achieving the objectives, purposes, and considerations of this title, specifically addressing each of the technical areas identified in section 307(e);

''(2) describes the actions taken to implement the improvements directed by this title; and

''(3) outlines a strategic plan for achieving the objectives, purposes, and considerations of this title.''; and

(4) in subsection (c) (as redesignated by paragraph (2))—

(A) in paragraph (1)—

(i) in subparagraph (A), by striking ''purposes described in section 307(b)'' and inserting ''objectives, purposes, and additional considerations described in subsections (c) through (f) of section 307'';

(ii) in subparagraph (B), by striking ''and'' at the end;

(iii) by redesignating subparagraph (C) as subparagraph (D); and

(iv) by inserting after subparagraph (B) the following:

''(C) achieves the distribution of funds described in paragraphs (2) and (3) of section 307(h); and''; and

(B) in paragraph (2), by striking ''industrial products'' and inserting ''fuels and biobased products''.

(g) AUTHORIZATION OF APPROPRIATIONS.—Section 310(b) of the Biomass Research and Development Act of 2000 (Public Law 106–224; 7 U.S.C. 8101 note) is amended by striking ''title $54,000,000 for each of fiscal years 2002 through 2007'' and inserting''title $200,000,000 for fiscal year 2006 and each fiscal year thereafter''.

(h) HYDROGEN INTERMEDIATE FUELS RESEARCH PROGRAM.—

(1) IN GENERAL.—The Secretary shall conduct a research, development, and demonstration program focused on the economic production and use of hydrogen from biofuels, with emphasis on the rural transportation and rural electrical generation sectors.

(2) TRANSPORTATION SECTOR OBJECTIVES.—

(A) IN GENERAL.—As part of the program conducted under paragraph (1), the Secretary, in coordination with the Secretary of Agriculture, shall conduct a 3-year program of research, development, and demonstration on the use of ethanol and other low-cost transportable renewable feedstocks as intermediate fuels for the safe, energy efficient, and cost-effective transportation of hydrogen.

(B) GOALS.—The goals of the program shall include—

(i) demonstrating the cost-effective conversion of ethanol or other low-cost transportable renewable feedstocks to pure hydrogen suitable for eventual use fuel cells, using existing commercial reforming technology or modest modifications of existing technology to reform ethanol or other low-cost transportable renewable feedstocks into hydrogen;

(ii) converting at least 1 commercially available internal combustion engine hybrid electric passenger vehicle to operate on hydrogen;

(iii) installing and operating an ethanol reformer or reformer for another low-cost transportable renewable feedstock (including onsite hydrogen compression, storage, and dispensing) at the facilities of a fleet operator not later than 1 year after the date of the commencement of the program;

(iv) operating the 1 or more hydrogen internal combustion engine hybrid electric vehicles for a period of 2 years; and

(v) collecting emissions and fuel economy data on the 1 or more hydrogen-powered vehicles over various operating and environmental conditions.

(3) ELECTRICAL GENERATION SECTOR OBJECTIVES.—The objectives of the program conducted under paragraph (1) in the rural electrical generation sector shall be to—

(A) design, develop, and test low-cost gasification equipment to convert biomass to hydrogen at regional rural cooperatives, or at businesses owned by farmers, close to agricultural operations to minimize the cost of biomass transportation to large central gasification plants;

(B) demonstrate low-cost electrical generation at such rural cooperatives or farmer-owned businesses, using renewable hydrogen derived from biomass in either fuel cell generators, or, as an interim cost reduction option, in conventional internal combustion engine gensets;

(C) determine the economic return to cooperatives or other businesses owned by farmers of producing hydrogen from biomass and selling electricity compared to agricultural economic returns from producing and selling conventional crops alone;

(D) evaluate the crop yield and long-term soil sustainability of growing and harvesting of feedstocks for biomass gasification, and

(E) demonstrate the use of a portion of the biomass-derived hydrogen in various agricultural vehicles to reduce—

(i) dependence on imported fossil fuel; and

(ii) environmental impacts.

(4) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subsection—

(A) $5,000,000 to carry out paragraph (2); and

(B) $5,000,000 to carry out paragraph (3).

SEC. 9___. PRODUCTION INCENTIVES FOR CELLULOSIC BIOFUELS.

(a) PURPOSE.—The purpose of this section is to—

(1) accelerate deployment and commercialization of biofuels;

(2) deliver the first 1,000,000,000 gallons in annual cellulosic biofuels production by 2015;

(3) ensure biofuels produced after 2015 are cost competitive with gasoline and diesel; and

(4) ensure that small feedstock producers and rural small businesses are full participants in the development of the cellulosic biofuels industry.

(b) DEFINITIONS.—In this section:

(1) CELLULOSIC BIOFUELS.—The term ''cellulosic biofuels'' means any fuel that is produced from cellulosic feedstocks.

(2) ELIGIBLE ENTITY.—The term ''eligible entity'' means a producer of fuel from cellulosic biofuels the production facility of which—

(A) is located in the United States;

(B) meets all applicable Federal and State permitting requirements;

(C) is to begin production of cellulosic biofuels not later than 3 years after the date of the reverse auction in which the producer participates; and

(D) meets any financial criteria established by the Secretary.

(3) SECRETARY.—The term ''Secretary'' means the Secretary of Agriculture.

(c) PROGRAM.—

(1) ESTABLISHMENT.—The Secretary, in consultation with the Secretary of Energy, the Secretary of Defense, and the Administrator of the Environmental Protection Agency, shall establish an incentive program for the production of cellulosic biofuels.

(2) BASIS OF INCENTIVES.—Under the program, the Secretary shall award production incentives on a per gallon basis of cellulosic biofuels from eligible entities, through—

(A) set payments per gallon of cellulosic biofuels produced in an amount determined by the Secretary, until initiation of the first reverse auction; and

(B) reverse auction thereafter.

(3) FIRST REVERSE AUCTION.—The first reverse auction shall be held on the earlier of—

(A) not later than 1 year after the first year of annual production in the United States of 100,000,000 gallons of cellulosic biofuels, as determined by the Secretary; or

(B) not later than 3 years after the date of enactment of this Act.

(4) REVERSE AUCTION PROCEDURE.—

(A) IN GENERAL.—On initiation of the first reverse auction, and each year thereafter until the earlier of the first year of annual production in the United States of 1,000,000,000 gallons of cellulosic biofuels, as determined by the Secretary, or 10 years after the date of enactment of this Act, the Secretary shall conduct a reverse auction at which—

(i) the Secretary shall solicit bids from eligible entities;

(ii) eligible entities shall submit—

(I) a desired level of production incentive on a per gallon basis; and

(II) an estimated annual production amount in gallons; and

(iii) the Secretary shall issue awards for the production amount submitted, beginning with the eligible entity submitting the bid for the lowest level of production incentive on a per gallon basis, until the amount of funds available for the reverse auction is committed.

(B) AMOUNT OF INCENTIVE RECEIVED.—An eligible entity selected by the Secretary through a reverse auction shall receive the amount of performance incentive requested in the auction for each gallon produced and sold by the entity during the first 6 years of operation.

(d) LIMITATIONS.—Awards under this section shall be limited to—

(1) a per gallon amount determined by the Secretary during the first 4 years of the program;

(2) a declining per gallon cap over the remaining lifetime of the program, to be established by the Secretary so that cellulosic biofuels produced after the first year of annual cellulosic biofuels production in the United States in excess of 1,000,000,000 gallons are cost competitive with gasoline and diesel;

(3) not more than 25 percent of the funds committed within each reverse auction to any 1 project;

(4) not more than $100,000,000 in any 1 year; and

(5) not more than $1,000,000,000 over the lifetime of the program.

(e) PRIORITY.—In selecting a project under the program, the Secretary shall give priority to projects that—

(1) demonstrate outstanding potential for local and regional economic development;

(2) include agricultural producers or cooperatives of agricultural producers as equity partners in the ventures; and

(3) have a strategic agreement in place to fairly reward feedstock suppliers.

(f) AUTHORIZATIONS OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $250,000,000.

SEC. 9___. PROCUREMENT OF BIOBASED PRODUCTS.

(a) FEDERAL PROCUREMENT.—

(1) DEFINITION OF PROCURING AGENCY.—Section 9001 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8101) is amended—

(A) by redesignating paragraphs (4), (5), and (6) as paragraphs (5), (6), and (7), respectively; and

(B) by inserting after paragraph (3) the following:

''(4) PROCURING AGENCY.—The term 'procuring agency' means—

''(A) any Federal agency that is using Federal funds for procurement; or

''(B) any person contracting with any Federal agency with respect to work performed under the contract.''.

(2) PROCUREMENT.—Section 9002 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8102) is amended—

(A) by striking ''Federal agency'' each place it appears (other than in subsections (f) and (g)) and inserting ''procuring agency'';

(B) in subsection (c)(2)—

(i) by striking ''(2)'' and all that follows through ''Notwithstanding'' and inserting the following:

''(2) FLEXIBILITY.—Notwithstanding'';

(ii) by striking ''an agency'' and inserting ''a procuring agency''; and

(iii) by striking ''the agency'' and inserting ''the procuring agency'';

(C) in subsection (d), by striking ''procured by Federal agencies'' and inserting ''procured by procuring agencies''; and

(D) in subsection (f), by striking ''Federal agencies'' and inserting ''procuring agencies'' .

(b) CAPITOL COMPLEX PROCUREMENT.—Section 9002 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8102) (as amended by subsection (a)(2)) is amended—

(1) by redesignating subsection (j) as subsection (k); and

(2) by inserting after subsection (i) the following:

''(j) INCLUSION.—Not later than 90 days after the date of enactment of the Energy Policy Act of 2005, the Architect of the Capitol, the Sergeant of Arms of the Senate, and the Chief Administrative Officer of the House of Representatives shall issue regulations that apply the requirements of this section to procurement for the Capitol Complex.''.

(c) EDUCATION.—

(1) IN GENERAL.—The Architect of the Capitol shall establish in the Capitol Complex a program of public education regarding use by the Architect of the Capitol of biobased products.

(2) PURPOSES.—The purposes of the program shall be—

(A) to establish the Capitol Complex as a showcase for the existence and benefits of biobased products; and

(B) to provide access to further information on biobased products to occupants and visitors.

(d) REGULATIONS.—Requirements issued under the amendments made by subsection (b) shall be made in accordance with regulations issued by the Committee on Rules and Administration of the Senate and the Committee on House Administration of the House of Representatives.

SEC. 9___. SMALL BUSINESS BIOPRODUCT MARKETING AND CERTIFICATION GRANTS.

(a) IN GENERAL.—Using amounts made available under subsection (g), the Secretary of Agriculture (referred to in this section as the ''Secretary'') shall make available on a competitive basis grants to eligible entities described in subsection (b) for the biobased product marketing and certification purposes described in subsection (c).

(b) ELIGIBLE ENTITIES.—An entity eligible for a grant under this section is any manufacturer of biobased products that—

(1) has fewer than 50 employees;

(2) proposes to use the grant for the biobased product marketing and certification purposes described in subsection (c); and

(3) has not previously received a grant under this section.

(c) BIOBASED PRODUCT MARKETING AND CERTIFICATION GRANT PURPOSES.—A grant made under this section shall be used—

(1) to plan activities and working capital for marketing of biobased products; and

(2) to provide private sector cost sharing for the certification of biobased products.

(d) MATCHING FUNDS.—

(1) IN GENERAL.—Grant recipients shall provide matching non-Federal funds equal to the amount of the grant received.

(2) EXPENDITURE.—Matching funds shall be expended in advance of grant funding, so that for every dollar of grant that is advanced, an equal amount of matching funds shall have been funded prior to submitting the request for reimbursement.

(e) AMOUNT.—A grant made under this section shall not exceed $100,000.

(f) ADMINISTRATION.—The Secretary shall establish such administrative requirements for grants under this section, including requirements for applications for the grants, as the Secretary considers appropriate.

(g) AUTHORIZATIONS OF APPROPRIATIONS.—There are authorized to be appropriated to make grants under this section—

(1) $1,000,000 for fiscal year 2006; and

(2) such sums as are necessary for fiscal year 2007 and each subsequent fiscal year.

SEC. 9___. REGIONAL BIOECONOMY DEVELOPMENT GRANTS.

(a) IN GENERAL.—Using amounts made available under subsection (g), the Secretary of Agriculture (referred to in this section as the ''Secretary'') shall make available on a competitive basis grants to eligible entities described in subsection (b) for the purposes described in subsection (c).

(b) ELIGIBLE ENTITIES.—An entity eligible for a grant under this section is any regional bioeconomy development association, agricultural or energy trade association, or Land Grant institution that—

(1) proposes to use the grant for the purposes described in subsection (c); and

(2) has not previously received a grant under this section.

(c) REGIONAL BIOECONOMY DEVELOPMENT ASSOCIATION GRANT PURPOSES.—A grant made under this section shall be used to support and promote the growth and development of the bioeconomy within the region served by the eligible entity, through coordination, education, outreach, and other endeavors by the eligible entity.

(d) MATCHING FUNDS.—

(1) IN GENERAL.—Grant recipients shall provide matching non-Federal funds equal to the amount of the grant received.

(2) EXPENDITURE.—Matching funds shall be expended in advance of grant funding, so that for every dollar of grant that is advanced, an equal amount of matching funds shall have been funded prior to submitting the request for reimbursement.

(e) ADMINISTRATION.—The Secretary shall establish such administrative requirements

for grants under this section, including requirements for applications for the grants, as the Secretary considers appropriate.

(f) AMOUNT.—A grant made under this section shall not exceed $500,000.

(g) AUTHORIZATIONS OF APPROPRIATIONS.—There are authorized to be appropriated to make grants under this section—

(1) $1,000,000 for fiscal year 2006; and

(2) such sums as are necessary for fiscal year 2007 and each subsequent fiscal year.

SEC. 9___. PREPROCESSING AND HARVESTING DEMONSTRATION GRANTS.

(a) IN GENERAL.—The Secretary of Agriculture (referred to in this section as the ''Secretary'') shall make grants available on a competitive basis to enterprises owned by agricultural producers, for the purposes of demonstrating cost-effective, cellulosic biomass innovations in—

(1) preprocessing of feedstocks, including cleaning, separating and sorting, mixing or blending, and chemical or biochemical treatments, to add value and lower the cost of feedstock processing at a biorefinery; or

(2) 1-pass or other efficient, multiple crop harvesting techniques.

(b) LIMITATIONS ON GRANTS.—

(1) NUMBER OF GRANTS.—Not more than 5 demonstration projects per fiscal year shall be funded under this section.

(2) NON-FEDERAL COST SHARE.—The non-Federal cost share of a project under this section shall be not less than 20 percent, as determined by the Secretary.

(c) CONDITION OF GRANT.—To be eligible for a grant for a project under this section, a recipient of a grant or a participating entity shall agree to use the material harvested under the project—

(1) to produce ethanol; or

(2) for another energy purpose, such as the generation of heat or electricity.

(d) AUTHORIZATION FOR APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $5,000,000 for each of fiscal years 2006 through 2010.

SEC. 9___. SENSE OF THE SENATE.

It is the sense of the Senate that Congress should amend the Federal tax code to encourage investment in, and production and use of, biobased fuels and biobased products through—

(1) an investment tax credit for the construction or modification of facilities for the production of fuels from cellulose biomass, to drive private capital towards new biorefinery projects in a manner that allows participation by smaller farms and cooperatives; and

(2) an investment tax credit to small manufacturers of biobased products to lower the capital costs of starting and maintaining a biobased business.

SEC. 9___. EDUCATION AND OUTREACH.

(a) IN GENERAL.—The Secretary of Agriculture shall establish, within the Department of Agriculture or through an independent contracting entity, a program of education and outreach on biobased fuels and biobased products consisting of—

(1) training and technical assistance programs for feedstock producers to promote producer ownership, investment, and participation in the operation of processing facilities; and

(2) public education and outreach to familiarize consumers with the biobased fuels and biobased products.

(b) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this title $1,000,000 for each of fiscal years 2006 through 2010.

SEC. 9___. REPORTS.

(a) BIOBASED PRODUCT POTENTIAL.—Not later than 1 year after the date of enactment of this Act, the Secretary of Agriculture (referred to in this section as the ''Secretary'') shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that—

(1) describes the economic potential for the United States of the widespread production and use of commercial and industrial biobased products through calendar year 2025; and

(2) as the maximum extent practicable, identifies the economic potential by product area.

(b) ANALYSIS OF ECONOMIC INDICATORS.—Not later than 2 years after the date of enactment of this Act, and every 2 years thereafter, the Secretary shall submit to Congress an analysis of economic indicators of the biobased economy during the 2-year period preceding the analysis.

SA 920. Mr. HARKIN submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 489, between lines 20 and 21, insert the following:

SEC. 9___. HYDROGEN INTERMEDIATE FUELS RESEARCH PROGRAM.

(a) IN GENERAL.—The Secretary, in coordination with the Secretary of Agriculture, shall carry out a 3-year program of research, development, and demonstration on the use of ethanol and other low-cost transportable renewable feedstocks as intermediate fuels for the safe, energy efficient, and cost-effective transportation of hydrogen.

(b) GOALS.—The goals of the program shall include—

(1) demonstrating the cost-effective conversion of ethanol or other low-cost transportable renewable feedstocks to pure hydrogen suitable for eventual use in fuel cells;

(2) using existing commercial reforming technology or modest modifications of existing technology to reform ethanol or other low-cost transportable renewable feedstocks into hydrogen;

(3) converting at least 1 commercially available internal combustion engine hybrid electric passenger vehicle to operate on hydrogen;

(4) not later than 1 year after the date on which the program begins, installing and operating an ethanol reformer, or reformer for another low-cost transportable renewable feedstock (including onsite hydrogen compression, storage, and dispensing), at the facilities of a fleet operator;

(5) operating the 1 or more vehicles described in paragraph (3) for a period of at least 2 years; and

(6) collecting emissions and fuel economy data on the 1 or more vehicles described in paragraph (3) in various operating and environmental conditions.

(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $5,000,000.

SA 921. Mr. HARKIN submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ___. APPLICATION OF SECTION 45 CREDIT TO AGRICULTURAL COOPERATIVES.

(a) IN GENERAL.—Section 45(e) of the Internal Revenue Code of 1986 (relating to definitions and special rules) is amended by adding at the end the following:

''(10) ALLOCATION OF CREDIT TO PATRONS OF AGRICULTURAL COOPERATIVE.—

''(A) ELECTION TO ALLOCATE.—

''(i) IN GENERAL.—In the case of an eligible cooperative organization, any portion of the credit determined under subsection (a) for the taxable year may, at the election of the organization, be apportioned among patrons of the organization on the basis of the amount of business done by the patrons during the taxable year.

''(ii) FORM AND EFFECT OF ELECTION.—An election under clause (i) for any taxable year shall be made on a timely filed return for such year. Such election, once made, shall be irrevocable for such taxable year.

''(B) TREATMENT OF ORGANIZATIONS AND PATRONS.—The amount of the credit apportioned to any patrons under subparagraph (A)—

''(i) shall not be included in the amount determined under subsection (a) with respect to the organization for the taxable year, and

''(ii) shall be included in the amount determined under subsection (a) for the taxable year of the patrons with or within which the taxable year of the organization ends.

''(C) SPECIAL RULES FOR DECREASE IN CREDITS FOR TAXABLE YEAR.—If the amount of the credit of a cooperative organization determined under subsection (a) for a taxable year is less than the amount of such credit shown on the return of the cooperative organization for such year, an amount equal to the excess of—

''(i) such reduction, over

''(ii) the amount not apportioned to such patrons under subparagraph (A) for the taxable year, shall be treated as an increase in tax imposed by this chapter on the organization. Such increase shall not be treated as tax imposed by this chapter for purposes of determining the amount of any credit under this subpart or subpart A, B, E, or G.

''(D) ELIGIBLE COOPERATIVE DEFINED.—For purposes of this section the term 'eligible cooperative' means a cooperative organization described in section 1381(a) which is owned more than 50 percent by agricultural producers or by entities owned by agricultural producers. For this purpose an entity owned by an agricultural producer is one that is more than 50 percent owned by agricultural producers.

''(E) WRITTEN NOTICE TO PATRONS.—If any portion of the credit available under subsection (a) is allocated to patrons under subparagraph (A), the eligible cooperative shall provide any patron receiving an allocation written notice of the amount of the allocation. Such notice shall be provided before the date on which the return described in subparagraph (B)(ii) is due.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending after the date of the enactment of this Act.

SA 922. Mr. HARKIN submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 159, after line 23, add the following:

SEC. 212. REQUIREMENT TO EQUIP AUTOMOBILES FOR FLEXIBLE FUEL OPERATION.

(a) REQUIREMENT TO EQUIP AUTOMOBILES FOR FLEXIBLE FUEL OPERATION.—

(1) IN GENERAL.—Chapter 329 of title 49, United States Code, is amended by inserting after section 32902 the following:

''§ 32902A. Requirement to equip automobiles for flexible fuel operation

''(a) DEFINITION.—In this section, the term 'flexible fuel operation' means the capability to operate using gasoline and 1 or more alternative fuels, including—

''(1) ethanol and other alternative fuels in blends of at least 85 percent alternative fuel by volume; and

''(2) electricity from an external charging source sufficient to power the vehicle for at least 20 miles of driving.

''(b) REQUIREMENT.—

''(1) IN GENERAL.—An automobile that is manufactured by a manufacturer for a model year after model year 2008 and is capable of operating on gasoline shall also be capable of flexible fuel operation in accordance with the schedule in paragraph (2).

''(2) SCHEDULE.—For each manufacturer described in paragraph (1), the schedule shall be—

''(A) in the case of model year 2009, 10 percent of the automobiles manufactured by the manufacturer; and

''(B) in the case of each subsequent model year, the percent established for the preceding model year increased by 10 percent, to a maximum of 50 percent.''.

(2) TECHNICAL AMENDMENT.—The table of sections for chapter 329 of title 49, United States Code, is amended by inserting after the item relating to section 32902 the following:

''32902A. Requirement to equip automobiles for flexible fuel operation.''.

(b) ACTIVITIES TO PROMOTE THE USE OF CERTAIN ALTERNATIVE FUELS.—The Secretary of Transportation shall carry out activities to promote the use of a mixture containing at least 85 percent of ethanol by volume with gasoline to power motor vehicles in the United States.

SA 923. Mr. INOUYE submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

Beginning on page 202, strike line 18 and all that follows through page 203, line 3, and insert the following:

(A) will be no less protective than the fishway initially prescribed by the Secretary;

(B) will protect Indian land or tribal fishery resources for which the Secretary has a legal responsibility; and

(C) will either—

(i) cost significantly less to implement; or

(ii) result in improved operation of the project works for electricity production, as compared to the fishway initially determined to be necessary by the Secretary.

SA 924. Mr. INOUYE submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 200, strike lines 8 through 21 and insert the following:

the Secretary determines, based on substantial evidence provided by the license applicant, any other party to the proceeding, or otherwise available to the Secretary—

(A) that the alternative condition—

(i) provides for the adequate protection and use of the reservation;

(ii) will protect Indian land and tribal fishery resources for which the Secretary has a legal responsibility; and

(B) that the proposed alternative condition will—

(i) cost significantly less to implement; or

(ii) result in improved operation of the project works for electricity production, as compared to the condition initially determined to be necessary by the Secretary.

SA 925. Mr. BOND (for himself, Mr. LEVIN, Ms. STABENOW, and Mr. VOINOVICH) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

Strike subtitle B of title VII, and insert the following:

Subtitle B—Automobile Efficiency

CHAPTER 1—MAXIMUM AVERAGE FUEL ECONOMY

SEC. 711. REVISED CONSIDERATIONS FOR DECISIONS ON MAXIMUM FEASIBLE AVERAGE FUEL ECONOMY.

Section 32902(f) of title 49, United States Code, is amended to read as follows:

''(f) CONSIDERATIONS FOR DECISIONS ON MAXIMUM FEASIBLE AVERAGE FUEL ECONOMY.—When deciding maximum feasible average fuel economy under this section, the Secretary of Transportation shall consider the following matters:

''(1) Technological feasibility.

''(2) Economic practicability.

''(3) The effect of other motor vehicle standards of the Government on fuel economy.

''(4) The need of the United States to conserve energy.

''(5) The desirability of reducing United States dependence on imported oil.

''(6) The effects of the average fuel economy standards on motor vehicle and passenger safety.

''(7) The effects of increased fuel economy on air quality.

''(8) The adverse effects of average fuel economy standards on the relative competitiveness of manufacturers.

''(9) The effects of compliance with average fuel economy standards on levels of employment in the United States.

''(10) The cost and lead time necessary for the introduction of the necessary new technologies.

''(11) The potential for advanced technology vehicles, such as hybrid and fuel cell vehicles, to contribute to the achievement of significant reductions in fuel consumption.

''(12) The extent to which the necessity for vehicle manufacturers to incur near-term costs to comply with the average fuel economy standards adversely affects the availability of resources for the development of advanced technology for the propulsion of motor vehicles.

''(13) The report of the National Research Council that is entitled 'Effectiveness and Impact of Corporate Average Fuel Economy Standards', issued in January 2002.''.

SEC. 712. INCREASED FUEL ECONOMY STANDARDS.

(a) NEW REGULATIONS REQUIRED.—

(1) NON-PASSENGER AUTOMOBILES.—

(A) REQUIREMENT FOR NEW REGULATIONS.—The Secretary of Transportation shall issue, under section 32902 of title 49, United States Code, new regulations setting forth increased average fuel economy standards for non-passenger automobiles. The regulations shall be determined on the basis of the maximum feasible average fuel economy levels for the non-passenger automobiles, taking into consideration the matters set forth in subsection (f) of such section. The new regulations under this paragraph shall apply for model years after the 2007 model year, subject to subsection (b).

(B) TIME FOR ISSUING REGULATIONS.—The Secretary of Transportation shall issue the final regulations under subparagraph (A) not later than April 1, 2006.

(2) PASSENGER AUTOMOBILES.—

(A) REQUIREMENT FOR NEW REGULATIONS.—The Secretary of Transportation shall issue, under section 32902 of title 49, United States Code, new regulations setting forth increased average fuel economy standards for passenger automobiles. The regulations shall be determined on the basis of the maximum feasible average fuel economy levels for the passenger automobiles, taking into consideration the matters set forth in subsection (f) of such section.

(B) TIME FOR ISSUING REGULATIONS.—The Secretary of Transportation shall issue the final regulations under subparagraph (A) not later than 2½ years after the date of the enactment of this Act.

(b) PHASED INCREASES.—The regulations issued pursuant to subsection (a) shall specify standards that take effect successively over several vehicle model years not exceeding 15 vehicle model years.

(c) CLARIFICATION OF AUTHORITY TO AMEND PASSENGER AUTOMOBILE STANDARD.—Section 32902(b) of title 49, United States Code, is amended by inserting before the period at the end the following: ''or such other number as the Secretary prescribes under subsection (c)''.

(d) ENVIRONMENTAL ASSESSMENT.—When issuing final regulations setting forth increased average fuel economy standards under section 32902(a) or section 32902(c) of title 49, United States Code, the Secretary of Transportation shall also issue an environmental assessment of the effects of the increased standards on the environment under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.).

(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary of Transportation $5,000,000 for each of fiscal years 2006 through 2010 for carrying out this section and for administering the regulations issued pursuant to this section.

SEC. 713. EXPEDITED PROCEDURES FOR CONGRESSIONAL INCREASE IN FUEL ECONOMY STANDARDS.

(a) CONDITION FOR APPLICABILITY.—If the Secretary of Transportation fails to issue final regulations with respect to non-passenger automobiles under section 712, or fails to issue final regulations with respect to passenger automobiles under such section, on or before the date by which such final regulations are required by such section to be issued, respectively, then this section shall apply with respect to a bill described in subsection (b).

(b) BILL.—A bill referred to in this subsection is a bill that satisfies the following requirements:

(1) INTRODUCTION.—The bill is introduced by one or more Members of Congress not later than 60 days after the date referred to in subsection (a).

(2) TITLE.—The title of the bill is as follows: ''A bill to establish new average fuel economy standards for certain motor vehicles.''.

(3) TEXT.—The bill provides after the enacting clause only the text specified in subparagraph (A) or (B) or any provision described in subparagraph (C), as follows:

(A) NON-PASSENGER AUTOMOBILES.—In the case of a bill relating to a failure timely to issue final regulations relating to non-passenger automobiles, the following text:

''That, section 32902 of title 49, United States Code, is amended by adding at the end the following new subsection:

''(__) NON-PASSENGER AUTOMOBILES.—The average fuel economy standard for non-passenger automobiles manufactured by a manufacturer in a model year after model year ____ shall be ____ miles per gallon.'', the first blank space being filled in with a subsection designation, the second blank space being filled in with the number of a year, and the third blank space being filled in with a number.

(B) PASSENGER AUTOMOBILES.—In the case of a bill relating to a failure timely to issue final regulations relating to passenger automobiles, the following text:

''That, section 32902(b) of title 49, United States Code, is amended to read as follows:

''(b) PASSENGER AUTOMOBILES.—Except as provided in this section, the average fuel economy standard for passenger automobiles manufactured by a manufacturer in a model year after model year ____ shall be ____ miles per gallon.'', the first blank space being filled in with the number of a year and the second blank space being filled in with a number.

(C) SUBSTITUTE TEXT.—Any text substituted by an amendment that is in order under subsection (c)(3).

(c) EXPEDITED PROCEDURES.—A bill described in subsection (b) shall be considered in a House of Congress in accordance with the procedures provided for the consideration of joint resolutions in paragraphs (3) through (8) of section 8066(c) of the Department of Defense Appropriations Act, 1985 (as contained in section 101(h) of Public Law 98–473; 98 Stat. 1936), with the following exceptions:

(1) REFERENCES TO RESOLUTION.—The references in such paragraphs to a resolution shall be deemed to refer to the bill described in subsection (b).

(2) COMMITTEES OF JURISDICTION.—The committees to which the bill is referred under this subsection shall—

(A) in the Senate, be the Committee on Commerce, Science, and Transportation; and

(B) in the House of Representatives, be the Committee on Energy and Commerce.

(3) AMENDMENTS.—

(A) AMENDMENTS IN ORDER.—Only four amendments to the bill are in order in each House, as follows:

(i) Two amendments proposed by the majority leader of that House.

(ii) Two amendments proposed by the minority leader of that House.

(B) FORM AND CONTENT.—To be in order under subparagraph (A), an amendment shall propose to strike all after the enacting clause and substitute text that only includes the same text as is proposed to be stricken except for one or more different numbers in the text.

(C) DEBATE, ET CETERA.—Subparagraph (B) of section 8066(c)(5) of the Department of Defense Appropriations Act, 1985 (98 Stat. 1936) shall apply to the consideration of each amendment proposed under this paragraph in the same manner as such subparagraph (B) applies to debatable motions.

SEC. 714. EXTENSION OF MAXIMUM FUEL ECONOMY INCREASE FOR ALTERNATIVE FUELED VEHICLES.

(a) MANUFACTURING INCENTIVES.—Section 32905 of title 49, United States Code, is amended—

(1) in subsections (b) and (d), by striking ''1993–2004'' and inserting ''1993–2008'';

(2) in subsection (f), by striking ''2001'' and inserting ''2007''; and

(3) in subsection (f)(1), by striking ''2004'' and inserting ''2008''.

(b) EXTENSION OF MAXIMUM FUEL ECONOMY INCREASE.—Section 32906(a)(1) of title 49, United States Code, is amended—

(1) in subparagraph (A), by striking ''1993–2004'' and inserting ''1993 through 2008''; and

(2) in subparagraph (B), by striking ''2005–2008'' and inserting ''2009 through 2012''.

CHAPTER 2—ADVANCED CLEAN VEHICLES

SEC. 721. HYBRID VEHICLES RESEARCH AND DEVELOPMENT.

(a) RECHARGEABLE ENERGY STORAGE SYSTEMS AND OTHER TECHNOLOGIES.—The Secretary of Energy shall accelerate research and development directed toward the improvement of batteries and other rechargeable energy storage systems, power electronics, hybrid systems integration, and other technologies for use in hybrid vehicles.

(b) AUTHORIZATION OF APPROPRIATIONS.—Funds are hereby authorized to be appropriated for each of fiscal years 2006, 2007, and 2008 in the amount $50,000,000 for research and development activities under this section.

SEC. 722. DIESEL FUELED VEHICLES RESEARCH AND DEVELOPMENT.

(a) DIESEL COMBUSTION AND AFTER TREATMENT TECHNOLOGIES.—The Secretary of Energy shall accelerate research and development directed toward the improvement of diesel combustion and after treatment technologies for use in diesel fueled motor vehicles.

(b) GOALS.—The Secretary shall carry out subsection (a) with a view to achieving the following goals:

(1) COMPLIANCE WITH CERTAIN EMISSION STANDARDS BY 2010.—Developing and demonstrating diesel technologies that, not later than 2010, meet the following standards:

(A) TIER-2 EMISSION STANDARDS.—The tier 2 emission standards.

(B) HEAVY-DUTY EMISSION STANDARDS OF 2007.—The heavy-duty emission standards of 2007.

(2) POST-2010 HIGHLY EFFICIENT TECHNOLOGIES.—Developing the next generation of low emissions, high efficiency diesel engine technologies, including homogeneous charge compression ignition technology.

(c) AUTHORIZATION OF APPROPRIATIONS.—Funds are hereby authorized to be appropriated for each of fiscal years 2006, 2007, and 2008 in the amount of $75,000,000 for research and development of advanced combustion engines and advanced fuels.

SEC. 723. PROCUREMENT OF ALTERNATIVE FUELED PASSENGER AUTOMOBILES.

(a) VEHICLE FLEETS NOT COVERED BY REQUIREMENT IN ENERGY POLICY ACT OF 1992.—The head of each agency of the executive branch shall coordinate with the Administrator of General Services to ensure that only alternative fueled vehicles are procured by or for each agency fleet of passenger automobiles that is not in a fleet of vehicles to which section 303 of the Energy Policy Act of 1992 (42 U.S.C. 13212) applies.

(b) WAIVER AUTHORITY.—The head of an agency, in consultation with the Administrator, may waive the applicability of the policy regarding the procurement of alternative fueled vehicles in subsection (a) to—

(1) the procurement for such agency of any vehicles described in subparagraphs (A) through (F) of section 303(b)(3) of the Energy Policy Act of 1992 (42 U.S.C. 13212(b)(3)); or

(2) a procurement of vehicles for such agency if the procurement of alternative fueled vehicles cannot meet the requirements of the agency for vehicles due to insufficient availability of the alternative fuel used to power such vehicles.

(c) APPLICABILITY TO PROCUREMENTS AFTER FISCAL YEAR 2005.—This subsection applies with respect to procurements of alternative fueled vehicles in fiscal year 2006 and subsequent fiscal years.

SEC. 724. PROCUREMENT OF HYBRID LIGHT DUTY TRUCKS.

(a) VEHICLE FLEETS NOT COVERED BY REQUIREMENT IN ENERGY POLICY ACT OF 1992.—

(1) HYBRID VEHICLES.—The head of each agency of the executive branch shall coordinate with the Administrator of General Services to ensure that only hybrid vehicles are procured by or for each agency fleet of light duty trucks that is not in a fleet of vehicles to which section 303 of the Energy Policy Act of 1992 (42 U.S.C. 13212) applies.

(2) WAIVER AUTHORITY.—The head of an agency, in consultation with the Administrator, may waive the applicability of the policy regarding the procurement of hybrid vehicles in paragraph (1) to that agency to the extent that the head of that agency determines necessary—

(A) to meet specific requirements of the agency for capabilities of light duty trucks;

(B) to procure vehicles consistent with the standards applicable to the procurement of fleet vehicles for the Federal Government;

(C) to adjust to limitations on the commercial availability of light duty trucks that are hybrid vehicles; or

(D) to avoid the necessity of procuring a hybrid vehicle for the agency when each of the hybrid vehicles available for meeting the requirements of the agency has a cost to the United States that exceeds the costs of comparable nonhybrid vehicles by a factor that is significantly higher than the difference between—

(i) the real cost of the hybrid vehicle to retail purchasers, taking into account the benefit of any tax incentives available to retail purchasers for the purchase of the hybrid vehicle; and

(ii) the costs of the comparable nonhybrid vehicles to retail purchasers.

(3) APPLICABILITY TO PROCUREMENTS AFTER FISCAL YEAR 2005.—This subsection applies with respect to procurements of light duty trucks in fiscal year 2006 and subsequent fiscal years.

(b) INAPPLICABILITY TO DEPARTMENT OF DEFENSE.—This section does not apply to the Department of Defense, which is subject to comparable requirements under section 318 of the National Defense Authorization Act for Fiscal Year 2002 (Public Law 107–107; 115 Stat. 1055; 10 U.S.C. 2302 note).

SEC. 725. DEFINITIONS.

In this chapter:

(1) ALTERNATIVE FUELED VEHICLE.—The term ''alternative fueled vehicle'' means—

(A) an alternative fueled vehicle, as defined in section 301(3) of the Energy Policy Act of 1992 (42 U.S.C. 13211(3));

(B) a motor vehicle that operates on a blend of fuel that is at least 20 percent (by volume) biodiesel, as defined in section 312(f) of the Energy Policy Act of 1992 (42 U.S.C. 13220(f)); and

(C) a motor vehicle that operates on a blend of fuel that is at least 20 percent (by volume) bioderived hydrocarbons (including aliphatic compounds) produced from agricultural and animal waste.

(2) HEAVY-DUTY EMISSION STANDARDS OF 2007.—The term ''heavy-duty emission standards of 2007'' means the motor vehicle emission standards promulgated by the Administrator of the Environmental Protection Agency on January 18, 2001, under section 202 of the Clean Air Act to apply to heavy-duty vehicles of model years beginning with the 2007 vehicle model year.

(3) HYBRID VEHICLE.—The term ''hybrid vehicle'' means—

(A) a motor vehicle that draws propulsion energy from on board sources of stored energy that are both—

(i) an internal combustion or heat engine using combustible fuel; and

(ii) a rechargeable energy storage system; and

(B) any other vehicle that is defined as a hybrid vehicle in regulations prescribed by

the Secretary of Energy for the administration of title III of the Energy Policy Act of 1992.

(4) MOTOR VEHICLE.—The term ''motor vehicle'' means any vehicle that is manufactured primarily for use on public streets, roads, and highways (not including a vehicle operated exclusively on a rail or rails) and that has at least four wheels.

(5) TIER 2 EMISSION STANDARDS DEFINED.—The term ''tier 2 emission standards'' means the motor vehicle emission standards promulgated by the Administrator of the Environmental Protection Agency on February 10, 2000, under section 202 of the Clean Air Act (42 U.S.C. 7521) to apply to passenger automobiles, light trucks, and larger passenger vehicles of model years after the 2003 vehicle model year.

(6) TERMS DEFINED IN EPA REGULATIONS.—The terms ''passenger automobile'' and ''light truck'' have the meanings given such terms in regulations prescribed by the Administrator of the Environmental Protection Agency for purposes of the administration of title II of the Clean Air Act (42 U.S.C. 7521 et seq.).

SA 926. Mr. OBAMA submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place insert the following:

Of the amounts authorized within this section, no less than $10 million shall be for a project, administered through the Chicago Operations Office, to demonstrate the viability of new mercury removal technology on commercial scale coal-fired electrical generation, where such generation is located in a highly populated urban area, and where the technology has undergone a successful field test sanctioned by the Department, and has been demonstrated to have no adverse effect on the performance or efficiency of existing emissions control equipment or other plant commercial operations. The expenditures under this section shall be shared in accordance with section 1002.

SA 927. Mr. LEVIN submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; as follows:

On page 755, after line 25, add the following:

SEC. 13___. FUEL CELL AND HYDROGEN TECHNOLOGY STUDY.

(a) FINDINGS.—Congress finds that—

(1) according to the National Academy of Sciences, ''Greenhouse gases are accumulating in Earth's atmosphere as a result of human activities, causing surface air temperatures and subsurface ocean temperatures to rise . . . Human-induced warming and associated sea level rises are expected to continue through the 21st century.'';

(2) in 2001, the Intergovernmental Panel on Climate Change (IPCC) concluded that the average temperature of the Earth can be expected to rise between 2.5 and 10.4 degrees Fahrenheit in this century and ''there is new and stronger evidence that most of the warming observed over the last 50 years is attributable to human activities'';

(3) the National Academy of Sciences has stated that ''the IPCC's conclusion that most of the observed warming of the last 50 years is likely to have been due to the increase of greenhouse gas concentrations accurately reflects the current thinking of the scientific community on this issue'' and that ''there is general agreement that the observed warming is real and particularly strong within the past twenty years'';

(4) a significant Federal investment toward the development of fuel cell technologies and the transition from petroleum to hydrogen in vehicles could significantly contribute to the reduction of carbon dioxide emissions by reducing fuel consumption;

(5) a massive infusion of resources and leadership from the Federal Government would be needed to create the necessary fuel cell technologies that provide alternatives to petroleum and the more efficient use of energy; and

(6) the Federal Government would need to commit to developing, in conjunction with private industry and academia, advanced vehicle technologies and the necessary hydrogen infrastructure to provide alternatives to petroleum.

(b) STUDY.—

(1) IN GENERAL.—As soon as practicable after the date of enactment of this Act, the Secretary shall enter into a contract with the National Academy of Sciences and the National Research Council to carry out a study of fuel cell technologies that provides a budget roadmap for the development of fuel cell technologies and the transition from petroleum to hydrogen in a significant percentage of the vehicles sold by 2020.

(2) REQUIREMENTS.—In carrying out the study, the National Academy of Sciences and the National Research Council shall—

(A) establish as a goal the maximum percentage practicable of vehicles that the National Academy of Sciences and the National Research Council determines can be fueled by hydrogen by 2020;

(B) determine the amount of Federal and private funding required to meet the goal established under subparagraph (A);

(C) determine what actions are required to meet the goal established under subparagraph (A);

(D) examine the need for expanded and enhanced Federal research and development programs, changes in regulations, grant programs, partnerships between the Federal Government and industry, private sector investments, infrastructure investments by the Federal Government and industry, educational and public information initiatives, and Federal and State tax incentives to meet the goal established under subparagraph (A);

(E) consider whether other technologies would be less expensive or could be more quickly implemented than fuel cell technologies to achieve significant reductions in carbon dioxide emissions;

(F) take into account any reports relating to fuel cell technologies and hydrogen-fueled vehicles, including—

(i) the report prepared by the National Academy of Engineering and the National Research Council in 2004 entitled ''Hydrogen Economy: Opportunities, Costs, Barriers, and R&D Needs''; and

(ii) the report prepared by the U.S. Fuel Cell Council in 2003 entitled ''Fuel Cells and Hydrogen: The Path Forward'';

(G) consider the challenges, difficulties, and potential barriers to meeting the goal established under subparagraph (A); and

(H) with respect to the budget roadmap—

(i) specify the amount of funding required on an annual basis from the Federal Government and industry to carry out the budget roadmap; and

(ii) specify the advantages and disadvantages to moving toward the transition to hydrogen in vehicles in accordance with the timeline established by the budget roadmap.

SA 928. Mr. LEVIN (for himself and Mr. ALEXANDER) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the end add the following:

TITLE XVII—TAX INCENTIVES FOR ALTERNATIVE MOTOR VEHICLES AND FUELS

SEC. 1700. AMENDMENT OF 1986 CODE.

Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

Subtitle A—Tax Incentives

SEC. 1701. ALTERNATIVE MOTOR VEHICLE CREDIT.

(a) IN GENERAL.—Subpart B of part IV of subchapter A of chapter 1 (relating to foreign tax credit, etc.) is amended by adding at the end the following:

''SEC. 30B. ALTERNATIVE MOTOR VEHICLE CREDIT.

''(a) ALLOWANCE OF CREDIT.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the sum of—

''(1) the new qualified fuel cell motor vehicle credit determined under subsection (b),

''(2) the new advanced lean burn technology motor vehicle credit determined under subsection (c),

''(3) the new qualified hybrid motor vehicle credit determined under subsection (d), and

''(4) the new qualified alternative fuel motor vehicle credit determined under subsection (e).

''(b) NEW QUALIFIED FUEL CELL MOTOR VEHICLE CREDIT.—

''(1) IN GENERAL.—For purposes of subsection (a), the new qualified fuel cell motor vehicle credit determined under this subsection with respect to a new qualified fuel cell motor vehicle placed in service by the taxpayer during the taxable year is—

''(A) $8,000 if such vehicle has a gross vehicle weight rating of not more than 8,500 pounds,

''(B) $10,000, if such vehicle has a gross vehicle weight rating of more than 8,500 pounds but not more than 14,000 pounds,

''(C) $20,000, if such vehicle has a gross vehicle weight rating of more than 14,000 pounds but not more than 26,000 pounds, and

''(D) $40,000, if such vehicle has a gross vehicle weight rating of more than 26,000 pounds.

''(2) INCREASE FOR FUEL EFFICIENCY.—

''(A) IN GENERAL.—The amount determined under paragraph (1)(A) with respect to a new qualified fuel cell motor vehicle which is a passenger automobile or light truck shall be increased by—

''(i) $1,000, if such vehicle achieves at least 150 percent but less than 175 percent of the 2002 model year city fuel economy,

''(ii) $1,500, if such vehicle achieves at least 175 percent but less than 200 percent of the 2002 model year city fuel economy,

''(iii) $2,000, if such vehicle achieves at least 200 percent but less than 225 percent of the 2002 model year city fuel economy,

''(iv) $2,500, if such vehicle achieves at least 225 percent but less than 250 percent of the 2002 model year city fuel economy,

''(v) $3,000, if such vehicle achieves at least 250 percent but less than 275 percent of the 2002 model year city fuel economy,

''(vi) $3,500, if such vehicle achieves at least 275 percent but less than 300 percent of the 2002 model year city fuel economy, and

''(vii) $4,000, if such vehicle achieves at least 300 percent of the 2002 model year city fuel economy.

''(B) 2002 MODEL YEAR CITY FUEL ECONOMY.—For purposes of subparagraph (A), the 2002

model year city fuel economy with respect to a vehicle shall be determined in accordance with the following tables:

''(i) In the case of a passenger automobile:

"If vehicle inertia weight class is:	The 2002 model year city fuel economy is:
1,500 or 1,750 lbs	45.2 mpg
2,000 lbs	39.6 mpg
2,250 lbs	35.2 mpg
2,500 lbs	31.7 mpg
2,750 lbs	28.8 mpg
3,000 lbs	26.4 mpg
3,500 lbs	22.6 mpg
4,000 lbs	19.8 mpg
4,500 lbs	17.6 mpg
5,000 lbs	15.9 mpg
5,500 lbs	14.4 mpg
6,000 lbs	13.2 mpg
6,500 lbs	12.2 mpg
7,000 to 8,500 lbs	11.3 mpg.

''(ii) In the case of a light truck:

"If vehicle inertia weight class is:	The 2002 model year city fuel economy is:
1,500 or 1,750 lbs	39.4 mpg
2,000 lbs	35.2 mpg
2,250 lbs	31.8 mpg
2,500 lbs	29.0 mpg
2,750 lbs	26.8 mpg
3,000 lbs	24.9 mpg
3,500 lbs	21.8 mpg
4,000 lbs	19.4 mpg
4,500 lbs	17.6 mpg
5,000 lbs	16.1 mpg
5,500 lbs	14.8 mpg
6,000 lbs	13.7 mpg
6,500 lbs	12.8 mpg
7,000 to 8,500 lbs	12.1 mpg.

''(C) VEHICLE INERTIA WEIGHT CLASS.—For purposes of subparagraph (B), the term 'vehicle inertia weight class' has the same meaning as when defined in regulations prescribed by the Administrator of the Environmental Protection Agency for purposes of the administration of title II of the Clean Air Act (42 U.S.C. 7521 et seq.).

''(3) NEW QUALIFIED FUEL CELL MOTOR VEHICLE.—For purposes of this subsection, the term 'new qualified fuel cell motor vehicle' means a motor vehicle—

''(A) which is propelled by power derived from 1 or more cells which convert chemical energy directly into electricity by combining oxygen with hydrogen fuel which is stored on board the vehicle in any form and may or may not require reformation prior to use,

''(B) which, in the case of a passenger automobile or light truck, has received on or after the date of the enactment of this section a certificate that such vehicle meets or exceeds the Bin 5 Tier II emission level established in regulations prescribed by the Administrator of the Environmental Protection Agency under section 202(i) of the Clean Air Act for that make and model year vehicle,

''(C) the original use of which commences with the taxpayer,

''(D) which is acquired for use or lease by the taxpayer and not for resale, and

''(E) which is made by a manufacturer.

''(c) NEW ADVANCED LEAN BURN TECHNOLOGY MOTOR VEHICLE CREDIT.—

''(1) IN GENERAL.—For purposes of subsection (a), the new advanced lean burn technology motor vehicle credit determined under this subsection with respect to a new advanced lean burn technology motor vehicle placed in service by the taxpayer during the taxable year is the credit amount determined under paragraph (2).

''(2) CREDIT AMOUNT.—

''(A) FUEL ECONOMY.—

''(i) IN GENERAL.—The credit amount determined under this paragraph shall be determined in accordance with the following table:

"In the case of a vehicle which achieves a fuel economy (expressed as a percentage of the 2002 model year city fuel economy) of—	The credit amount is—
At least 125 percent but less than 150 percent	$600
At least 150 percent but less than 175 percent	$1,100
At least 175 percent but less than 200 percent	$1,600
At least 200 percent but less than 225 percent	$2,100
At least 225 percent but less than 250 percent	$2,600
At least 250 percent	$3,100.

''(ii) 2002 MODEL YEAR CITY FUEL ECONOMY.—For purposes of clause (i), the 2002 model year city fuel economy with respect to a vehicle shall be determined on a gasoline gallon equivalent basis as determined by the Administrator of the Environmental Protection Agency using the tables provided in subsection (b)(2)(B) with respect to such vehicle.

''(B) CONSERVATION CREDIT.—The amount determined under subparagraph (A) with respect to a new advanced lean burn technology motor vehicle shall be increased by the conservation credit amount determined in accordance with the following table:

"In the case of a vehicle which achieves a lifetime fuel savings (expressed in gallons of gasoline) of—	The conservation credit amount is—
At least 1,200 but less than 1,800	$700
At least 1,800 but less than 2,400	$1,200
At least 2,400 but less than 3,000	$1,700
At least 3,000	$2,200.

''(C) OPTION TO USE LIKE VEHICLE.—At the option of the vehicle manufacturer, the increase for fuel efficiency and conservation credit may be calculated by comparing the new qualified advanced lean burn technology motor vehicle to a like vehicle.

''(3) NEW ADVANCED LEAN BURN TECHNOLOGY MOTOR VEHICLE.—For purposes of this subsection, the term 'new advanced lean burn technology motor vehicle' means a passenger automobile or a light truck—

''(A) with an internal combustion engine which—

''(i) is designed to operate primarily using more air than is necessary for complete combustion of the fuel,

''(ii) incorporates direct injection,

''(iii) achieves at least 125 percent of the 2002 model year city fuel economy,

''(iv) for 2004 and later model vehicles, has received a certificate that such vehicle meets or exceeds—

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

''(II) in the case of a vehicle having a gross vehicle weight rating of more than 6,000 pounds but not more than 8,500 pounds, the Bin 8 Tier II emission standard which is so established.

''(B) the original use of which commences with the taxpayer,

''(C) which is acquired for use or lease by the taxpayer and not for resale, and

''(D) which is made by a manufacturer.

''(4) LIKE VEHICLE.—The term 'like vehicle' for a new qualified advanced lean burn technology motor vehicle derived from a conventional production vehicle produced in the same model year means a model that is equivalent in the following areas:

''(A) Body style (2-door or 4-door),

''(B) Transmission (automatic or manual),

''(C) Acceleration performance (± 0.05 seconds).

''(D) Drivetrain (2-wheel drive or 4-wheel drive).

''(E) Certification by the Administrator of the Environmental Protection Agency.

''(5) LIFETIME FUEL SAVINGS.—For purposes of this subsection, the term 'lifetime fuel savings' means, in the case of any new advanced lean burn technology motor vehicle, an amount equal to the excess (if any) of—

''(A) 120,000 divided by the 2002 model year city fuel economy for the vehicle inertia weight class, over

''(B) 120,000 divided by the city fuel economy for such vehicle.

''(d) NEW QUALIFIED HYBRID MOTOR VEHICLE CREDIT.—

''(1) IN GENERAL.—For purposes of subsection (a), the new qualified hybrid motor vehicle credit determined under this subsection with respect to a new qualified hybrid motor vehicle placed in service by the taxpayer during the taxable year is the credit amount determined under paragraph (2) or (3).

''(2) CREDIT AMOUNT FOR LIGHTER VEHICLES.—In the case of a new qualified hybrid motor vehicle which is a passenger automobile, medium duty passenger vehicle, or light truck, the credit amount determined under this paragraph is equal to the sum of following amounts:

''(A) FUEL ECONOMY.—The amount which would be determined under subsection (c)(2)(A) if such vehicle were a vehicle referred to in such subsection.

''(B) CONSERVATION CREDIT.—The amount which would be determined under subsection (c)(2)(B) if such vehicle were a vehicle referred to in such subsection.

''(iii) OPTION TO USE LIKE VEHICLE.—For purposes of clause (i), at the option of the vehicle manufacturer, the increase for fuel efficiency and conservation credit may be calculated by comparing the new qualified hybrid motor vehicle to a like vehicle (as defined in subsection (c)(4)).

''(3) CREDIT AMOUNT FOR HEAVIER VEHICLES.—

''(A) IN GENERAL.—In the case of a new qualified hybrid motor vehicle which is a heavy duty hybrid motor vehicle, the credit amount determined under this paragraph is an amount equal to the applicable percentage of the incremental cost of such vehicle

placed in service by the taxpayer during the taxable year.

''(B) INCREMENTAL COST.—For purposes of this paragraph, the incremental cost of any heavy duty hybrid motor vehicle is equal to the amount of the excess of the manufacturer's suggested retail price for such vehicle over such price for a comparable gasoline or diesel fuel motor vehicle of the same model, to the extent such amount does not exceed—

''(i) $7,500, if such vehicle has a gross vehicle weight rating of more than 8,500 pounds but not more than 14,000 pounds,

''(ii) $15,000, if such vehicle has a gross vehicle weight rating of more than 14,000 pounds but not more than 26,000 pounds, and

''(iii) $30,000, if such vehicle has a gross vehicle weight rating of more than 26,000 pounds.

''(C) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A), the applicable percentage shall be determined in accordance with the following table:

''If percent increase in fuel economy of hybrid over comparable vehicle is:	**The applicable percentage is:**
At least 30 but less than 40 percent	20 percent.
At least 40 but less than 50 percent	30 percent.
At least 50 percent	40 percent.

''(4) NEW QUALIFIED HYBRID MOTOR VEHICLE.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'new qualified hybrid motor vehicle' means a motor vehicle—

''(i) which draws propulsion energy from onboard sources of stored energy which are both—

''(I) an internal combustion or heat engine using consumable fuel, and

''(II) a rechargeable energy storage system,

''(ii) which, in the case of a passenger automobile, medium duty passenger vehicle, or light truck—

''(I) having a gross vehicle weight rating of 6,000 pounds or less, has received a certificate that such vehicle meets or exceeds the Bin 5 Tier II emission level established in regulations prescribed by the Administrator of the Environmental Protection Agency under section 202(i) of the Clean Air Act for that make and model year vehicle,

''(II) having a gross vehicle weight rating of more than 6,000 pounds but not more than 8,500 pounds, has received a certificate that such vehicle meets or exceeds the Bin 8 Tier II emission standard which is so established,

''(III) has received a certificate of conformity under the Clean Air Act and meets or exceeds the equivalent qualifying California low emission vehicle standard under section 243(e)(2) of the Clean Air Act for that make and model year, and

''(IV) has a maximum available power of at least 5 percent,

''(iii) which, in the case of a heavy duty hybrid motor vehicle—

''(I) having a gross vehicle weight rating of more than 8,500 but not more than 14,000 pounds, has a maximum available power of at least 10 percent, and

''(II) having a gross vehicle weight rating of more than 14,000 pounds, has a maximum available power of at least 15 percent,

''(iv) the original use of which commences with the taxpayer,

''(v) which is acquired for use or lease by the taxpayer and not for resale, and

''(vi) which is made by a manufacturer.

''(B) CONSUMABLE FUEL.—For purposes of subparagraph (A)(i)(I), the term 'consumable fuel' means any solid, liquid, or gaseous matter which releases energy when consumed by an auxiliary power unit.

''(C) MAXIMUM AVAILABLE POWER.—

''(i) PASSENGER AUTOMOBILE, MEDIUM DUTY PASSENGER VEHICLE, OR LIGHT TRUCK.—For purposes of subparagraph (A)(ii)(II), the term 'maximum available power' means the maximum power available from the rechargeable energy storage system, during a standard 10 second pulse power or equivalent test, divided by such maximum power and the SAE net power of the heat engine.

''(ii) HEAVY DUTY HYBRID MOTOR VEHICLE.—For purposes of subparagraph (A)(iii), the term 'maximum available power' means the maximum power available from the rechargeable energy storage system, during a standard 10 second pulse power or equivalent test, divided by the vehicle's total traction power. The term 'total traction power' means the sum of the peak power from the rechargeable energy storage system and the heat engine peak power of the vehicle, except that if such storage system is the sole means by which the vehicle can be driven, the total traction power is the peak power of such storage system.

''(4) HEAVY DUTY HYBRID MOTOR VEHICLE.—For purposes of this subsection, the term 'heavy duty hybrid motor vehicle' means a new qualified hybrid motor vehicle which has a gross vehicle weight rating of more than 8,500 pounds. Such term does not include a medium duty passenger vehicle.

''(e) NEW QUALIFIED ALTERNATIVE FUEL MOTOR VEHICLE CREDIT.—

''(1) ALLOWANCE OF CREDIT.—Except as provided in paragraph (5), the new qualified alternative fuel motor vehicle credit determined under this subsection is an amount equal to the applicable percentage of the incremental cost of any new qualified alternative fuel motor vehicle placed in service by the taxpayer during the taxable year.

''(2) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the applicable percentage with respect to any new qualified alternative fuel motor vehicle is—

''(A) 50 percent, plus

''(B) 30 percent, if such vehicle—

''(i) has received a certificate of conformity under the Clean Air Act and meets or exceeds the most stringent standard available for certification under the Clean Air Act for that make and model year vehicle (other than a zero emission standard), or

''(ii) has received an order certifying the vehicle as meeting the same requirements as vehicles which may be sold or leased in California and meets or exceeds the most stringent standard available for certification under the State laws of California (enacted in accordance with a waiver granted under section 209(b) of the Clean Air Act) for that make and model year vehicle (other than a zero emission standard).

For purposes of the preceding sentence, in the case of any new qualified alternative fuel motor vehicle which weighs more than 14,000 pounds gross vehicle weight rating, the most stringent standard available shall be such standard available for certification on the date of the enactment of the Energy Tax Incentives Act.

''(3) INCREMENTAL COST.—For purposes of this subsection, the incremental cost of any new qualified alternative fuel motor vehicle is equal to the amount of the excess of the manufacturer's suggested retail price for such vehicle over such price for a gasoline or diesel fuel motor vehicle of the same model, to the extent such amount does not exceed—

''(A) $5,000, if such vehicle has a gross vehicle weight rating of not more than 8,500 pounds,

''(B) $10,000, if such vehicle has a gross vehicle weight rating of more than 8,500 pounds but not more than 14,000 pounds,

''(C) $25,000, if such vehicle has a gross vehicle weight rating of more than 14,000 pounds but not more than 26,000 pounds, and

''(D) $40,000, if such vehicle has a gross vehicle weight rating of more than 26,000 pounds.

''(4) NEW QUALIFIED ALTERNATIVE FUEL MOTOR VEHICLE.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'new qualified alternative fuel motor vehicle' means any motor vehicle—

''(i) which is only capable of operating on an alternative fuel,

''(ii) the original use of which commences with the taxpayer,

''(iii) which is acquired by the taxpayer for use or lease, but not for resale, and

''(iv) which is made by a manufacturer.

''(B) ALTERNATIVE FUEL.—The term 'alternative fuel' means compressed natural gas, liquefied natural gas, liquefied petroleum gas, hydrogen, and any liquid at least 85 percent of the volume of which consists of methanol.

''(5) CREDIT FOR MIXED-FUEL VEHICLES.—

''(A) IN GENERAL.—In the case of a mixed-fuel vehicle placed in service by the taxpayer during the taxable year, the credit determined under this subsection is an amount equal to—

''(i) in the case of a 75/25 mixed-fuel vehicle, 70 percent of the credit which would have been allowed under this subsection if such vehicle was a qualified alternative fuel motor vehicle, and

''(ii) in the case of a 90/10 mixed-fuel vehicle, 90 percent of the credit which would have been allowed under this subsection if such vehicle was a qualified alternative fuel motor vehicle.

''(B) MIXED-FUEL VEHICLE.—For purposes of this subsection, the term 'mixed-fuel vehicle' means any motor vehicle described in subparagraph (C) or (D) of paragraph (3), which—

''(i) is certified by the manufacturer as being able to perform efficiently in normal operation on a combination of an alternative fuel and a petroleum-based fuel,

''(ii) either—

''(I) has received a certificate of conformity under the Clean Air Act, or

''(II) has received an order certifying the vehicle as meeting the same requirements as vehicles which may be sold or leased in California and meets or exceeds the low emission vehicle standard under section 88.105–94 of title 40, Code of Federal Regulations, for that make and model year vehicle,

''(iii) the original use of which commences with the taxpayer,

''(iv) which is acquired by the taxpayer for use or lease, but not for resale, and

''(v) which is made by a manufacturer.

''(C) 75/25 MIXED-FUEL VEHICLE.—For purposes of this subsection, the term '75/25 mixed-fuel vehicle' means a mixed-fuel vehicle which operates using at least 75 percent alternative fuel and not more than 25 percent petroleum-based fuel.

''(D) 90/10 MIXED-FUEL VEHICLE.—For purposes of this subsection, the term '90/10 mixed-fuel vehicle' means a mixed-fuel vehicle which operates using at least 90 percent alternative fuel and not more than 10 percent petroleum-based fuel.

''(f) LIMITATION ON NUMBER OF NEW QUALIFIED HYBRID AND ADVANCED LEAN-BURN TECHNOLOGY VEHICLES ELIGIBLE FOR CREDIT.—

''(1) IN GENERAL.—In the case of a qualified vehicle sold during the phaseout period, only the applicable percentage of the credit otherwise allowable under subsection (c) or (d) shall be allowed.

''(2) PHASEOUT PERIOD.—For purposes of this subsection, the phaseout period is the period beginning with the second calendar quarter following the calendar quarter which includes the first date on which the number of qualified vehicles manufactured by the

manufacturer of the vehicle referred to in paragraph (1) sold for use in the United States after the date of the enactment of this section is at least 80,000.

''(3) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the applicable percentage is—

''(A) 50 percent for the first 2 calendar quarters of the phaseout period,

''(B) 25 percent for the 3d and 4th calendar quarters of the phaseout period, and

''(C) 0 percent for each calendar quarter thereafter.

''(4) CONTROLLED GROUPS.—

''(A) IN GENERAL.—For purposes of this subsection, all persons treated as a single employer under subsection (a) or (b) of section 52 or subsection (m) or (o) of section 414 shall be treated as a single manufacturer.

''(B) INCLUSION OF FOREIGN CORPORATIONS.—For purposes of subparagraph (A), in applying subsections (a) and (b) of section 52 to this section, section 1563 shall be applied without regard to subsection (b)(2)(C) thereof.

''(5) QUALIFIED VEHICLE.—For purposes of this subsection, the term 'qualified vehicle' means any new qualified hybrid motor vehicle and any new advanced lean burn technology motor vehicle.

''(g) APPLICATION WITH OTHER CREDITS.—The credit allowed under subsection (a) for any taxable year shall not exceed the excess (if any) of—

''(1) the regular tax for the taxable year reduced by the sum of the credits allowable under subpart A and sections 27, 29, and 30, over

''(2) the tentative minimum tax for the taxable year.

''(h) OTHER DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

''(1) MOTOR VEHICLE.—The term 'motor vehicle' has the meaning given such term by section 30(c)(2).

''(2) CITY FUEL ECONOMY.—The city fuel economy with respect to any vehicle shall be measured in a manner which is substantially similar to the manner city fuel economy is measured in accordance with procedures under part 600 of subchapter Q of chapter I of title 40, Code of Federal Regulations, as in effect on the date of the enactment of this section.

''(3) OTHER TERMS.—The terms 'automobile', 'passenger automobile', 'medium duty passenger vehicle', 'light truck', and 'manufacturer' have the meanings given such terms in regulations prescribed by the Administrator of the Environmental Protection Agency for purposes of the administration of title II of the Clean Air Act (42 U.S.C. 7521 et seq.).

''(4) REDUCTION IN BASIS.—For purposes of this subtitle, the basis of any property for which a credit is allowable under subsection (a) shall be reduced by the amount of such credit so allowed (determined without regard to subsection (e)).

''(5) NO DOUBLE BENEFIT.—The amount of any deduction or other credit allowable under this chapter—

''(A) for any incremental cost taken into account in computing the amount of the credit determined under subsection (e) shall be reduced by the amount of such credit attributable to such cost, and

''(B) with respect to a vehicle described under subsection (b), (c), or (d) shall be reduced by the amount of credit allowed under subsection (a) for such vehicle for the taxable year.

''(6) PROPERTY USED BY TAX-EXEMPT ENTITY.—In the case of a vehicle whose use is described in paragraph (3) or (4) of section 50(b) and which is not subject to a lease, the person who sold such vehicle to the person or entity using such vehicle shall be treated as the taxpayer that placed such vehicle in service, but only if such person clearly discloses to such person or entity in a document the amount of any credit allowable under subsection (a) with respect to such vehicle (determined without regard to subsection (g)).

''(7) PROPERTY USED OUTSIDE UNITED STATES, ETC., NOT QUALIFIED.—No credit shall be allowable under subsection (a) with respect to any property referred to in section 50(b)(1) or with respect to the portion of the cost of any property taken into account under section 179.

''(8) RECAPTURE.—The Secretary shall, by regulations, provide for recapturing the benefit of any credit allowable under subsection (a) with respect to any property which ceases to be property eligible for such credit (including recapture in the case of a lease period of less than the economic life of a vehicle).

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

''(10) CARRYBACK AND CARRYFORWARD ALLOWED.—

''(A) IN GENERAL.—If the credit allowable under subsection (a) for a taxable year exceeds the amount of the limitation under subsection (g) for such taxable year (in this paragraph referred to as the 'unused credit year'), such excess shall be a credit carryback to each of the 3 taxable years preceding the unused credit year and a credit carryforward to each of the 20 taxable years following the unused credit year, except that no excess may be carried to a taxable year beginning before the date of the enactment of this section. The preceding sentence shall not apply to any credit carryback if such credit carryback is attributable to property for which a deduction for depreciation is not allowable.

''(B) RULES.—Rules similar to the rules of section 39 shall apply with respect to the credit carryback and credit carryforward under subparagraph (A).

''(11) INTERACTION WITH AIR QUALITY AND MOTOR VEHICLE SAFETY STANDARDS.—Unless otherwise provided in this section, a motor vehicle shall not be considered eligible for a credit under this section unless such vehicle is in compliance with—

''(A) the applicable provisions of the Clean Air Act for the applicable make and model year of the vehicle (or applicable air quality provisions of State law in the case of a State which has adopted such provision under a waiver under section 209(b) of the Clean Air Act), and

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

''(g) REGULATIONS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), the Secretary shall promulgate such regulations as necessary to carry out the provisions of this section.

''(2) COORDINATION IN PRESCRIPTION OF CERTAIN REGULATIONS.—The Secretary of the Treasury, in coordination with the Secretary of Transportation and the Administrator of the Environmental Protection Agency, shall prescribe such regulations as necessary to determine whether a motor vehicle meets the requirements to be eligible for a credit under this section.

''(h) TERMINATION.—This section shall not apply to any property purchased after—

''(1) in the case of a new qualified fuel cell motor vehicle (as described in subsection (b)), December 31, 2015,

''(2) in the case of a new advanced lean burn technology motor vehicle (as described in subsection (c)) or a new qualified hybrid motor vehicle (as described in subsection (d)), December 31, 2009, and

''(3) in the case of a new qualified alternative fuel vehicle (as described in subsection (e)), December 31, 2010.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 1016(a), as amended by this Act, is amended by striking ''and'' at the end of paragraph (35), by striking the period at the end of paragraph (36) and inserting '', and'', and by adding at the end the following new paragraph:

''(37) to the extent provided in section 30B(h)(4).''.

(2) Section 55(c)(2), as amended by this Act, is amended by inserting ''30B(g),'' after ''30(b)(2),''.

(3) Section 6501(m) is amended by inserting ''30B(h)(9),'' after ''30(d)(4),''.

(4) The table of sections for subpart B of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 30A the following new item:

''Sec. 30B. Alternative motor vehicle credit.''.

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

(d) STICKER INFORMATION REQUIRED AT RETAIL SALE.—

(1) IN GENERAL.—The Secretary of the Treasury shall issue regulations under which each qualified vehicle sold at retail shall display a notice—

(A) that such vehicle is a qualified vehicle, and

(B) that the buyer may not benefit from the credit allowed under section 30B of the Internal Revenue Code of 1986 if such buyer has insufficient tax liability.

(2) QUALIFIED VEHICLE.—For purposes of paragraph (1), the term ''qualified vehicle'' means a vehicle with respect to which a credit is allowed under section 30B of the Internal Revenue Code of 1986.

(e) NONAPPLICATION OF SECTION.—Notwithstanding any other provision of this Act, the provisions of, and amendments made by, section 1531 of this Act shall be null and void.

SEC. 1702. CREDIT FOR INSTALLATION OF ALTERNATIVE FUEL REFUELING STATIONS.

(a) IN GENERAL.—Subpart B of part IV of subchapter A of chapter 1 (relating to foreign tax credit, etc.), as amended by this Act, is amended by adding at the end the following new section:

''SEC. 30C. ALTERNATIVE FUEL VEHICLE REFUELING PROPERTY CREDIT.

''(a) CREDIT ALLOWED.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 50 percent of the cost of any qualified alternative fuel vehicle refueling property placed in service by the taxpayer during the taxable year.

''(b) LIMITATION.—The credit allowed under subsection (a) with respect to any alternative fuel vehicle refueling property shall not exceed—

''(1) $50,000 in the case of a property of a character subject to an allowance for depreciation, and

''(2) $1,000 in any other case.

''(c) QUALIFIED ALTERNATIVE FUEL VEHICLE REFUELING PROPERTY.—For purposes of this section—

''(1) IN GENERAL.—Except as provided in paragraph (2), the term 'qualified alternative fuel vehicle refueling property' has the meaning given to such term by section 179A(d), but only with respect to any fuel at least 85 percent of the volume of which consists of ethanol, natural gas, compressed natural gas, liquefied natural gas, liquefied petroleum gas, and hydrogen.

''(2) RESIDENTIAL PROPERTY.—In the case of any property installed on property which is used as the principal residence (within the meaning of section 121) of the taxpayer, paragraph (1) of section 179A(d) shall not apply.

''(d) APPLICATION WITH OTHER CREDITS.—The credit allowed under subsection (a) for any taxable year shall not exceed the excess (if any) of—

''(1) the regular tax for the taxable year reduced by the sum of the credits allowable under subpart A and sections 27, 29, 30, and 30B, over

''(2) the tentative minimum tax for the taxable year.

''(e) CARRYFORWARD ALLOWED.—

''(1) IN GENERAL.—If the credit amount allowable under subsection (a) for a taxable year exceeds the amount of the limitation under subsection (d) for such taxable year, such excess shall be allowed as a credit carryforward for each of the 20 taxable years following the unused credit year.

''(2) RULES.—Rules similar to the rules of section 39 shall apply with respect to the credit carryforward under paragraph (1).

''(f) SPECIAL RULES.—For purposes of this section—

''(1) BASIS REDUCTION.—The basis of any property shall be reduced by the portion of the cost of such property taken into account under subsection (a).

''(2) NO DOUBLE BENEFIT.—No deduction shall be allowed under section 179A with respect to any property with respect to which a credit is allowed under subsection (a).

''(3) PROPERTY USED BY TAX-EXEMPT ENTITY.—In the case of any qualified alternative fuel vehicle refueling property the use of which is described in paragraph (3) or (4) of section 50(b) and which is not subject to a lease, the person who sold such property to the person or entity using such property shall be treated as the taxpayer that placed such property in service, but only if such person clearly discloses to such person or entity in a document the amount of any credit allowable under subsection (a) with respect to such property (determined without regard to subsection (d)).

''(4) PROPERTY USED OUTSIDE UNITED STATES NOT QUALIFIED.—No credit shall be allowable under subsection (a) with respect to any property referred to in section 50(b)(1) or with respect to the portion of the cost of any property taken into account under section 179.

''(5) ELECTION NOT TO TAKE CREDIT.—No credit shall be allowed under subsection (a) for any property if the taxpayer elects not to have this section apply to such property.

''(6) RECAPTURE RULES.—Rules similar to the rules of section 179A(e)(4) shall apply.

''(g) REGULATIONS.—The Secretary shall prescribe such regulations as necessary to carry out the provisions of this section.

''(h) TERMINATION.—This section shall not apply to any property placed in service—

''(1) in the case of property relating to hydrogen, after December 31, 2014, and

''(2) in the case of any other property, after December 31, 2009.''.

(b) MODIFICATIONS TO EXTENSION OF DEDUCTION FOR CERTAIN REFUELING PROPERTY.—

(1) INCREASE IN DEDUCTION FOR HYDROGEN INFRASTRUCTURE.—Section 179A(b)(2)(A)(i) is amended by inserting ''($200,000 in the case of property relating to hydrogen)'' after ''$100,000''.

(2) EXTENSION OF DEDUCTION.—Subsection (f) of section 179A is amended to read as follows:

''(f) TERMINATION.—This section shall not apply to any property placed in service—

''(1) in the case of property relating to hydrogen, after December 31, 2014, and

''(2) in the case of any other property, after December 31, 2009.''.

(c) INCENTIVE FOR PRODUCTION OF HYDROGEN AT QUALIFIED CLEAN-FUEL VEHICLE REFUELING PROPERTY.—Section 179A(d) (defining qualified clean-fuel vehicle refueling property) is amended by adding at the end the following new flush sentence:

''In the case of clean-burning fuel which is hydrogen produced from another clean-burning fuel, paragraph (3)(A) shall be applied by substituting 'production, storage, or dispensing' for 'storage or dispensing' both places it appears.''.

(d) CONFORMING AMENDMENTS.—

(1) Section 1016(a), as amended by this Act, is amended by striking ''and'' at the end of paragraph (36), by striking the period at the end of paragraph (37) and inserting '', and'', and by adding at the end the following new paragraph:

''(38) to the extent provided in section 30C(f).''.

(2) Section 55(c)(2), as amended by this Act, is amended by inserting ''30C(e),'' after ''30B(e),''.

(3) Section 6501(m) is amended by inserting ''30C(f)(5),'' after ''30B(f)(9),''.

(4) The table of sections for subpart B of part IV of subchapter A of chapter 1, as amended by this Act, is amended by inserting after the item relating to section 30B the following new item:

''Sec. 30C. Clean-fuel vehicle refueling property credit.''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after December 31, 2005, in taxable years ending after such date.

(f) NONAPPLICATION OF SECTION.—Notwithstanding any other provision of this Act, the provisions of, and amendments made by, section 1533 of this Act shall be null and void.

SEC. 1703. ADVANCED TECHNOLOGY MOTOR VEHICLES MANUFACTURING CREDIT.

(a) IN GENERAL.—Subpart B of part IV of subchapter A of chapter 1 (relating to foreign tax credit, etc.), as amended by this Act, is amended by adding at the end the following new section:

''SEC. 30D. ADVANCED TECHNOLOGY MOTOR VEHICLES MANUFACTURING CREDIT.

''(a) CREDIT ALLOWED.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 35 percent of so much of the qualified investment of an eligible taxpayer for such taxable year as does not exceed $25,000,000.

''(b) QUALIFIED INVESTMENT.—For purposes of this section—

''(1) IN GENERAL.—The qualified investment for any taxable year is equal to the incremental costs incurred during such taxable year—

''(A) to re-equip or expand any manufacturing facility of the eligible taxpayer to produce advanced technology motor vehicles or to produce eligible components,

''(B) for engineering integration of such vehicles and components as described in subsection (d), and

''(C) for research and development related to advanced technology motor vehicles and eligible components.

''(2) ATTRIBUTION RULES.—In the event a facility of the eligible taxpayer produces both advanced technology motor vehicles and conventional motor vehicles, or eligible and non-eligible components, only the qualified investment attributable to production of advanced technology motor vehicles and eligible components shall be taken into account.

''(c) ADVANCED TECHNOLOGY MOTOR VEHICLES AND ELIGIBLE COMPONENTS.—For purposes of this section—

''(1) ADVANCED TECHNOLOGY MOTOR VEHICLE.—The term 'advanced technology motor vehicle' means—

''(A) any new advanced lean burn technology motor vehicle (as defined in section 30B(c)(3)), or

''(B) any new qualified hybrid motor vehicle (as defined in section 30B(d)(2)(A) and determined without regard to any gross vehicle weight rating).

''(2) ELIGIBLE COMPONENTS.—The term 'eligible component' means any component inherent to any advanced technology motor vehicle, including—

''(A) with respect to any gasoline or diesel-electric new qualified hybrid motor vehicle—

''(i) electric motor or generator,

''(ii) power split device,

''(iii) power control unit,

''(iv) power controls,

''(v) integrated starter generator, or

''(vi) battery,

''(B) with respect to any hydraulic new qualified hybrid motor vehicle—

''(i) hydraulic accumulator vessel,

''(ii) hydraulic pump, or

''(iii) hydraulic pump-motor assembly,

''(C) with respect to any new advanced lean burn technology motor vehicle—

''(i) diesel engine,

''(ii) turbocharger,

''(iii) fuel injection system, or

''(iv) after-treatment system, such as a particle filter or NOx absorber, and

''(D) with respect to any advanced technology motor vehicle, any other component submitted for approval by the Secretary.

''(d) ENGINEERING INTEGRATION COSTS.—For purposes of subsection (b)(1)(B), costs for engineering integration are costs incurred prior to the market introduction of advanced technology vehicles for engineering tasks related to—

''(1) establishing functional, structural, and performance requirements for component and subsystems to meet overall vehicle objectives for a specific application,

''(2) designing interfaces for components and subsystems with mating systems within a specific vehicle application,

''(3) designing cost effective, efficient, and reliable manufacturing processes to produce components and subsystems for a specific vehicle application, and

''(4) validating functionality and performance of components and subsystems for a specific vehicle application.

''(e) ELIGIBLE TAXPAYER.—For purposes of this section, the term 'eligible taxpayer' means any taxpayer if more than 50 percent of its gross receipts for the taxable year is derived from the manufacture of motor vehicles or any component parts of such vehicles.

''(f) LIMITATION BASED ON AMOUNT OF TAX.—The credit allowed under subsection (a) for the taxable year shall not exceed the excess of—

''(1) the sum of—

''(A) the regular tax liability (as defined in section 26(b)) for such taxable year, plus

''(B) the tax imposed by section 55 for such taxable year and any prior taxable year beginning after 1986 and not taken into account under section 53 for any prior taxable year, over

''(2) the sum of the credits allowable under subpart A and sections 27, 30, and 30B for the taxable year.

''(g) REDUCTION IN BASIS.—For purposes of this subtitle, if a credit is allowed under this section for any expenditure with respect to any property, the increase in the basis of such property which would (but for this paragraph) result from such expenditure shall be reduced by the amount of the credit so allowed.

''(h) NO DOUBLE BENEFIT.—

''(1) COORDINATION WITH OTHER DEDUCTIONS AND CREDITS.—Except as provided in paragraph (2), the amount of any deduction or other credit allowable under this chapter for

any cost taken into account in determining the amount of the credit under subsection (a) shall be reduced by the amount of such credit attributable to such cost.

''(2) RESEARCH AND DEVELOPMENT COSTS.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), any amount described in subsection (b)(1)(C) taken into account in determining the amount of the credit under subsection (a) for any taxable year shall not be taken into account for purposes of determining the credit under section 41 for such taxable year.

''(B) COSTS TAKEN INTO ACCOUNT IN DETERMINING BASE PERIOD RESEARCH EXPENSES.—Any amounts described in subsection (b)(1)(C) taken into account in determining the amount of the credit under subsection (a) for any taxable year which are qualified research expenses (within the meaning of section 41(b)) shall be taken into account in determining base period research expenses for purposes of applying section 41 to subsequent taxable years.

''(i) BUSINESS CARRYOVERS ALLOWED.—If the credit allowable under subsection (a) for a taxable year exceeds the limitation under subsection (f) for such taxable year, such excess (to the extent of the credit allowable with respect to property subject to the allowance for depreciation) shall be allowed as a credit carryback and carryforward under rules similar to the rules of section 39.

''(j) SPECIAL RULES.—For purposes of this section, rules similar to the rules of paragraphs (4) and (5) of section 179A(e) and paragraphs (1) and (2) of section 41(f) shall apply

''(k) ELECTION NOT TO TAKE CREDIT.—No credit shall be allowed under subsection (a) for any property if the taxpayer elects not to have this section apply to such property.

''(l) REGULATIONS.—The Secretary shall prescribe such regulations as necessary to carry out the provisions of this section.

''(m) TERMINATION.—This section shall not apply to any qualified investment after December 31, 2010.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 1016(a), as amended by this Act, is amended by striking ''and'' at the end of paragraph (39), by striking the period at the end of paragraph (40) and inserting '', and'', and by adding at the end the following new paragraph:

''(41) to the extent provided in section 30D(g).''.

(2) Section 6501(m), as amended by this Act, is amended by inserting ''30D(k),'' after ''30C(j),''.

(3) The table of sections for subpart B of part IV of subchapter A of chapter 1, as amended by this Act, is amended by inserting after the item relating to section 30C the following new item:

''Sec. 30D. Advanced technology motor vehicles manufacturing credit.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts incurred in taxable years beginning after December 31, 2005.

Subtitle B—Revenue Offset Provisions

PART I—REDUCTION IN EXTENSION OF RENEWABLE ELECTRICITY PRODUCTION CREDIT

SEC. 1705. EXTENSION OF RENEWABLE ELECTRICITY PRODUCTION CREDIT THROUGH 2007.

Paragraphs (1), (2), (3), (5), (6), (7), (9), and (10) of section 45(d) of the Internal Revenue Code of 1986, as amended by title XV, are amended by striking ''2009'' each place it appears and inserting ''2008''.

PART II—GENERAL PROVISIONS

SEC. 1711. TREATMENT OF CONTINGENT PAYMENT CONVERTIBLE DEBT INSTRUMENTS.

(a) IN GENERAL.—Section 1275(d) (relating to regulation authority) is amended—

(1) by striking ''The Secretary'' and inserting the following:

''(1) IN GENERAL.—The Secretary'', and

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

''(2) TREATMENT OF CONTINGENT PAYMENT CONVERTIBLE DEBT.—

''(A) IN GENERAL.—In the case of a debt instrument which—

''(i) is convertible into stock of the issuing corporation, into stock or debt of a related party (within the meaning of section 267(b) or 707(b)(1)), or into cash or other property in an amount equal to the approximate value of such stock or debt, and

''(ii) provides for contingent payments,

any regulations which require original issue discount to be determined by reference to the comparable yield of a noncontingent fixed-rate debt instrument shall be applied as if the regulations require that such comparable yield be determined by reference to a noncontingent fixed-rate debt instrument which is convertible into stock.

''(B) SPECIAL RULE.—For purposes of subparagraph (A), the comparable yield shall be determined without taking into account the yield resulting from the conversion of a debt instrument into stock.''.

(b) CROSS REFERENCE.—Section 163(e)(6) (relating to cross references) is amended by adding at the end the following:

''For the treatment of contingent payment convertible debt, see section 1275(d)(2).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to debt instruments issued on or after the date of the enactment of this Act.

SEC. 1712. FRIVOLOUS TAX SUBMISSIONS.

(a) CIVIL PENALTIES.—Section 6702 is amended to read as follows:

''SEC. 6702. FRIVOLOUS TAX SUBMISSIONS.

''(a) CIVIL PENALTY FOR FRIVOLOUS TAX RETURNS.—A person shall pay a penalty of $5,000 if—

''(1) such person files what purports to be a return of a tax imposed by this title but which—

''(A) does not contain information on which the substantial correctness of the self-assessment may be judged, or

''(B) contains information that on its face indicates that the self-assessment is substantially incorrect; and

''(2) the conduct referred to in paragraph (1)—

''(A) is based on a position which the Secretary has identified as frivolous under subsection (c), or

''(B) reflects a desire to delay or impede the administration of Federal tax laws.

''(b) CIVIL PENALTY FOR SPECIFIED FRIVOLOUS SUBMISSIONS.—

''(1) IMPOSITION OF PENALTY.—Except as provided in paragraph (3), any person who submits a specified frivolous submission shall pay a penalty of $5,000.

''(2) SPECIFIED FRIVOLOUS SUBMISSION.—For purposes of this section—

''(A) SPECIFIED FRIVOLOUS SUBMISSION.—The term 'specified frivolous submission' means a specified submission if any portion of such submission—

''(i) is based on a position which the Secretary has identified as frivolous under subsection (c), or

''(ii) reflects a desire to delay or impede the administration of Federal tax laws.

''(B) SPECIFIED SUBMISSION.—The term 'specified submission' means—

''(i) a request for a hearing under—

''(I) section 6320 (relating to notice and opportunity for hearing upon filing of notice of lien), or

''(II) section 6330 (relating to notice and opportunity for hearing before levy), and

''(ii) an application under—

''(I) section 6159 (relating to agreements for payment of tax liability in installments),

''(II) section 7122 (relating to compromises), or

''(III) section 7811 (relating to taxpayer assistance orders).

''(3) OPPORTUNITY TO WITHDRAW SUBMISSION.—If the Secretary provides a person with notice that a submission is a specified frivolous submission and such person withdraws such submission within 30 days after such notice, the penalty imposed under paragraph (1) shall not apply with respect to such submission.

''(c) LISTING OF FRIVOLOUS POSITIONS.—The Secretary shall prescribe (and periodically revise) a list of positions which the Secretary has identified as being frivolous for purposes of this subsection. The Secretary shall not include in such list any position that the Secretary determines meets the requirement of section 6662(d)(2)(B)(ii)(II).

''(d) REDUCTION OF PENALTY.—The Secretary may reduce the amount of any penalty imposed under this section if the Secretary determines that such reduction would promote compliance with and administration of the Federal tax laws.

''(e) PENALTIES IN ADDITION TO OTHER PENALTIES.—The penalties imposed by this section shall be in addition to any other penalty provided by law.''.

(b) TREATMENT OF FRIVOLOUS REQUESTS FOR HEARINGS BEFORE LEVY.—

(1) FRIVOLOUS REQUESTS DISREGARDED.—Section 6330 (relating to notice and opportunity for hearing before levy) is amended by adding at the end the following new subsection:

''(g) FRIVOLOUS REQUESTS FOR HEARING, ETC.—Notwithstanding any other provision of this section, if the Secretary determines that any portion of a request for a hearing under this section or section 6320 meets the requirement of clause (i) or (ii) of section 6702(b)(2)(A), then the Secretary may treat such portion as if it were never submitted and such portion shall not be subject to any further administrative or judicial review.''.

(2) PRECLUSION FROM RAISING FRIVOLOUS ISSUES AT HEARING.—Section 6330(c)(4) is amended—

(A) by striking ''(A)'' and inserting ''(A)(i)'';

(B) by striking ''(B)'' and inserting ''(ii)'';

(C) by striking the period at the end of the first sentence and inserting ''; or''; and

(D) by inserting after subparagraph (A)(ii) (as so redesignated) the following:

''(B) the issue meets the requirement of clause (i) or (ii) of section 6702(b)(2)(A).''.

(3) STATEMENT OF GROUNDS.—Section 6330(b)(1) is amended by striking ''under subsection (a)(3)(B)'' and inserting ''in writing under subsection (a)(3)(B) and states the grounds for the requested hearing''.

(c) TREATMENT OF FRIVOLOUS REQUESTS FOR HEARINGS UPON FILING OF NOTICE OF LIEN.—Section 6320 is amended—

(1) in subsection (b)(1), by striking ''under subsection (a)(3)(B)'' and inserting ''in writing under subsection (a)(3)(B) and states the grounds for the requested hearing'', and

(2) in subsection (c), by striking ''and (e)'' and inserting ''(e), and (g)''.

(d) TREATMENT OF FRIVOLOUS APPLICATIONS FOR OFFERS-IN-COMPROMISE AND INSTALLMENT AGREEMENTS.—Section 7122 is amended by adding at the end the following new subsection:

''(e) FRIVOLOUS SUBMISSIONS, ETC.—Notwithstanding any other provision of this section, if the Secretary determines that any portion of an application for an offer-in-compromise or installment agreement submitted under this section or section 6159 meets the requirement of clause (i) or (ii) of section 6702(b)(2)(A), then the Secretary may treat

such portion as if it were never submitted and such portion shall not be subject to any further administrative or judicial review.''.

(e) CLERICAL AMENDMENT.—The table of sections for part I of subchapter B of chapter 68 is amended by striking the item relating to section 6702 and inserting the following new item:

''Sec. 6702. Frivolous tax submissions.''.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to submissions made and issues raised after the date on which the Secretary first prescribes a list under section 6702(c) of the Internal Revenue Code of 1986, as amended by subsection (a).

SEC. 1713. INCREASE IN CERTAIN CRIMINAL PENALTIES.

(a) IN GENERAL.—Section 7206 (relating to fraud and false statements) is amended—

(1) by striking ''Any person who—'' and inserting ''(a) IN GENERAL.—Any person who—'', and

(2) by adding at the end the following new subsection:

''(b) INCREASE IN MONETARY LIMITATION FOR UNDERPAYMENT OR OVERPAYMENT OF TAX DUE TO FRAUD.—If any portion of any underpayment (as defined in section 6664(a)) or overpayment (as defined in section 6401(a)) of tax required to be shown on a return is attributable to fraudulent action described in subsection (a), the applicable dollar amount under subsection (a) shall in no event be less than an amount equal to such portion. A rule similar to the rule under section 6663(b) shall apply for purposes of determining the portion so attributable.''.

(b) INCREASE IN PENALTIES.—

(1) ATTEMPT TO EVADE OR DEFEAT TAX.—Section 7201 is amended—

(A) by striking ''$100,000'' and inserting ''$500,000'',

(B) by striking ''$500,000'' and inserting ''$1,000,000'', and

(C) by striking ''5 years'' and inserting ''10 years''.

(2) WILLFUL FAILURE TO FILE RETURN, SUPPLY INFORMATION, OR PAY TAX.—Section 7203 is amended—

(A) in the first sentence—

(i) by striking ''Any person'' and inserting the following:

''(a) IN GENERAL.—Any person'', and

(ii) by striking ''$25,000'' and inserting ''$50,000'',

(B) in the third sentence, by striking ''section'' and inserting ''subsection'', and

(C) by adding at the end the following new subsection:

''(b) AGGRAVATED FAILURE TO FILE.—

''(1) IN GENERAL.—In the case of any failure described in paragraph (2), the first sentence of subsection (a) shall be applied by substituting—

''(A) 'felony' for 'misdemeanor',

''(B) '$500,000 ($1,000,000' for '$25,000 ($100,000', and

''(C) '10 years' for '1 year'.

''(2) FAILURE DESCRIBED.—A failure described in this paragraph is a failure to make a return described in subsection (a) for a period of 3 or more consecutive taxable years and the aggregated tax liability for such period is at least $100,000.''.

(3) FRAUD AND FALSE STATEMENTS.—Section 7206(a) (as redesignated by subsection (a)) is amended—

(A) by striking ''$100,000'' and inserting ''$500,000'',

(B) by striking ''$500,000'' and inserting ''$1,000,000'', and

(C) by striking ''3 years'' and inserting ''5 years''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to actions, and failures to act, occurring after the date of the enactment of this Act.

SEC. 1714. DOUBLING OF CERTAIN PENALTIES, FINES, AND INTEREST ON UNDERPAYMENTS RELATED TO CERTAIN OFFSHORE FINANCIAL ARRANGEMENTS.

(a) DETERMINATION OF PENALTY.—

(1) IN GENERAL.—Notwithstanding any other provision of law, in the case of an applicable taxpayer—

(A) the determination as to whether any interest or applicable penalty is to be imposed with respect to any arrangement described in paragraph (2), or to any underpayment of Federal income tax attributable to items arising in connection with any such arrangement, shall be made without regard to the rules of subsections (b), (c), and (d) of section 6664 of the Internal Revenue Code of 1986, and

(B) if any such interest or applicable penalty is imposed, the amount of such interest or penalty shall be equal to twice that determined without regard to this section.

(2) APPLICABLE TAXPAYER.—For purposes of this subsection—

(A) IN GENERAL.—The term ''applicable taxpayer'' means a taxpayer which—

(i) has underreported its United States income tax liability with respect to any item which directly or indirectly involves—

(I) any financial arrangement which in any manner relies on the use of offshore payment mechanisms (including credit, debit, or charge cards) issued by banks or other entities in foreign jurisdictions, or

(II) any offshore financial arrangement (including any arrangement with foreign banks, financial institutions, corporations, partnerships, trusts, or other entities), and

(ii) has not signed a closing agreement pursuant to the Voluntary Offshore Compliance Initiative established by the Department of the Treasury under Revenue Procedure 2003-11 or voluntarily disclosed its participation in such arrangement by notifying the Internal Revenue Service of such arrangement prior to the issue being raised by the Internal Revenue Service during an examination.

(B) AUTHORITY TO WAIVE.—The Secretary of the Treasury or the Secretary's delegate may waive the application of paragraph (1) to any taxpayer if the Secretary or the Secretary's delegate determines that the use of such offshore payment mechanisms is incidental to the transaction and, in addition, in the case of a trade or business, such use is conducted in the ordinary course of the trade or business of the taxpayer.

(C) ISSUES RAISED.—For purposes of subparagraph (A)(ii), an item shall be treated as an issue raised during an examination if the individual examining the return—

(i) communicates to the taxpayer knowledge about the specific item, or

(ii) has made a request to the taxpayer for information and the taxpayer could not make a complete response to that request without giving the examiner knowledge of the specific item.

(b) DEFINITIONS AND RULES.—For purposes of this section—

(1) APPLICABLE PENALTY.—The term ''applicable penalty'' means any penalty, addition to tax, or fine imposed under chapter 68 of the Internal Revenue Code of 1986.

(2) FEES AND EXPENSES.—The Secretary of the Treasury may retain and use an amount not in excess of 25 percent of all additional interest, penalties, additions to tax, and fines collected under this section to be used for enforcement and collection activities of the Internal Revenue Service. The Secretary shall keep adequate records regarding amounts so retained and used. The amount credited as paid by any taxpayer shall be determined without regard to this paragraph.

(c) REPORT BY SECRETARY.—The Secretary shall each year conduct a study and report to Congress on the implementation of this section during the preceding year, including statistics on the number of taxpayers affected by such implementation and the amount of interest and applicable penalties asserted, waived, and assessed during such preceding year.

(d) EFFECTIVE DATE.—The provisions of this section shall apply to interest, penalties, additions to tax, and fines with respect to any taxable year if, as of the date of the enactment of this Act, the assessment of any tax, penalty, or interest with respect to such taxable year is not prevented by the operation of any law or rule of law.

SEC. 1715. MODIFICATION OF INTERACTION BETWEEN SUBPART F AND PASSIVE FOREIGN INVESTMENT COMPANY RULES.

(a) LIMITATION ON EXCEPTION FROM PFIC RULES FOR UNITED STATES SHAREHOLDERS OF CONTROLLED FOREIGN CORPORATIONS.—Paragraph (2) of section 1297(e) (relating to passive foreign investment company) is amended by adding at the end the following flush sentence:

''Such term shall not include any period if the earning of subpart F income by such corporation during such period would result in only a remote likelihood of an inclusion in gross income under section 951(a)(1)(A)(i).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years of controlled foreign corporations beginning after March 2, 2005, and to taxable years of United States shareholders with or within which such taxable years of controlled foreign corporations end.

SEC. 1716. DECLARATION BY CHIEF EXECUTIVE OFFICER RELATING TO FEDERAL ANNUAL CORPORATE INCOME TAX RETURN.

(a) IN GENERAL.—The Federal annual tax return of a corporation with respect to income shall also include a declaration signed by the chief executive officer of such corporation (or other such officer of the corporation as the Secretary of the Treasury may designate if the corporation does not have a chief executive officer), under penalties of perjury, that the corporation has in place processes and procedures that ensure that such return complies with the Internal Revenue Code of 1986 and that the chief executive officer was provided reasonable assurance of the accuracy of all material aspects of such return. The preceding sentence shall not apply to any return of a regulated investment company (within the meaning of section 851 of such Code).

(b) EFFECTIVE DATE.—This section shall apply to Federal annual tax returns for taxable years ending after the date of the enactment of this Act.

SEC. 1717. TREASURY REGULATIONS ON FOREIGN TAX CREDIT.

(a) IN GENERAL.—Section 901 (relating to taxes of foreign countries and of possessions of United States) is amended by redesignating subsection (m) as subsection (n) and by inserting after subsection (l) the following new subsection:

''(m) REGULATIONS.—The Secretary may prescribe regulations disallowing a credit under subsection (a) for all or a portion of any foreign tax, or allocating a foreign tax among 2 or more persons, in cases where the foreign tax is imposed on any person in respect of income of another person or in other cases involving the inappropriate separation of the foreign tax from the related foreign income.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to transactions entered into after the date of the enactment of this Act.

SEC. 1718. WHISTLEBLOWER REFORMS.

(a) IN GENERAL.—Section 7623 (relating to expenses of detection of underpayments and fraud, etc.) is amended—

(1) by striking ''The Secretary'' and inserting ''(a) IN GENERAL.—The Secretary'',

(2) by striking ''and'' at the end of paragraph (1) and inserting ''or'',

(3) by striking ''(other than interest)'', and

(4) by adding at the end the following new subsections:

''(b) AWARDS TO WHISTLEBLOWERS.—

''(1) IN GENERAL.—If the Secretary proceeds with any administrative or judicial action described in subsection (a) based on information brought to the Secretary's attention by an individual, such individual shall, subject to paragraph (2), receive as an award at least 15 percent but not more than 30 percent of the collected proceeds (including penalties, interest, additions to tax, and additional amounts) resulting from the action (including any related actions) or from any settlement in response to such action. The determination of the amount of such award by the Whistleblower Office shall depend upon the extent to which the individual substantially contributed to such action.

''(2) AWARD IN CASE OF LESS SUBSTANTIAL CONTRIBUTION.—

''(A) IN GENERAL.—In the event the action described in paragraph (1) is one which the Whistleblower Office determines to be based principally on disclosures of specific allegations (other than information provided by the individual described in paragraph (1)) resulting from a judicial or administrative hearing, from a governmental report, hearing, audit, or investigation, or from the news media, the Whistleblower Office may award such sums as it considers appropriate, but in no case more than 10 percent of the collected proceeds (including penalties, interest, additions to tax, and additional amounts) resulting from the action (including any related actions) or from any settlement in response to such action, taking into account the significance of the individual's information and the role of such individual and any legal representative of such individual in contributing to such action.

''(B) NONAPPLICATION OF PARAGRAPH WHERE INDIVIDUAL IS ORIGINAL SOURCE OF INFORMATION.—Subparagraph (A) shall not apply if the information resulting in the initiation of the action described in paragraph (1) was originally provided by the individual described in paragraph (1).

''(3) REDUCTION IN OR DENIAL OF AWARD.—If the Whistleblower Office determines that the claim for an award under paragraph (1) or (2) is brought by an individual who planned and initiated the actions that led to the underpayment of tax or actions described in subsection (a)(2), then the Whistleblower Office may appropriately reduce such award. If such individual is convicted of criminal conduct arising from the role described in the preceding sentence, the Whistleblower Office shall deny any award.

''(4) APPEAL OF AWARD DETERMINATION.—Any determination regarding an award under paragraph (1), (2), or (3) shall be subject to the filing by the individual described in such paragraph of a petition for review with the Tax Court under rules similar to the rules under section 7463 (without regard to the amount in dispute) and such review shall be subject to the rules under section 7461(b)(1).

''(5) APPLICATION OF THIS SUBSECTION.—This subsection shall apply with respect to any action—

''(A) against any taxpayer, but in the case of any individual, only if such individual's gross income exceeds $200,000 for any taxable year subject to such action, and

''(B) if the tax, penalties, interest, additions to tax, and additional amounts in dispute exceed $20,000.

''(6) ADDITIONAL RULES.—

''(A) NO CONTRACT NECESSARY.—No contract with the Internal Revenue Service is necessary for any individual to receive an award under this subsection.

''(B) REPRESENTATION.—Any individual described in paragraph (1) or (2) may be represented by counsel.

''(C) AWARD NOT SUBJECT TO INDIVIDUAL ALTERNATIVE MINIMUM TAX.—No award received under this subsection shall be included in gross income for purposes of determining alternative minimum taxable income.

''(c) WHISTLEBLOWER OFFICE.—

''(1) IN GENERAL.—There is established in the Internal Revenue Service an office to be known as the 'Whistleblower Office' which—

''(A) shall at all times operate at the direction of the Commissioner and coordinate and consult with other divisions in the Internal Revenue Service as directed by the Commissioner,

''(B) shall analyze information received from any individual described in subsection (b) and either investigate the matter itself or assign it to the appropriate Internal Revenue Service office,

''(C) shall monitor any action taken with respect to such matter,

''(D) shall inform such individual that it has accepted the individual's information for further review,

''(E) may require such individual and any legal representative of such individual to not disclose any information so provided,

''(F) in its sole discretion, may ask for additional assistance from such individual or any legal representative of such individual, and

''(G) shall determine the amount to be awarded to such individual under subsection (b).

''(2) FUNDING FOR OFFICE.—There is authorized to be appropriated $10,000,000 for each fiscal year for the Whistleblower Office. These funds shall be used to maintain the Whistleblower Office and also to reimburse other Internal Revenue Service offices for related costs, such as costs of investigation and collection.

''(3) REQUEST FOR ASSISTANCE.—

''(A) IN GENERAL.—Any assistance requested under paragraph (1)(F) shall be under the direction and control of the Whistleblower Office or the office assigned to investigate the matter under subparagraph (A). To the extent the disclosure of any returns or return information to the individual or legal representative is required for the performance of such assistance, such disclosure shall be pursuant to a contract entered into between the Secretary and the recipients of such disclosure subject to section 6103(n). No individual or legal representative whose assistance is so requested may by reason of such request represent himself or herself as an employee of the Federal Government.

''(B) FUNDING OF ASSISTANCE.—From the amounts available for expenditure under subsection (b), the Whistleblower Office may, with the agreement of the individual described in subsection (b), reimburse the costs incurred by any legal representative of such individual in providing assistance described in subparagraph (A).

''(d) REPORT BY SECRETARY.—The Secretary shall each year conduct a study and report to Congress on the use of this section, including—

''(1) an analysis of the use of this section during the preceding year and the results of such use, and

''(2) any legislative or administrative recommendations regarding the provisions of this section and its application.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to information provided on or after the date of the enactment of this Act.

SEC. 1719. DENIAL OF DEDUCTION FOR CERTAIN FINES, PENALTIES, AND OTHER AMOUNTS.

(a) IN GENERAL.—Subsection (f) of section 162 (relating to trade or business expenses) is amended to read as follows:

''(f) FINES, PENALTIES, AND OTHER AMOUNTS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), no deduction otherwise allowable shall be allowed under this chapter for any amount paid or incurred (whether by suit, agreement, or otherwise) to, or at the direction of, a government or entity described in paragraph (4) in relation to the violation of any law or the investigation or inquiry by such government or entity into the potential violation of any law.

''(2) EXCEPTION FOR AMOUNTS CONSTITUTING RESTITUTION.—Paragraph (1) shall not apply to any amount which—

''(A) the taxpayer establishes constitutes restitution (including remediation of property) for damage or harm caused by or which may be caused by the violation of any law or the potential violation of any law, and

''(B) is identified as restitution in the court order or settlement agreement.

Identification pursuant to subparagraph (B) alone shall not satisfy the requirement under subparagraph (A). This paragraph shall not apply to any amount paid or incurred as reimbursement to the government or entity for the costs of any investigation or litigation.

''(3) EXCEPTION FOR AMOUNTS PAID OR INCURRED AS THE RESULT OF CERTAIN COURT ORDERS.—Paragraph (1) shall not apply to any amount paid or incurred by order of a court in a suit in which no government or entity described in paragraph (4) is a party.

''(4) CERTAIN NONGOVERNMENTAL REGULATORY ENTITIES.—An entity is described in this paragraph if it is—

''(A) a nongovernmental entity which exercises self-regulatory powers (including imposing sanctions) in connection with a qualified board or exchange (as defined in section 1256(g)(7)), or

''(B) to the extent provided in regulations, a nongovernmental entity which exercises self-regulatory powers (including imposing sanctions) as part of performing an essential governmental function.

''(5) EXCEPTION FOR TAXES DUE.—Paragraph (1) shall not apply to any amount paid or incurred as taxes due.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to amounts paid or incurred on or after the date of the enactment of this Act, except that such amendment shall not apply to amounts paid or incurred under any binding order or agreement entered into before such date. Such exception shall not apply to an order or agreement requiring court approval unless the approval was obtained before such date.

SEC. 1720. FREEZE OF INTEREST SUSPENSION RULES WITH RESPECT TO LISTED TRANSACTIONS.

(a) IN GENERAL.—Paragraph (2) of section 903(d) of the American Jobs Creation Act of 2005 is amended to read as follows:

''(2) EXCEPTION FOR REPORTABLE OR LISTED TRANSACTIONS.—

''(A) IN GENERAL.—The amendments made by subsection (c) shall apply with respect to interest accruing after October 3, 2004.

''(B) SPECIAL RULE FOR CERTAIN LISTED TRANSACTIONS.—

''(i) IN GENERAL.—Except as provided in clause (ii) or (iii), in the case of any listed transaction, the amendments made by subsection (c) shall also apply with respect to interest accruing on or before October 3, 2004.

''(ii) PARTICIPANTS IN SETTLEMENT INITIATIVES.—Clause (i) shall not apply to a listed transaction if, as of May 9, 2005—

''(I) the taxpayer is participating in a published settlement initiative which is offered by the Secretary of the Treasury or his delegate to a group of similarly situated taxpayers claiming benefits from the listed transaction, or

''(II) the taxpayer has entered into a settlement agreement pursuant to such an initiative with respect to the tax liability arising in connection with the listed transaction.

Subclause (I) shall not apply to the taxpayer if, after May 9, 2005, the taxpayer withdraws from, or terminates, participation in the initiative or the Secretary or his delegate determines that a settlement agreement will not be reached pursuant to the initiative within a reasonable period of time.

''(iii) CLOSED TRANSACTIONS.—Clause (i) shall not apply to a listed transaction if, as of May 9, 2005—

''(I) the assessment of all Federal income taxes for the taxable year in which the tax liability to which the interest relates arose is prevented by the operation of any law or rule of law, or

''(II) a closing agreement under section 7121 has been entered into with respect to the tax liability arising in connection with the listed transaction.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in the provisions of the American Jobs Creation Act of 2004 to which it relates.

SEC. 1721. MODIFICATIONS OF EFFECTIVE DATES OF LEASING PROVISIONS OF THE AMERICAN JOBS CREATION ACT OF 2004.

(a) REPEAL OF EXCEPTION FOR QUALIFIED TRANSPORTATION PROPERTY.—Section 849(b) of the American Jobs Creation Act of 2004 is amended by striking paragraphs (1) and (2) and by redesignating paragraphs (3) and (4) as paragraphs (1) and (2).

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the enactment of the American Jobs Creation Act of 2004.

SEC. 1722. IMPOSITION OF MARK-TO-MARKET TAX ON INDIVIDUALS WHO EXPATRIATE.

(a) IN GENERAL.—Subpart A of part II of subchapter N of chapter 1 is amended by inserting after section 877 the following new section:

''SEC. 877A. TAX RESPONSIBILITIES OF EXPATRIATION.

''(a) GENERAL RULES.—For purposes of this subtitle—

''(1) MARK TO MARKET.—Except as provided in subsections (d) and (f), all property of a covered expatriate to whom this section applies shall be treated as sold on the day before the expatriation date for its fair market value.

''(2) RECOGNITION OF GAIN OR LOSS.—In the case of any sale under paragraph (1)—

''(A) notwithstanding any other provision of this title, any gain arising from such sale shall be taken into account for the taxable year of the sale, and

''(B) any loss arising from such sale shall be taken into account for the taxable year of the sale to the extent otherwise provided by this title, except that section 1091 shall not apply to any such loss.

Proper adjustment shall be made in the amount of any gain or loss subsequently realized for gain or loss taken into account under the preceding sentence.

''(3) EXCLUSION FOR CERTAIN GAIN.—

''(A) IN GENERAL.—The amount which, but for this paragraph, would be includible in the gross income of any individual by reason of this section shall be reduced (but not below zero) by $600,000. For purposes of this paragraph, allocable expatriation gain taken into account under subsection (f)(2) shall be treated in the same manner as an amount required to be includible in gross income.

''(B) COST-OF-LIVING ADJUSTMENT.—

''(i) IN GENERAL.—In the case of an expatriation date occurring in any calendar year after 2005, the $600,000 amount under subparagraph (A) shall be increased by an amount equal to—

''(I) such dollar amount, multiplied by

''(II) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year, determined by substituting 'calendar year 2004' for 'calendar year 1992' in subparagraph (B) thereof.

''(ii) ROUNDING RULES.—If any amount after adjustment under clause (i) is not a multiple of $1,000, such amount shall be rounded to the next lower multiple of $1,000.

''(4) ELECTION TO CONTINUE TO BE TAXED AS UNITED STATES CITIZEN.—

''(A) IN GENERAL.—If a covered expatriate elects the application of this paragraph—

''(i) this section (other than this paragraph and subsection (i)) shall not apply to the expatriate, but

''(ii) in the case of property to which this section would apply but for such election, the expatriate shall be subject to tax under this title in the same manner as if the individual were a United States citizen.

''(B) REQUIREMENTS.—Subparagraph (A) shall not apply to an individual unless the individual—

''(i) provides security for payment of tax in such form and manner, and in such amount, as the Secretary may require,

''(ii) consents to the waiver of any right of the individual under any treaty of the United States which would preclude assessment or collection of any tax which may be imposed by reason of this paragraph, and

''(iii) complies with such other requirements as the Secretary may prescribe.

''(C) ELECTION.—An election under subparagraph (A) shall apply to all property to which this section would apply but for the election and, once made, shall be irrevocable. Such election shall also apply to property the basis of which is determined in whole or in part by reference to the property with respect to which the election was made.

''(b) ELECTION TO DEFER TAX.—

''(1) IN GENERAL.—If the taxpayer elects the application of this subsection with respect to any property treated as sold by reason of subsection (a), the payment of the additional tax attributable to such property shall be postponed until the due date of the return for the taxable year in which such property is disposed of (or, in the case of property disposed of in a transaction in which gain is not recognized in whole or in part, until such other date as the Secretary may prescribe).

''(2) DETERMINATION OF TAX WITH RESPECT TO PROPERTY.—For purposes of paragraph (1), the additional tax attributable to any property is an amount which bears the same ratio to the additional tax imposed by this chapter for the taxable year solely by reason of subsection (a) as the gain taken into account under subsection (a) with respect to such property bears to the total gain taken into account under subsection (a) with respect to all property to which subsection (a) applies.

''(3) TERMINATION OF POSTPONEMENT.—No tax may be postponed under this subsection later than the due date for the return of tax imposed by this chapter for the taxable year which includes the date of death of the expatriate (or, if earlier, the time that the security provided with respect to the property fails to meet the requirements of paragraph (4), unless the taxpayer corrects such failure within the time specified by the Secretary).

''(4) SECURITY.—

''(A) IN GENERAL.—No election may be made under paragraph (1) with respect to any property unless adequate security is provided to the Secretary with respect to such property.

''(B) ADEQUATE SECURITY.—For purposes of subparagraph (A), security with respect to any property shall be treated as adequate security if—

''(i) it is a bond in an amount equal to the deferred tax amount under paragraph (2) for the property, or

''(ii) the taxpayer otherwise establishes to the satisfaction of the Secretary that the security is adequate.

''(5) WAIVER OF CERTAIN RIGHTS.—No election may be made under paragraph (1) unless the taxpayer consents to the waiver of any right under any treaty of the United States which would preclude assessment or collection of any tax imposed by reason of this section.

''(6) ELECTIONS.—An election under paragraph (1) shall only apply to property described in the election and, once made, is irrevocable. An election may be made under paragraph (1) with respect to an interest in a trust with respect to which gain is required to be recognized under subsection (f)(1).

''(7) INTEREST.—For purposes of section 6601—

''(A) the last date for the payment of tax shall be determined without regard to the election under this subsection, and

''(B) section 6621(a)(2) shall be applied by substituting '5 percentage points' for '3 percentage points' in subparagraph (B) thereof.

''(c) COVERED EXPATRIATE.—For purposes of this section—

''(1) IN GENERAL.—Except as provided in paragraph (2), the term 'covered expatriate' means an expatriate.

''(2) EXCEPTIONS.—An individual shall not be treated as a covered expatriate if—

''(A) the individual—

''(i) became at birth a citizen of the United States and a citizen of another country and, as of the expatriation date, continues to be a citizen of, and is taxed as a resident of, such other country, and

''(ii) has not been a resident of the United States (as defined in section 7701(b)(1)(A)(ii)) during the 5 taxable years ending with the taxable year during which the expatriation date occurs, or

''(B)(i) the individual's relinquishment of United States citizenship occurs before such individual attains age 18½, and

''(ii) the individual has been a resident of the United States (as so defined) for not more than 5 taxable years before the date of relinquishment.

''(d) EXEMPT PROPERTY; SPECIAL RULES FOR PENSION PLANS.—

''(1) EXEMPT PROPERTY.—This section shall not apply to the following:

''(A) UNITED STATES REAL PROPERTY INTERESTS.—Any United States real property interest (as defined in section 897(c)(1)), other than stock of a United States real property holding corporation which does not, on the day before the expatriation date, meet the requirements of section 897(c)(2).

''(B) SPECIFIED PROPERTY.—Any property or interest in property not described in subparagraph (A) which the Secretary specifies in regulations.

''(2) SPECIAL RULES FOR CERTAIN RETIREMENT PLANS.—

''(A) IN GENERAL.—If a covered expatriate holds on the day before the expatriation date any interest in a retirement plan to which this paragraph applies—

''(i) such interest shall not be treated as sold for purposes of subsection (a)(1), but

''(ii) an amount equal to the present value of the expatriate's nonforfeitable accrued benefit shall be treated as having been received by such individual on such date as a distribution under the plan.

''(B) TREATMENT OF SUBSEQUENT DISTRIBUTIONS.—In the case of any distribution on or after the expatriation date to or on behalf of the covered expatriate from a plan from which the expatriate was treated as receiving a distribution under subparagraph (A), the amount otherwise includible in gross income by reason of the subsequent distribution shall be reduced by the excess of the amount includible in gross income under subparagraph (A) over any portion of such amount to which this subparagraph previously applied.

''(C) TREATMENT OF SUBSEQUENT DISTRIBUTIONS BY PLAN.—For purposes of this title, a retirement plan to which this paragraph applies, and any person acting on the plan's behalf, shall treat any subsequent distribution described in subparagraph (B) in the same manner as such distribution would be treated without regard to this paragraph.

''(D) APPLICABLE PLANS.—This paragraph shall apply to—

''(i) any qualified retirement plan (as defined in section 4974(c)),

''(ii) an eligible deferred compensation plan (as defined in section 457(b)) of an eligible employer described in section 457(e)(1)(A), and

''(iii) to the extent provided in regulations, any foreign pension plan or similar retirement arrangements or programs.

''(e) DEFINITIONS.—For purposes of this section—

''(1) EXPATRIATE.—The term 'expatriate' means—

''(A) any United States citizen who relinquishes citizenship, and

''(B) any long-term resident of the United States who—

''(i) ceases to be a lawful permanent resident of the United States (within the meaning of section 7701(b)(6)), or

''(ii) commences to be treated as a resident of a foreign country under the provisions of a tax treaty between the United States and the foreign country and who does not waive the benefits of such treaty applicable to residents of the foreign country.

''(2) EXPATRIATION DATE.—The term 'expatriation date' means—

''(A) the date an individual relinquishes United States citizenship, or

''(B) in the case of a long-term resident of the United States, the date of the event described in clause (i) or (ii) of paragraph (1)(B).

''(3) RELINQUISHMENT OF CITIZENSHIP.—A citizen shall be treated as relinquishing United States citizenship on the earliest of—

''(A) the date the individual renounces such individual's United States nationality before a diplomatic or consular officer of the United States pursuant to paragraph (5) of section 349(a) of the Immigration and Nationality Act (8 U.S.C. 1481(a)(5)),

''(B) the date the individual furnishes to the United States Department of State a signed statement of voluntary relinquishment of United States nationality confirming the performance of an act of expatriation specified in paragraph (1), (2), (3), or (4) of section 349(a) of the Immigration and Nationality Act (8 U.S.C. 1481(a)(1)–(4)),

''(C) the date the United States Department of State issues to the individual a certificate of loss of nationality, or

''(D) the date a court of the United States cancels a naturalized citizen's certificate of naturalization.

Subparagraph (A) or (B) shall not apply to any individual unless the renunciation or voluntary relinquishment is subsequently approved by the issuance to the individual of a certificate of loss of nationality by the United States Department of State.

''(4) LONG-TERM RESIDENT.—The term 'long-term resident' has the meaning given to such term by section 877(e)(2).

''(f) SPECIAL RULES APPLICABLE TO BENEFICIARIES' INTERESTS IN TRUST.—

''(1) IN GENERAL.—Except as provided in paragraph (2), if an individual is determined under paragraph (3) to hold an interest in a trust on the day before the expatriation date—

''(A) the individual shall not be treated as having sold such interest,

''(B) such interest shall be treated as a separate share in the trust, and

''(C)(i) such separate share shall be treated as a separate trust consisting of the assets allocable to such share,

''(ii) the separate trust shall be treated as having sold its assets on the day before the expatriation date for their fair market value and as having distributed all of its assets to the individual as of such time, and

''(iii) the individual shall be treated as having recontributed the assets to the separate trust.

Subsection (a)(2) shall apply to any income, gain, or loss of the individual arising from a distribution described in subparagraph (C)(ii). In determining the amount of such distribution, proper adjustments shall be made for liabilities of the trust allocable to an individual's share in the trust.

''(2) SPECIAL RULES FOR INTERESTS IN QUALIFIED TRUSTS.—

''(A) IN GENERAL.—If the trust interest described in paragraph (1) is an interest in a qualified trust—

''(i) paragraph (1) and subsection (a) shall not apply, and

''(ii) in addition to any other tax imposed by this title, there is hereby imposed on each distribution with respect to such interest a tax in the amount determined under subparagraph (B).

''(B) AMOUNT OF TAX.—The amount of tax under subparagraph (A)(ii) shall be equal to the lesser of—

''(i) the highest rate of tax imposed by section 1(e) for the taxable year which includes the day before the expatriation date, multiplied by the amount of the distribution, or

''(ii) the balance in the deferred tax account immediately before the distribution determined without regard to any increases under subparagraph (C)(ii) after the 30th day preceding the distribution.

''(C) DEFERRED TAX ACCOUNT.—For purposes of subparagraph (B)(ii)—

''(i) OPENING BALANCE.—The opening balance in a deferred tax account with respect to any trust interest is an amount equal to the tax which would have been imposed on the allocable expatriation gain with respect to the trust interest if such gain had been included in gross income under subsection (a).

''(ii) INCREASE FOR INTEREST.—The balance in the deferred tax account shall be increased by the amount of interest determined (on the balance in the account at the time the interest accrues), for periods after the 90th day after the expatriation date, by using the rates and method applicable under section 6621 for underpayments of tax for such periods, except that section 6621(a)(2) shall be applied by substituting '5 percentage points' for '3 percentage points' in subparagraph (B) thereof.

''(iii) DECREASE FOR TAXES PREVIOUSLY PAID.—The balance in the tax deferred account shall be reduced—

''(I) by the amount of taxes imposed by subparagraph (A) on any distribution to the person holding the trust interest, and

''(II) in the case of a person holding a nonvested interest, to the extent provided in regulations, by the amount of taxes imposed by subparagraph (A) on distributions from the trust with respect to nonvested interests not held by such person.

''(D) ALLOCABLE EXPATRIATION GAIN.—For purposes of this paragraph, the allocable expatriation gain with respect to any beneficiary's interest in a trust is the amount of gain which would be allocable to such beneficiary's vested and nonvested interests in the trust if the beneficiary held directly all assets allocable to such interests.

''(E) TAX DEDUCTED AND WITHHELD.—

''(i) IN GENERAL.—The tax imposed by subparagraph (A)(ii) shall be deducted and withheld by the trustees from the distribution to which it relates.

''(ii) EXCEPTION WHERE FAILURE TO WAIVE TREATY RIGHTS.—If an amount may not be deducted and withheld under clause (i) by reason of the distributee failing to waive any treaty right with respect to such distribution—

''(I) the tax imposed by subparagraph (A)(ii) shall be imposed on the trust and each trustee shall be personally liable for the amount of such tax, and

''(II) any other beneficiary of the trust shall be entitled to recover from the distributee the amount of such tax imposed on the other beneficiary.

''(F) DISPOSITION.—If a trust ceases to be a qualified trust at any time, a covered expatriate disposes of an interest in a qualified trust, or a covered expatriate holding an interest in a qualified trust dies, then, in lieu of the tax imposed by subparagraph (A)(ii), there is hereby imposed a tax equal to the lesser of—

''(i) the tax determined under paragraph (1) as if the day before the expatriation date were the date of such cessation, disposition, or death, whichever is applicable, or

''(ii) the balance in the tax deferred account immediately before such date.

Such tax shall be imposed on the trust and each trustee shall be personally liable for the amount of such tax and any other beneficiary of the trust shall be entitled to recover from the covered expatriate or the estate the amount of such tax imposed on the other beneficiary.

''(G) DEFINITIONS AND SPECIAL RULES.—For purposes of this paragraph—

''(i) QUALIFIED TRUST.—The term 'qualified trust' means a trust which is described in section 7701(a)(30)(E).

''(ii) VESTED INTEREST.—The term 'vested interest' means any interest which, as of the day before the expatriation date, is vested in the beneficiary.

''(iii) NONVESTED INTEREST.—The term 'nonvested interest' means, with respect to any beneficiary, any interest in a trust which is not a vested interest. Such interest shall be determined by assuming the maximum exercise of discretion in favor of the beneficiary and the occurrence of all contingencies in favor of the beneficiary.

''(iv) ADJUSTMENTS.—The Secretary may provide for such adjustments to the bases of assets in a trust or a deferred tax account, and the timing of such adjustments, in order to ensure that gain is taxed only once.

''(v) COORDINATION WITH RETIREMENT PLAN RULES.—This subsection shall not apply to an interest in a trust which is part of a retirement plan to which subsection (d)(2) applies.

''(3) DETERMINATION OF BENEFICIARIES' INTEREST IN TRUST.—

''(A) DETERMINATIONS UNDER PARAGRAPH (1).—For purposes of paragraph (1), a beneficiary's interest in a trust shall be based upon all relevant facts and circumstances, including the terms of the trust instrument

and any letter of wishes or similar document, historical patterns of trust distributions, and the existence of and functions performed by a trust protector or any similar adviser.

''(B) OTHER DETERMINATIONS.—For purposes of this section—

''(i) CONSTRUCTIVE OWNERSHIP.—If a beneficiary of a trust is a corporation, partnership, trust, or estate, the shareholders, partners, or beneficiaries shall be deemed to be the trust beneficiaries for purposes of this section.

''(ii) TAXPAYER RETURN POSITION.—A taxpayer shall clearly indicate on its income tax return—

''(I) the methodology used to determine that taxpayer's trust interest under this section, and

''(II) if the taxpayer knows (or has reason to know) that any other beneficiary of such trust is using a different methodology to determine such beneficiary's trust interest under this section.

''(g) TERMINATION OF DEFERRALS, ETC.—In the case of any covered expatriate, notwithstanding any other provision of this title—

''(1) any period during which recognition of income or gain is deferred shall terminate on the day before the expatriation date, and

''(2) any extension of time for payment of tax shall cease to apply on the day before the expatriation date and the unpaid portion of such tax shall be due and payable at the time and in the manner prescribed by the Secretary.

''(h) IMPOSITION OF TENTATIVE TAX.—

''(1) IN GENERAL.—If an individual is required to include any amount in gross income under subsection (a) for any taxable year, there is hereby imposed, immediately before the expatriation date, a tax in an amount equal to the amount of tax which would be imposed if the taxable year were a short taxable year ending on the expatriation date.

''(2) DUE DATE.—The due date for any tax imposed by paragraph (1) shall be the 90th day after the expatriation date.

''(3) TREATMENT OF TAX.—Any tax paid under paragraph (1) shall be treated as a payment of the tax imposed by this chapter for the taxable year to which subsection (a) applies.

''(4) DEFERRAL OF TAX.—The provisions of subsection (b) shall apply to the tax imposed by this subsection to the extent attributable to gain includible in gross income by reason of this section.

''(i) SPECIAL LIENS FOR DEFERRED TAX AMOUNTS.—

''(1) IMPOSITION OF LIEN.—

''(A) IN GENERAL.—If a covered expatriate makes an election under subsection (a)(4) or (b) which results in the deferral of any tax imposed by reason of subsection (a), the deferred amount (including any interest, additional amount, addition to tax, assessable penalty, and costs attributable to the deferred amount) shall be a lien in favor of the United States on all property of the expatriate located in the United States (without regard to whether this section applies to the property).

''(B) DEFERRED AMOUNT.—For purposes of this subsection, the deferred amount is the amount of the increase in the covered expatriate's income tax which, but for the election under subsection (a)(4) or (b), would have occurred by reason of this section for the taxable year including the expatriation date.

''(2) PERIOD OF LIEN.—The lien imposed by this subsection shall arise on the expatriation date and continue until—

''(A) the liability for tax by reason of this section is satisfied or has become unenforceable by reason of lapse of time, or

''(B) it is established to the satisfaction of the Secretary that no further tax liability may arise by reason of this section.

''(3) CERTAIN RULES APPLY.—The rules set forth in paragraphs (1), (3), and (4) of section 6324A(d) shall apply with respect to the lien imposed by this subsection as if it were a lien imposed by section 6324A.

''(j) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.''.

(b) INCLUSION IN INCOME OF GIFTS AND BEQUESTS RECEIVED BY UNITED STATES CITIZENS AND RESIDENTS FROM EXPATRIATES.—Section 102 (relating to gifts, etc. not included in gross income) is amended by adding at the end the following new subsection:

''(d) GIFTS AND INHERITANCES FROM COVERED EXPATRIATES.—

''(1) IN GENERAL.—Subsection (a) shall not exclude from gross income the value of any property acquired by gift, bequest, devise, or inheritance from a covered expatriate after the expatriation date. For purposes of this subsection, any term used in this subsection which is also used in section 877A shall have the same meaning as when used in section 877A.

''(2) EXCEPTIONS FOR TRANSFERS OTHERWISE SUBJECT TO ESTATE OR GIFT TAX.—Paragraph (1) shall not apply to any property if either—

''(A) the gift, bequest, devise, or inheritance is—

''(i) shown on a timely filed return of tax imposed by chapter 12 as a taxable gift by the covered expatriate, or

''(ii) included in the gross estate of the covered expatriate for purposes of chapter 11 and shown on a timely filed return of tax imposed by chapter 11 of the estate of the covered expatriate, or

''(B) no such return was timely filed but no such return would have been required to be filed even if the covered expatriate were a citizen or long-term resident of the United States.''.

(c) DEFINITION OF TERMINATION OF UNITED STATES CITIZENSHIP.—Section 7701(a) is amended by adding at the end the following new paragraph:

''(49) TERMINATION OF UNITED STATES CITIZENSHIP.—

''(A) IN GENERAL.—An individual shall not cease to be treated as a United States citizen before the date on which the individual's citizenship is treated as relinquished under section 877A(e)(3).

''(B) DUAL CITIZENS.—Under regulations prescribed by the Secretary, subparagraph (A) shall not apply to an individual who became at birth a citizen of the United States and a citizen of another country.''.

(d) INELIGIBILITY FOR VISA OR ADMISSION TO UNITED STATES.—

(1) IN GENERAL.—Section 212(a)(10)(E) of the Immigration and Nationality Act (8 U.S.C. 1182(a)(10)(E)) is amended to read as follows:

''(E) FORMER CITIZENS NOT IN COMPLIANCE WITH EXPATRIATION REVENUE PROVISIONS.—Any alien who is a former citizen of the United States who relinquishes United States citizenship (within the meaning of section 877A(e)(3) of the Internal Revenue Code of 1986) and who is not in compliance with section 877A of such Code (relating to expatriation).''.

(2) AVAILABILITY OF INFORMATION.—

(A) IN GENERAL.—Section 6103(l) (relating to disclosure of returns and return information for purposes other than tax administration) is amended by adding at the end the following new paragraph:

''(21) DISCLOSURE TO DENY VISA OR ADMISSION TO CERTAIN EXPATRIATES.—Upon written request of the Attorney General or the Attorney General's delegate, the Secretary shall disclose whether an individual is in compliance with section 877A (and if not in compliance, any items of noncompliance) to officers and employees of the Federal agency responsible for administering section 212(a)(10)(E) of the Immigration and Nationality Act solely for the purpose of, and to the extent necessary in, administering such section 212(a)(10)(E).''.

(B) SAFEGUARDS.—Section 6103(p)(4) (relating to safeguards) is amended by striking ''or (20)'' each place it appears and inserting ''(20), or (21)''.

(3) EFFECTIVE DATES.—The amendments made by this subsection shall apply to individuals who relinquish United States citizenship on or after the date of the enactment of this Act.

(e) CONFORMING AMENDMENTS.—

(1) Section 877 is amended by adding at the end the following new subsection:

''(h) APPLICATION.—This section shall not apply to an expatriate (as defined in section 877A(e)) whose expatriation date (as so defined) occurs on or after the date of the enactment of the Safe, Accountable, Flexible, and Efficient Transportation Equity Act of 2005.''.

(2) Section 2107 is amended by adding at the end the following new subsection:

''(f) APPLICATION.—This section shall not apply to any expatriate subject to section 877A.''.

(3) Section 2501(a)(3) is amended by adding at the end the following new subparagraph:

''(C) APPLICATION.—This paragraph shall not apply to any expatriate subject to section 877A.''.

(f) CLERICAL AMENDMENT.—The table of sections for subpart A of part II of subchapter N of chapter 1 is amended by inserting after the item relating to section 877 the following new item:

''Sec. 877A. Tax responsibilities of expatriation.''.

(g) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in this subsection, the amendments made by this section shall apply to expatriates (within the meaning of section 877A(e) of the Internal Revenue Code of 1986, as added by this section) whose expatriation date (as so defined) occurs on or after the date of the enactment of this Act.

(2) GIFTS AND BEQUESTS.—Section 102(d) of the Internal Revenue Code of 1986 (as added by subsection (b)) shall apply to gifts and bequests received on or after the date of the enactment of this Act, from an individual or the estate of an individual whose expatriation date (as so defined) occurs after such date.

(3) DUE DATE FOR TENTATIVE TAX.—The due date under section 877A(h)(2) of the Internal Revenue Code of 1986, as added by this section, shall in no event occur before the 90th day after the date of the enactment of this Act.

SEC. 1723. DISALLOWANCE OF DEDUCTION FOR PUNITIVE DAMAGES.

(a) DISALLOWANCE OF DEDUCTION.—

(1) IN GENERAL.—Section 162(g) (relating to treble damage payments under the antitrust laws) is amended—

(A) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively,

(B) by striking ''If'' and inserting:

''(1) TREBLE DAMAGES.—If'', and

(C) by adding at the end the following new paragraph:

''(2) PUNITIVE DAMAGES.—No deduction shall be allowed under this chapter for any amount paid or incurred for punitive damages in connection with any judgment in, or settlement of, any action. This paragraph shall not apply to punitive damages described in section 104(c).''.

(2) CONFORMING AMENDMENT.—The heading for section 162(g) is amended by inserting ''OR PUNITIVE DAMAGES'' after ''LAWS''.

(b) INCLUSION IN INCOME OF PUNITIVE DAMAGES PAID BY INSURER OR OTHERWISE.—

(1) IN GENERAL.—Part II of subchapter B of chapter 1 (relating to items specifically included in gross income) is amended by adding at the end the following new section:

''SEC. 91. PUNITIVE DAMAGES COMPENSATED BY INSURANCE OR OTHERWISE.

''Gross income shall include any amount paid to or on behalf of a taxpayer as insurance or otherwise by reason of the taxpayer's liability (or agreement) to pay punitive damages.''.

(2) REPORTING REQUIREMENTS.—Section 6041 (relating to information at source) is amended by adding at the end the following new subsection:

''(f) SECTION TO APPLY TO PUNITIVE DAMAGES COMPENSATION.—This section shall apply to payments by a person to or on behalf of another person as insurance or otherwise by reason of the other person's liability (or agreement) to pay punitive damages.''.

(3) CONFORMING AMENDMENT.—The table of sections for part II of subchapter B of chapter 1 is amended by adding at the end the following new item:

''Sec. 91. Punitive damages compensated by insurance or otherwise.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to damages paid or incurred on or after the date of the enactment of this Act.

SEC. 1724. APPLICATION OF EARNINGS STRIPPING RULES TO PARTNERS WHICH ARE C CORPORATIONS.

(a) IN GENERAL.—Section 163(j) (relating to limitation on deduction for interest on certain indebtedness) is amended by redesignating paragraph (8) as paragraph (9) and by inserting after paragraph (7) the following new paragraph:

''(8) ALLOCATIONS TO CERTAIN CORPORATE PARTNERS.—If a C corporation is a partner in a partnership—

''(A) the corporation's allocable share of indebtedness and interest income of the partnership shall be taken into account in applying this subsection to the corporation, and

''(B) if a deduction is not disallowed under this subsection with respect to any interest expense of the partnership, this subsection shall be applied separately in determining whether a deduction is allowable to the corporation with respect to the corporation's allocable share of such interest expense.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning on or after the date of the enactment of this Act.

SEC. 1725. PROHIBITION ON DEFERRAL OF GAIN FROM THE EXERCISE OF STOCK OPTIONS AND RESTRICTED STOCK GAINS THROUGH DEFERRED COMPENSATION ARRANGEMENTS.

(a) IN GENERAL.—Section 83 (relating to property transferred in connection with performance of services) is amending by adding at the end the following new subsection:

''(i) PROHIBITION ON ADDITIONAL DEFERRAL THROUGH DEFERRED COMPENSATION ARRANGEMENTS.—If a taxpayer exchanges—

''(1) an option to purchase employer securities—

''(A) to which subsection (a) applies, or

''(B) which is described in subsection (e)(3), or

''(2) employer securities or any other property based on employer securities transferred to the taxpayer,

for a right to receive future payments, then, notwithstanding any other provision of this title, there shall be included in gross income for the taxable year of the exchange an amount equal to the present value of such right (or such other amount as the Secretary may by regulations specify). For purposes of this subsection, the term 'employer securities' includes any security issued by the employer.''.

(b) CONTROLLED GROUP RULES.—Section 414(t)(2) is amended by inserting ''83(i),'' after ''79,''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to any exchange after the date of the enactment of this Act.

SEC. 1726. LIMITATION OF EMPLOYER DEDUCTION FOR CERTAIN ENTERTAINMENT EXPENSES.

(a) IN GENERAL.—Paragraph (2) of section 274(e) (relating to expenses treated as compensation) is amended to read as follows:

''(2) EXPENSES TREATED AS COMPENSATION.—Expenses for goods, services, and facilities, to the extent that the expenses do not exceed the amount of the expenses which are treated by the taxpayer, with respect to the recipient of the entertainment, amusement, or recreation, as compensation to an employee on the taxpayer's return of tax under this chapter and as wages to such employee for purposes of chapter 24 (relating to withholding of income tax at source on wages).''.

(b) PERSONS NOT EMPLOYEES.—Paragraph (9) of section 274(e) is amended by striking ''to the extent that the expenses are includible in the gross income'' and inserting ''to the extent that the expenses do not exceed the amount of the expenses which are includible in the gross income''.

(c) EFFECTIVE DATE.—The amendment made by this section shall apply to expenses incurred after the date of the enactment of this Act.

SEC. 1727. INCREASE IN PENALTY FOR BAD CHECKS AND MONEY ORDERS.

(a) IN GENERAL.—Section 6657 (relating to bad checks) is amended—

(1) by striking ''$750'' and inserting ''$1,250'', and

(2) by striking ''$15'' and inserting ''$25''.

(b) EFFECTIVE DATE.—The amendments made by this section apply to checks or money orders received after the date of the enactment of this Act.

SEC. 1728. ELIMINATION OF DOUBLE DEDUCTION ON MINING EXPLORATION AND DEVELOPMENT COSTS UNDER THE MINIMUM TAX.

(a) IN GENERAL.—Section 57(a)(1) (relating to depletion) is amended by striking ''for the taxable year)'' and inserting ''for the taxable year and determined without regard to so much of the basis as is attributable to mining exploration and development costs described in section 616 or 617 for which a deduction is allowable for any taxable year under this part).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after the date of the enactment this Act.

PART III—IMPROVEMENTS IN EFFICIENCY AND SAFEGUARDS IN INTERNAL REVENUE SERVICE COLLECTION

SEC. 1731. WAIVER OF USER FEE FOR INSTALLMENT AGREEMENTS USING AUTOMATED WITHDRAWALS.

(a) IN GENERAL.—Section 6159 (relating to agreements for payment of tax liability in installments) is amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following:

''(e) WAIVER OF USER FEES FOR INSTALLMENT AGREEMENTS USING AUTOMATED WITHDRAWALS.—In the case of a taxpayer who enters into an installment agreement in which automated installment payments are agreed to, the Secretary shall waive the fee (if any) for entering into the installment agreement.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to agreements entered into on or after the date which is 180 days after the date of the enactment of this Act.

SEC. 1732. TERMINATION OF INSTALLMENT AGREEMENTS.

(a) IN GENERAL.—Section 6159(b)(4) (relating to failure to pay an installment or any other tax liability when due or to provide requested financial information) is amended by striking ''or'' at the end of subparagraph (B), by redesignating subparagraph (C) as subparagraph (E), and by inserting after subparagraph (B) the following:

''(C) to make a Federal tax deposit under section 6302 at the time such deposit is required to be made,

''(D) to file a return of tax imposed under this title by its due date (including extensions), or''.

(b) CONFORMING AMENDMENT.—The heading for section 6159(b)(4) is amended by striking ''FAILURE TO PAY AN INSTALLMENT OR ANY OTHER TAX LIABILITY WHEN DUE OR TO PROVIDE REQUESTED FINANCIAL INFORMATION'' and inserting ''FAILURE TO MAKE PAYMENTS OR DEPOSITS OR FILE RETURNS WHEN DUE OR TO PROVIDE REQUESTED FINANCIAL INFORMATION''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to failures occurring on or after the date of the enactment of this Act.

SEC. 1733. OFFICE OF CHIEF COUNSEL REVIEW OF OFFERS-IN-COMPROMISE.

(a) IN GENERAL.—Section 7122(b) (relating to record) is amended by striking ''Whenever a compromise'' and all that follows through ''his delegate'' and inserting ''If the Secretary determines that an opinion of the General Counsel for the Department of the Treasury, or the Counsel's delegate, is required with respect to a compromise, there shall be placed on file in the office of the Secretary such opinion''.

(b) CONFORMING AMENDMENTS.—Section 7122(b) is amended by striking the second and third sentences.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to offers-in-compromise submitted or pending on or after the date of the enactment of this Act.

SEC. 1734. PARTIAL PAYMENTS REQUIRED WITH SUBMISSION OF OFFERS-IN-COMPROMISE.

(a) IN GENERAL.—Section 7122 (relating to compromises), as amended by this Act, is amended by redesignating subsections (c), (d), and (e) as subsections (d), (e), and (f), respectively, and by inserting after subsection (b) the following new subsection:

''(c) RULES FOR SUBMISSION OF OFFERS-IN-COMPROMISE.—

''(1) PARTIAL PAYMENT REQUIRED WITH SUBMISSION.—

''(A) LUMP-SUM OFFERS.—

''(i) IN GENERAL.—The submission of any lump-sum offer-in-compromise shall be accompanied by the payment of 20 percent of amount of such offer.

''(ii) LUMP-SUM OFFER-IN-COMPROMISE.—For purposes of this section, the term 'lump-sum offer-in-compromise' means any offer of payments made in 5 or fewer installments.

''(B) PERIODIC PAYMENT OFFERS.—The submission of any periodic payment offer-in-compromise shall be accompanied by the payment of the amount of the first proposed installment and each proposed installment due during the period such offer is being evaluated for acceptance and has not been rejected by the Secretary. Any failure to make a payment required under the preceding sentence shall be deemed a withdrawal of the offer-in-compromise.

''(2) RULES OF APPLICATION.—

''(A) USE OF PAYMENT.—The application of any payment made under this subsection to

the assessed tax or other amounts imposed under this title with respect to such tax may be specified by the taxpayer.

''(B) NO USER FEE IMPOSED.—Any user fee which would otherwise be imposed under this section shall not be imposed on any offer-in-compromise accompanied by a payment required under this subsection.''.

(b) ADDITIONAL RULES RELATING TO TREATMENT OF OFFERS.—

(1) UNPROCESSABLE OFFER IF PAYMENT REQUIREMENTS ARE NOT MET.—Paragraph (3) of section 7122(d) (relating to standards for evaluation of offers), as redesignated by subsection (a), is amended by striking ''; and'' at the end of subparagraph (A) and inserting a comma, by striking the period at the end of subparagraph (B) and inserting '', and'', and by adding at the end the following new subparagraph:

''(C) any offer-in-compromise which does not meet the requirements of subsection (c) shall be returned to the taxpayer as unprocessable.''.

(2) DEEMED ACCEPTANCE OF OFFER NOT REJECTED WITHIN CERTAIN PERIOD.—Section 7122, as amended by subsection (a), is amended by adding at the end the following new subsection:

''(g) DEEMED ACCEPTANCE OF OFFER NOT REJECTED WITHIN CERTAIN PERIOD.—Any offer-in-compromise submitted under this section shall be deemed to be accepted by the Secretary if such offer is not rejected by the Secretary before the date which is 24 months after the date of the submission of such offer (12 months for offers-in-compromise submitted after the date which is 5 years after the date of the enactment of this subsection). For purposes of the preceding sentence, any period during which any tax liability which is the subject of such offer-in-compromise is in dispute in any judicial proceeding shall not be taken in to account in determining the expiration of the 24-month period (or 12-month period, if applicable).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to offers-in-compromise submitted on and after the date which is 60 days after the date of the enactment of this Act.

SEC. 1735. JOINT TASK FORCE ON OFFERS-IN-COMPROMISE.

(a) IN GENERAL.—The Secretary of the Treasury shall establish a joint task force—

(1) to review the Internal Revenue Service's determinations with respect to offers-in-compromise, including offers which raise equitable, public policy, or economic hardship grounds for compromise of a tax liability under section 7122 of the Internal Revenue Code of 1986,

(2) to review the extent to which the Internal Revenue Service has used its authority to resolve longstanding cases by forgoing penalties and interest which have accumulated as a result of delay in determining the taxpayer's liability,

(3) to provide recommendations as to whether the Internal Revenue Service's evaluation of offers-in-compromise should include—

(A) the taxpayer's compliance history,

(B) errors by the Internal Revenue Service with respect to the underlying tax, and

(C) wrongful acts by a third party which gave rise to the liability, and

(4) to annually report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives (beginning in 2006) regarding such review and recommendations.

(b) MEMBERS OF JOINT TASK FORCE.—The membership of the joint task force under subsection (a) shall consist of 1 representative each from the Department of the Treasury, the Internal Revenue Service Oversight Board, the Office of the Chief Counsel for the Internal Revenue Service, the Office of the Taxpayer Advocate, the Office of Appeals, and the division of the Internal Revenue Service charged with operating the offer-in-compromise program.

(c) REPORT OF NATIONAL TAXPAYER ADVOCATE.—

(1) IN GENERAL.—Clause (ii) of section 7803(c)(2)(B) (relating to annual reports) is amended by striking ''and'' at the end of subclause (X), by redesignating subclause (XI) as subclause (XII), and by inserting after subclause (X) the following new subclause:

''(XI) include a list of the factors taxpayers have raised to support their claims for offers-in-compromise relief, the number of such offers submitted, accepted, and rejected, the number of such offers appealed, the period during which review of such offers have remained pending, and the efforts the Internal Revenue Service has made to correctly identify such offers, including the training of employees in identifying and evaluating such offers.''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to reports in calendar year 2006 and thereafter.

SA 929. Mr. LEVIN (for himself and Mr. BAYH) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the end add the following:

TITLE XVII—TAX INCENTIVES FOR ALTERNATIVE MOTOR VEHICLES AND FUELS

SEC. 1700. AMENDMENT OF 1986 CODE.

Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

Subtitle A—Tax Incentives

SEC. 1701. ALTERNATIVE MOTOR VEHICLE CREDIT.

(a) IN GENERAL.—Subpart B of part IV of subchapter A of chapter 1 (relating to foreign tax credit, etc.) is amended by adding at the end the following:

''SEC. 30B. ALTERNATIVE MOTOR VEHICLE CREDIT.

''(a) ALLOWANCE OF CREDIT.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the sum of—

''(1) the new qualified fuel cell motor vehicle credit determined under subsection (b),

''(2) the new advanced lean burn technology motor vehicle credit determined under subsection (c),

''(3) the new qualified hybrid motor vehicle credit determined under subsection (d), and

''(4) the new qualified alternative fuel motor vehicle credit determined under subsection (e).

''(b) NEW QUALIFIED FUEL CELL MOTOR VEHICLE CREDIT.—

''(1) IN GENERAL.—For purposes of subsection (a), the new qualified fuel cell motor vehicle credit determined under this subsection with respect to a new qualified fuel cell motor vehicle placed in service by the taxpayer during the taxable year is—

''(A) $8,000 if such vehicle has a gross vehicle weight rating of not more than 8,500 pounds,

''(B) $10,000, if such vehicle has a gross vehicle weight rating of more than 8,500 pounds but not more than 14,000 pounds,

''(C) $20,000, if such vehicle has a gross vehicle weight rating of more than 14,000 pounds but not more than 26,000 pounds, and

''(D) $40,000, if such vehicle has a gross vehicle weight rating of more than 26,000 pounds.

''(2) INCREASE FOR FUEL EFFICIENCY.—

''(A) IN GENERAL.—The amount determined under paragraph (1)(A) with respect to a new qualified fuel cell motor vehicle which is a passenger automobile or light truck shall be increased by—

''(i) $1,000, if such vehicle achieves at least 150 percent but less than 175 percent of the 2002 model year city fuel economy,

''(ii) $1,500, if such vehicle achieves at least 175 percent but less than 200 percent of the 2002 model year city fuel economy,

''(iii) $2,000, if such vehicle achieves at least 200 percent but less than 225 percent of the 2002 model year city fuel economy,

''(iv) $2,500, if such vehicle achieves at least 225 percent but less than 250 percent of the 2002 model year city fuel economy,

''(v) $3,000, if such vehicle achieves at least 250 percent but less than 275 percent of the 2002 model year city fuel economy,

''(vi) $3,500, if such vehicle achieves at least 275 percent but less than 300 percent of the 2002 model year city fuel economy, and

''(vii) $4,000, if such vehicle achieves at least 300 percent of the 2002 model year city fuel economy.

''(B) 2002 MODEL YEAR CITY FUEL ECONOMY.—For purposes of subparagraph (A), the 2002 model year city fuel economy with respect to a vehicle shall be determined in accordance with the following tables:

''(i) In the case of a passenger automobile:

"If vehicle inertia weight class is:	**The 2002 model year city fuel economy is:**
1,500 or 1,750 lbs	45.2 mpg
2,000 lbs	39.6 mpg
2,250 lbs	35.2 mpg
2,500 lbs	31.7 mpg
2,750 lbs	28.8 mpg
3,000 lbs	26.4 mpg
3,500 lbs	22.6 mpg
4,000 lbs	19.8 mpg
4,500 lbs	17.6 mpg
5,000 lbs	15.9 mpg
5,500 lbs	14.4 mpg
6,000 lbs	13.2 mpg
6,500 lbs	12.2 mpg
7,000 to 8,500 lbs	11.3 mpg.

''(ii) In the case of a light truck:

"If vehicle inertia weight class is:	**The 2002 model year city fuel economy is:**
1,500 or 1,750 lbs	39.4 mpg
2,000 lbs	35.2 mpg
2,250 lbs	31.8 mpg
2,500 lbs	29.0 mpg
2,750 lbs	26.8 mpg
3,000 lbs	24.9 mpg
3,500 lbs	21.8 mpg
4,000 lbs	19.4 mpg
4,500 lbs	17.6 mpg
5,000 lbs	16.1 mpg
5,500 lbs	14.8 mpg
6,000 lbs	13.7 mpg
6,500 lbs	12.8 mpg
7,000 to 8,500 lbs	12.1 mpg.

''(C) VEHICLE INERTIA WEIGHT CLASS.—For purposes of subparagraph (B), the term 'vehicle insertia weight class' has the same meaning as when defined in regulations prescribed by the Administrator of the Environmental Protection Agency for purposes of the administration of title II of the Clean Air Act (42 U.S.C. 7521 et seq.).

''(3) NEW QUALIFIED FUEL CELL MOTOR VEHICLE.—For purposes of this subsection, the term 'new qualified fuel cell motor vehicle' means a motor vehicle—

''(A) which is propelled by power derived from 1 or more cells which convert chemical energy directly into electricity by combining oxygen with hydrogen fuel which is

stored on board the vehicle in any form and may or may not require reformation prior to use,

''(B) which, in the case of a passenger automobile or light truck, has received on or after the date of the enactment of this section a certificate that such vehicle meets or exceeds the Bin 5 Tier II emission level established in regulations prescribed by the Administrator of the Environmental Protection Agency under section 202(i) of the Clean Air Act for that make and model year vehicle,

''(C) the original use of which commences with the taxpayer,

''(D) which is acquired for use or lease by the taxpayer and not for resale, and

''(E) which is made by a manufacturer.

''(c) NEW ADVANCED LEAN BURN TECHNOLOGY MOTOR VEHICLE CREDIT.—

''(1) IN GENERAL.—For purposes of subsection (a), the new advanced lean burn technology motor vehicle credit determined under this subsection with respect to a new advanced lean burn technology motor vehicle placed in service by the taxpayer during the taxable year is the credit amount determined under paragraph (2).

''(2) CREDIT AMOUNT.—

''(A) FUEL ECONOMY.—

''(i) IN GENERAL.—The credit amount determined under this paragraph shall be determined in accordance with the following table:

''In the case of a vehicle which achieves a fuel economy (expressed as a percentage of the 2002 model year city fuel economy) of—	**The credit amount is—**
At least 125 percent but less than 150 percent	$600
At least 150 percent but less than 175 percent	$1,100
At least 175 percent but less than 200 percent	$1,600
At least 200 percent but less than 225 percent	$2,100
At least 225 percent but less than 250 percent	$2,600
At least 250 percent	$3,100.

''(ii) 2002 MODEL YEAR CITY FUEL ECONOMY.—For purposes of clause (i), the 2002 model year city fuel economy with respect to a vehicle shall be determined on a gasoline gallon equivalent basis as determined by the Administrator of the Environmental Protection Agency using the tables provided in subsection (b)(2)(B) with respect to such vehicle.

''(B) CONSERVATION CREDIT.—The amount determined under subparagraph (A) with respect to a new advanced lean burn technology motor vehicle shall be increased by the conservation credit amount determined in accordance with the following table:

''In the case of a vehicle which achieves a lifetime fuel savings (expressed in gallons of gasoline) of—	**The conservation credit amountis—**
At least 1,200 but less than 1,800	$700
At least 1,800 but less than 2,400	$1,200
At least 2,400 but less than 3,000	$1,700
At least 3,000	$2,200.

''(C) OPTION TO USE LIKE VEHICLE.—At the option of the vehicle manufacturer, the increase for fuel efficiency and conservation credit may be calculated by comparing the new qualified advanced lean burn technology motor vehicle to a like vehicle.

''(3) NEW ADVANCED LEAN BURN TECHNOLOGY MOTOR VEHICLE.—For purposes of this subsection, the term 'new advanced lean burn technology motor vehicle' means a passenger automobile or a light truck—

''(A) with an internal combustion engine which—

''(i) is designed to operate primarily using more air than is necessary for complete combustion of the fuel,

''(ii) incorporates direct injection,

''(iii) achieves at least 125 percent of the 2002 model year city fuel economy,

''(iv) for 2004 and later model vehicles, has received a certificate that such vehicle meets or exceeds—

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

''(II) in the case of a vehicle having a gross vehicle weight rating of more than 6,000 pounds but not more than 8,500 pounds, the Bin 8 Tier II emission standard which is so established.

''(B) the original use of which commences with the taxpayer,

''(C) which is acquired for use or lease by the taxpayer and not for resale, and

''(D) which is made by a manufacturer.

''(4) LIKE VEHICLE.—The term 'like vehicle' for a new qualified advanced lean burn technology motor vehicle derived from a conventional production vehicle produced in the same model year means a model that is equivalent in the following areas:

''(A) Body style (2-door or 4-door),

''(B) Transmission (automatic or manual),

''(C) Acceleration performance (± 0.05 seconds).

''(D) Drivetrain (2-wheel drive or 4-wheel drive).

''(E) Certification by the Administrator of the Environmental Protection Agency.

''(5) LIFETIME FUEL SAVINGS.—For purposes of this subsection, the term 'lifetime fuel savings' means, in the case of any new advanced lean burn technology motor vehicle, an amount equal to the excess (if any) of—

''(A) 120,000 divided by the 2002 model year city fuel economy for the vehicle inertia weight class, over

''(B) 120,000 divided by the city fuel economy for such vehicle.

''(d) NEW QUALIFIED HYBRID MOTOR VEHICLE CREDIT.—

''(1) IN GENERAL.—For purposes of subsection (a), the new qualified hybrid motor vehicle credit determined under this subsection with respect to a new qualified hybrid motor vehicle placed in service by the taxpayer during the taxable year is the credit amount determined under paragraph (2) or (3).

''(2) CREDIT AMOUNT FOR LIGHTER VEHICLES.—In the case of a new qualified hybrid motor vehicle which is a passenger automobile, medium duty passenger vehicle, or light truck, the credit amount determined under this paragraph is equal to the sum of following amounts:

''(A) FUEL ECONOMY.—The amount which would be determined under subsection (c)(2)(A) if such vehicle were a vehicle referred to in such subsection.

''(B) CONSERVATION CREDIT.—The amount which would be determined under subsection (c)(2)(B) if such vehicle were a vehicle referred to in such subsection.

''(iii) OPTION TO USE LIKE VEHICLE.—For purposes of clause (i), at the option of the vehicle manufacturer, the increase for fuel efficiency and conservation credit may be calculated by comparing the new qualified hybrid motor vehicle to a like vehicle (as defined in subsection (c)(4)).

''(3) CREDIT AMOUNT FOR HEAVIER VEHICLES.—

''(A) IN GENERAL.—In the case of a new qualified hybrid motor vehicle which is a heavy duty hybrid motor vehicle, the credit amount determined under this paragraph is an amount equal to the applicable percentage of the incremental cost of such vehicle placed in service by the taxpayer during the taxable year.

''(B) INCREMENTAL COST.—For purposes of this paragraph, the incremental cost of any heavy duty hybrid motor vehicle is equal to the amount of the excess of the manufacturer's suggested retail price for such vehicle over such price for a comparable gasoline or diesel fuel motor vehicle of the same model, to the extent such amount does not exceed—

''(i) $7,500, if such vehicle has a gross vehicle weight rating of more than 8,500 pounds but not more than 14,000 pounds,

''(ii) $15,000, if such vehicle has a gross vehicle weight rating of more than 14,000 pounds but not more than 26,000 pounds, and

''(iii) $30,000, if such vehicle has a gross vehicle weight rating of more than 26,000 pounds.

''(C) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A), the applicable percentage shall be determined in accordance with the following table:

''If percent increase in fuel economy of hybrid over comparable vehicle is:	**The applicable percentage is:**
At least 30 but less than 40 percent	20 percent.
At least 40 but less than 50 percent	30 percent.
At least 50 percent	40 percent.

''(4) NEW QUALIFIED HYBRID MOTOR VEHICLE.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'new qualified hybrid motor vehicle' means a motor vehicle—

''(i) which draws propulsion energy from onboard sources of stored energy which are both—

''(I) an internal combustion or heat engine using consumable fuel, and

''(II) a rechargeable energy storage system,

''(ii) which, in the case of a passenger automobile, medium duty passenger vehicle, or light truck—

''(I) having a gross vehicle weight rating of 6,000 pounds or less, has received a certificate that such vehicle meets or exceeds the Bin 5 Tier II emission level established in regulations prescribed by the Administrator of the Environmental Protection Agency under section 202(i) of the Clean Air Act for that make and model year vehicle,

''(II) having a gross vehicle weight rating of more than 6,000 pounds but not more than 8,500 pounds, has received a certificate that such vehicle meets or exceeds the Bin 8 Tier II emission standard which is so established,

''(III) has received a certificate of conformity under the Clean Air Act and meets or exceeds the equivalent qualifying California low emission vehicle standard under section 243(e)(2) of the Clean Air Act for that make and model year, and

''(IV) has a maximum available power of at least 5 percent,

''(iii) which, in the case of a heavy duty hybrid motor vehicle—

''(I) having a gross vehicle weight rating of more than 8,500 but not more than 14,000 pounds, has a maximum available power of at least 10 percent, and

''(II) having a gross vehicle weight rating of more than 14,000 pounds, has a maximum available power of at least 15 percent,

''(iv) the original use of which commences with the taxpayer,

''(v) which is acquired for use or lease by the taxpayer and not for resale, and

''(vi) which is made by a manufacturer.

''(B) CONSUMABLE FUEL.—For purposes of subparagraph (A)(i)(I), the term 'consumable

fuel' means any solid, liquid, or gaseous matter which releases energy when consumed by an auxiliary power unit.

''(C) MAXIMUM AVAILABLE POWER.—

''(i) PASSENGER AUTOMOBILE, MEDIUM DUTY PASSENGER VEHICLE, OR LIGHT TRUCK.—For purposes of subparagraph (A)(ii)(II), the term 'maximum available power' means the maximum power available from the rechargeable energy storage system, during a standard 10 second pulse power or equivalent test, divided by such maximum power and the SAE net power of the heat engine.

''(ii) HEAVY DUTY HYBRID MOTOR VEHICLE.—For purposes of subparagraph (A)(iii), the term 'maximum available power' means the maximum power available from the rechargeable energy storage system, during a standard 10 second pulse power or equivalent test, divided by the vehicle's total traction power. The term 'total traction power' means the sum of the peak power from the rechargeable energy storage system and the heat engine peak power of the vehicle, except that if such storage system is the sole means by which the vehicle can be driven, the total traction power is the peak power of such storage system.

''(4) HEAVY DUTY HYBRID MOTOR VEHICLE.—For purposes of this subsection, the term 'heavy duty hybrid motor vehicle' means a new qualified hybrid motor vehicle which has a gross vehicle weight rating of more than 8,500 pounds. Such term does not include a medium duty passenger vehicle.

''(e) NEW QUALIFIED ALTERNATIVE FUEL MOTOR VEHICLE CREDIT.—

''(1) ALLOWANCE OF CREDIT.—Except as provided in paragraph (5), the new qualified alternative fuel motor vehicle credit determined under this subsection is an amount equal to the applicable percentage of the incremental cost of any new qualified alternative fuel motor vehicle placed in service by the taxpayer during the taxable year.

''(2) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the applicable percentage with respect to any new qualified alternative fuel motor vehicle is—

''(A) 50 percent, plus

''(B) 30 percent, if such vehicle—

''(i) has received a certificate of conformity under the Clean Air Act and meets or exceeds the most stringent standard available for certification under the Clean Air Act for that make and model year vehicle (other than a zero emission standard), or

''(ii) has received an order certifying the vehicle as meeting the same requirements as vehicles which may be sold or leased in California and meets or exceeds the most stringent standard available for certification under the State laws of California (enacted in accordance with a waiver granted under section 209(b) of the Clean Air Act) for that make and model year vehicle (other than a zero emission standard).

For purposes of the preceding sentence, in the case of any new qualified alternative fuel motor vehicle which weighs more than 14,000 pounds gross vehicle weight rating, the most stringent standard available shall be such standard available for certification on the date of the enactment of the Energy Tax Incentives Act.

''(3) INCREMENTAL COST.—For purposes of this subsection, the incremental cost of any new qualified alternative fuel motor vehicle is equal to the amount of the excess of the manufacturer's suggested retail price for such vehicle over such price for a gasoline or diesel fuel motor vehicle of the same model, to the extent such amount does not exceed—

''(A) $5,000, if such vehicle has a gross vehicle weight rating of not more than 8,500 pounds,

''(B) $10,000, if such vehicle has a gross vehicle weight rating of more than 8,500 pounds but not more than 14,000 pounds,

''(C) $25,000, if such vehicle has a gross vehicle weight rating of more than 14,000 pounds but not more than 26,000 pounds, and

''(D) $40,000, if such vehicle has a gross vehicle weight rating of more than 26,000 pounds.

''(4) NEW QUALIFIED ALTERNATIVE FUEL MOTOR VEHICLE.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'new qualified alternative fuel motor vehicle' means any motor vehicle—

''(i) which is only capable of operating on an alternative fuel,

''(ii) the original use of which commences with the taxpayer,

''(iii) which is acquired by the taxpayer for use or lease, but not for resale, and

''(iv) which is made by a manufacturer.

''(B) ALTERNATIVE FUEL.—The term 'alternative fuel' means compressed natural gas, liquefied natural gas, liquefied petroleum gas, hydrogen, and any liquid at least 85 percent of the volume of which consists of methanol.

''(5) CREDIT FOR MIXED-FUEL VEHICLES.—

''(A) IN GENERAL.—In the case of a mixed-fuel vehicle placed in service by the taxpayer during the taxable year, the credit determined under this subsection is an amount equal to—

''(i) in the case of a 75/25 mixed-fuel vehicle, 70 percent of the credit which would have been allowed under this subsection if such vehicle was a qualified alternative fuel motor vehicle, and

''(ii) in the case of a 90/10 mixed-fuel vehicle, 90 percent of the credit which would have been allowed under this subsection if such vehicle was a qualified alternative fuel motor vehicle.

''(B) MIXED-FUEL VEHICLE.—For purposes of this subsection, the term 'mixed-fuel vehicle' means any motor vehicle described in subparagraph (C) or (D) of paragraph (3), which—

''(i) is certified by the manufacturer as being able to perform efficiently in normal operation on a combination of an alternative fuel and a petroleum-based fuel,

''(ii) either—

''(I) has received a certificate of conformity under the Clean Air Act, or

''(II) has received an order certifying the vehicle as meeting the same requirements as vehicles which may be sold or leased in California and meets or exceeds the low emission vehicle standard under section 88.105–94 of title 40, Code of Federal Regulations, for that make and model year vehicle,

''(iii) the original use of which commences with the taxpayer,

''(iv) which is acquired by the taxpayer for use or lease, but not for resale, and

''(v) which is made by a manufacturer.

''(C) 75/25 MIXED-FUEL VEHICLE.—For purposes of this subsection, the term '75/25 mixed-fuel vehicle' means a mixed-fuel vehicle which operates using at least 75 percent alternative fuel and not more than 25 percent petroleum-based fuel.

''(D) 90/10 MIXED-FUEL VEHICLE.—For purposes of this subsection, the term '90/10 mixed-fuel vehicle' means a mixed-fuel vehicle which operates using at least 90 percent alternative fuel and not more than 10 percent petroleum-based fuel.

''(f) LIMITATION ON NUMBER OF NEW QUALIFIED HYBRID AND ADVANCED LEAN-BURN TECHNOLOGY VEHICLES ELIGIBLE FOR CREDIT.—

''(1) IN GENERAL.—In the case of a qualified vehicle sold during the phaseout period, only the applicable percentage of the credit otherwise allowable under subsection (c) or (d) shall be allowed.

''(2) PHASEOUT PERIOD.—For purposes of this subsection, the phaseout period is the period beginning with the second calendar quarter following the calendar quarter which includes the first date on which the number of qualified vehicles manufactured by the manufacturer of the vehicle referred to in paragraph (1) sold for use in the United States after the date of the enactment of this section is at least 80,000.

''(3) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the applicable percentage is—

''(A) 50 percent for the first 2 calendar quarters of the phaseout period,

''(B) 25 percent for the 3d and 4th calendar quarters of the phaseout period, and

''(C) 0 percent for each calendar quarter thereafter.

''(4) CONTROLLED GROUPS.—

''(A) IN GENERAL.—For purposes of this subsection, all persons treated as a single employer under subsection (a) or (b) of section 52 or subsection (m) or (o) of section 414 shall be treated as a single manufacturer.

''(B) INCLUSION OF FOREIGN CORPORATIONS.—For purposes of subparagraph (A), in applying subsections (a) and (b) of section 52 to this section, section 1563 shall be applied without regard to subsection (b)(2)(C) thereof.

''(5) QUALIFIED VEHICLE.—For purposes of this subsection, the term 'qualified vehicle' means any new qualified hybrid motor vehicle and any new advanced lean burn technology motor vehicle.

''(g) APPLICATION WITH OTHER CREDITS.—The credit allowed under subsection (a) for any taxable year shall not exceed the excess (if any) of—

''(1) the regular tax for the taxable year reduced by the sum of the credits allowable under subpart A and sections 27, 29, and 30, over

''(2) the tentative minimum tax for the taxable year.

''(h) OTHER DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

''(1) MOTOR VEHICLE.—The term 'motor vehicle' has the meaning given such term by section 30(c)(2).

''(2) CITY FUEL ECONOMY.—The city fuel economy with respect to any vehicle shall be measured in a manner which is substantially similar to the manner city fuel economy is measured in accordance with procedures under part 600 of subchapter Q of chapter I of title 40, Code of Federal Regulations, as in effect on the date of the enactment of this section.

''(3) OTHER TERMS.—The terms 'automobile', 'passenger automobile', 'medium duty passenger vehicle', 'light truck', and 'manufacturer' have the meanings given such terms in regulations prescribed by the Administrator of the Environmental Protection Agency for purposes of the administration of title II of the Clean Air Act (42 U.S.C. 7521 et seq.).

''(4) REDUCTION IN BASIS.—For purposes of this subtitle, the basis of any property for which a credit is allowable under subsection (a) shall be reduced by the amount of such credit so allowed (determined without regard to subsection (e)).

''(5) NO DOUBLE BENEFIT.—The amount of any deduction or other credit allowable under this chapter—

''(A) for any incremental cost taken into account in computing the amount of the credit determined under subsection (e) shall be reduced by the amount of such credit attributable to such cost, and

''(B) with respect to a vehicle described under subsection (b), (c), or (d) shall be reduced by the amount of credit allowed under subsection (a) for such vehicle for the taxable year.

''(6) PROPERTY USED BY TAX-EXEMPT ENTITY.—In the case of a vehicle whose use is described in paragraph (3) or (4) of section 50(b) and which is not subject to a lease, the person who sold such vehicle to the person or entity using such vehicle shall be treated as the taxpayer that placed such vehicle in service, but only if such person clearly discloses to such person or entity in a document the amount of any credit allowable under subsection (a) with respect to such vehicle (determined without regard to subsection (g)).

''(7) PROPERTY USED OUTSIDE UNITED STATES, ETC., NOT QUALIFIED.—No credit shall be allowable under subsection (a) with respect to any property referred to in section 50(b)(1) or with respect to the portion of the cost of any property taken into account under section 179.

''(8) RECAPTURE.—The Secretary shall, by regulations, provide for recapturing the benefit of any credit allowable under subsection (a) with respect to any property which ceases to be property eligible for such credit (including recapture in the case of a lease period of less than the economic life of a vehicle).

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

''(10) CARRYBACK AND CARRYFORWARD ALLOWED.—

''(A) IN GENERAL.—If the credit allowable under subsection (a) for a taxable year exceeds the amount of the limitation under subsection (g) for such taxable year (in this paragraph referred to as the 'unused credit year'), such excess shall be a credit carryback to each of the 3 taxable years preceding the unused credit year and a credit carryforward to each of the 20 taxable years following the unused credit year, except that no excess may be carried to a taxable year beginning before the date of the enactment of this section. The preceding sentence shall not apply to any credit carryback if such credit carryback is attributable to property for which a deduction for depreciation is not allowable.

''(B) RULES.—Rules similar to the rules of section 39 shall apply with respect to the credit carryback and credit carryforward under subparagraph (A).

''(11) INTERACTION WITH AIR QUALITY AND MOTOR VEHICLE SAFETY STANDARDS.—Unless otherwise provided in this section, a motor vehicle shall not be considered eligible for a credit under this section unless such vehicle is in compliance with—

''(A) the applicable provisions of the Clean Air Act for the applicable make and model year of the vehicle (or applicable air quality provisions of State law in the case of a State which has adopted such provision under a waiver under section 209(b) of the Clean Air Act), and

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

''(g) REGULATIONS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), the Secretary shall promulgate such regulations as necessary to carry out the provisions of this section.

''(2) COORDINATION IN PRESCRIPTION OF CERTAIN REGULATIONS.—The Secretary of the Treasury, in coordination with the Secretary of Transportation and the Administrator of the Environmental Protection Agency, shall prescribe such regulations as necessary to determine whether a motor vehicle meets the requirements to be eligible for a credit under this section.

''(h) TERMINATION.—This section shall not apply to any property purchased after—

''(1) in the case of a new qualified fuel cell motor vehicle (as described in subsection (b)), December 31, 2015,

''(2) in the case of a new advanced lean burn technology motor vehicle (as described in subsection (c)) or a new qualified hybrid motor vehicle (as described in subsection (d)), December 31, 2009, and

''(3) in the case of a new qualified alternative fuel vehicle (as described in subsection (e)), December 31, 2010.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 1016(a), as amended by this Act, is amended by striking ''and'' at the end of paragraph (35), by striking the period at the end of paragraph (36) and inserting '', and'', and by adding at the end the following new paragraph:

''(37) to the extent provided in section 30B(h)(4).''.

(2) Section 55(c)(2), as amended by this Act, is amended by inserting ''30B(g),'' after ''30(b)(2),''.

(3) Section 6501(m) is amended by inserting ''30B(h)(9),'' after ''30(d)(4),''.

(4) The table of sections for subpart B of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 30A the following new item:

''Sec. 30B. Alternative motor vehicle credit.''.

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

(d) STICKER INFORMATION REQUIRED AT RETAIL SALE.—

(1) IN GENERAL.—The Secretary of the Treasury shall issue regulations under which each qualified vehicle sold at retail shall display a notice—

(A) that such vehicle is a qualified vehicle, and

(B) that the buyer may not benefit from the credit allowed under section 30B of the Internal Revenue Code of 1986 if such buyer has insufficient tax liability.

(2) QUALIFIED VEHICLE.—For purposes of paragraph (1), the term ''qualified vehicle'' means a vehicle with respect to which a credit is allowed under section 30B of the Internal Revenue Code of 1986.

(e) NONAPPLICATION OF SECTION .—Notwithstanding any other provision of this Act, the provisions of, and amendments made by, section 1531 of this Act shall be null and void.

SEC. 1702. CREDIT FOR INSTALLATION OF ALTERNATIVE FUEL REFUELING STATIONS.

(a) IN GENERAL.—Subpart B of part IV of subchapter A of chapter 1 (relating to foreign tax credit, etc.), as amended by this Act, is amended by adding at the end the following new section:

''SEC. 30C. ALTERNATIVE FUEL VEHICLE REFUELING PROPERTY CREDIT.

''(a) CREDIT ALLOWED.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 50 percent of the cost of any qualified alternative fuel vehicle refueling property placed in service by the taxpayer during the taxable year.

''(b) LIMITATION.—The credit allowed under subsection (a) with respect to any alternative fuel vehicle refueling property shall not exceed—

''(1) $50,000 in the case of a property of a character subject to an allowance for depreciation, and

''(2) $1,000 in any other case.

''(c) QUALIFIED ALTERNATIVE FUEL VEHICLE REFUELING PROPERTY.—For purposes of this section—

''(1) IN GENERAL.—Except as provided in paragraph (2), the term 'qualified alternative fuel vehicle refueling property' has the meaning given to such term by section 179A(d), but only with respect to any fuel at least 85 percent of the volume of which consists of ethanol, natural gas, compressed natural gas, liquefied natural gas, liquefied petroleum gas, and hydrogen.

''(2) RESIDENTIAL PROPERTY.—In the case of any property installed on property which is used as the principal residence (within the meaning of section 121) of the taxpayer, paragraph (1) of section 179A(d) shall not apply.

''(d) APPLICATION WITH OTHER CREDITS.—The credit allowed under subsection (a) for any taxable year shall not exceed the excess (if any) of—

''(1) the regular tax for the taxable year reduced by the sum of the credits allowable under subpart A and sections 27, 29, 30, and 30B, over

''(2) the tentative minimum tax for the taxable year.

''(e) CARRYFORWARD ALLOWED.—

''(1) IN GENERAL.—If the credit amount allowable under subsection (a) for a taxable year exceeds the amount of the limitation under subsection (d) for such taxable year, such excess shall be allowed as a credit carryforward for each of the 20 taxable years following the unused credit year.

''(2) RULES.—Rules similar to the rules of section 39 shall apply with respect to the credit carryforward under paragraph (1).

''(f) SPECIAL RULES.—For purposes of this section—

''(1) BASIS REDUCTION.—The basis of any property shall be reduced by the portion of the cost of such property taken into account under subsection (a).

''(2) NO DOUBLE BENEFIT.—No deduction shall be allowed under section 179A with respect to any property with respect to which a credit is allowed under subsection (a).

''(3) PROPERTY USED BY TAX-EXEMPT ENTITY.—In the case of any qualified alternative fuel vehicle refueling property the use of which is described in paragraph (3) or (4) of section 50(b) and which is not subject to a lease, the person who sold such property to the person or entity using such property shall be treated as the taxpayer that placed such property in service, but only if such person clearly discloses to such person or entity in a document the amount of any credit allowable under subsection (a) with respect to such property (determined without regard to subsection (d)).

''(4) PROPERTY USED OUTSIDE UNITED STATES NOT QUALIFIED.—No credit shall be allowable under subsection (a) with respect to any property referred to in section 50(b)(1) or with respect to the portion of the cost of any property taken into account under section 179.

''(5) ELECTION NOT TO TAKE CREDIT.—No credit shall be allowed under subsection (a) for any property if the taxpayer elects not to have this section apply to such property.

''(6) RECAPTURE RULES.—Rules similar to the rules of section 179A(e)(4) shall apply.

''(g) REGULATIONS.—The Secretary shall prescribe such regulations as necessary to carry out the provisions of this section.

''(h) TERMINATION.—This section shall not apply to any property placed in service—

''(1) in the case of property relating to hydrogen, after December 31, 2014, and

''(2) in the case of any other property, after December 31, 2009.''.

(b) MODIFICATIONS TO EXTENSION OF DEDUCTION FOR CERTAIN REFUELING PROPERTY.—

(1) INCREASE IN DEDUCTION FOR HYDROGEN INFRASTRUCTURE.—Section 179A(b)(2)(A)(i) is amended by inserting ''($200,000 in the case of property relating to hydrogen)'' after ''$100,000''.

(2) EXTENSION OF DEDUCTION.—Subsection (f) of section 179A is amended to read as follows:

''(f) TERMINATION.—This section shall not apply to any property placed in service—

''(1) in the case of property relating to hydrogen, after December 31, 2014, and

''(2) in the case of any other property, after December 31, 2009.''.

(c) INCENTIVE FOR PRODUCTION OF HYDROGEN AT QUALIFIED CLEAN-FUEL VEHICLE REFUELING PROPERTY.—Section 179A(d) (defining qualified clean-fuel vehicle refueling property) is amended by adding at the end the following new flush sentence:

''In the case of clean-burning fuel which is hydrogen produced from another clean-burning fuel, paragraph (3)(A) shall be applied by substituting 'production, storage, or dispensing' for 'storage or dispensing' both places it appears.''.

(d) CONFORMING AMENDMENTS.—

(1) Section 1016(a), as amended by this Act, is amended by striking ''and'' at the end of paragraph (36), by striking the period at the end of paragraph (37) and inserting '', and'', and by adding at the end the following new paragraph:

''(38) to the extent provided in section 30C(f).''.

(2) Section 55(c)(2), as amended by this Act, is amended by inserting ''30C(e),'' after ''30B(e),''.

(3) Section 6501(m) is amended by inserting ''30C(f)(5),'' after ''30B(f)(9),''.

(4) The table of sections for subpart B of part IV of subchapter A of chapter 1, as amended by this Act, is amended by inserting after the item relating to section 30B the following new item:

''Sec. 30C. Clean-fuel vehicle refueling property credit.''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after December 31, 2005, in taxable years ending after such date.

(f) NONAPPLICATION OF SECTION.—Notwithstanding any other provision of this Act, the provisions of, and amendments made by, section 1533 of this Act shall be null and void.

SEC. 1703. ADVANCED TECHNOLOGY MOTOR VEHICLES MANUFACTURING CREDIT.

(a) IN GENERAL.—Subpart B of part IV of subchapter A of chapter 1 (relating to foreign tax credit, etc.), as amended by this Act, is amended by adding at the end the following new section:

''SEC. 30D. ADVANCED TECHNOLOGY MOTOR VEHICLES MANUFACTURING CREDIT.

''(a) CREDIT ALLOWED.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 35 percent of so much of the qualified investment of an eligible taxpayer for such taxable year as does not exceed $25,000,000.

''(b) QUALIFIED INVESTMENT.—For purposes of this section—

''(1) IN GENERAL.—The qualified investment for any taxable year is equal to the incremental costs incurred during such taxable year—

''(A) to re-equip or expand any manufacturing facility of the eligible taxpayer to produce advanced technology motor vehicles or to produce eligible components,

''(B) for engineering integration of such vehicles and components as described in subsection (d), and

''(C) for research and development related to advanced technology motor vehicles and eligible components.

''(2) ATTRIBUTION RULES.—In the event a facility of the eligible taxpayer produces both advanced technology motor vehicles and conventional motor vehicles, or eligible and non-eligible components, only the qualified investment attributable to production of advanced technology motor vehicles and eligible components shall be taken into account.

''(c) ADVANCED TECHNOLOGY MOTOR VEHICLES AND ELIGIBLE COMPONENTS.—For purposes of this section—

''(1) ADVANCED TECHNOLOGY MOTOR VEHICLE.—The term 'advanced technology motor vehicle' means—

''(A) any new advanced lean burn technology motor vehicle (as defined in section 30B(c)(3)), or

''(B) any new qualified hybrid motor vehicle (as defined in section 30B(d)(2)(A) and determined without regard to any gross vehicle weight rating).

''(2) ELIGIBLE COMPONENTS.—The term 'eligible component' means any component inherent to any advanced technology motor vehicle, including—

''(A) with respect to any gasoline or diesel-electric new qualified hybrid motor vehicle—

''(i) electric motor or generator,

''(ii) power split device,

''(iii) power control unit,

''(iv) power controls,

''(v) integrated starter generator, or

''(vi) battery,

''(B) with respect to any hydraulic new qualified hybrid motor vehicle—

''(i) hydraulic accumulator vessel,

''(ii) hydraulic pump, or

''(iii) hydraulic pump-motor assembly,

''(C) with respect to any new advanced lean burn technology motor vehicle—

''(i) diesel engine,

''(ii) turbocharger,

''(iii) fuel injection system, or

''(iv) after-treatment system, such as a particle filter or NOx absorber, and

''(D) with respect to any advanced technology motor vehicle, any other component submitted for approval by the Secretary.

''(d) ENGINEERING INTEGRATION COSTS.—For purposes of subsection (b)(1)(B), costs for engineering integration are costs incurred prior to the market introduction of advanced technology vehicles for engineering tasks related to—

''(1) establishing functional, structural, and performance requirements for component and subsystems to meet overall vehicle objectives for a specific application,

''(2) designing interfaces for components and subsystems with mating systems within a specific vehicle application,

''(3) designing cost effective, efficient, and reliable manufacturing processes to produce components and subsystems for a specific vehicle application, and

''(4) validating functionality and performance of components and subsystems for a specific vehicle application.

''(e) ELIGIBLE TAXPAYER.—For purposes of this section, the term 'eligible taxpayer' means any taxpayer if more than 50 percent of its gross receipts for the taxable year is derived from the manufacture of motor vehicles or any component parts of such vehicles.

''(f) LIMITATION BASED ON AMOUNT OF TAX.—The credit allowed under subsection (a) for the taxable year shall not exceed the excess of—

''(1) the sum of—

''(A) the regular tax liability (as defined in section 26(b)) for such taxable year, plus

''(B) the tax imposed by section 55 for such taxable year and any prior taxable year beginning after 1986 and not taken into account under section 53 for any prior taxable year, over

''(2) the sum of the credits allowable under subpart A and sections 27, 30, and 30B for the taxable year.

''(g) REDUCTION IN BASIS.—For purposes of this subtitle, if a credit is allowed under this section for any expenditure with respect to any property, the increase in the basis of such property which would (but for this paragraph) result from such expenditure shall be reduced by the amount of the credit so allowed.

''(h) NO DOUBLE BENEFIT.—

''(1) COORDINATION WITH OTHER DEDUCTIONS AND CREDITS.—Except as provided in paragraph (2), the amount of any deduction or other credit allowable under this chapter for any cost taken into account in determining the amount of the credit under subsection (a) shall be reduced by the amount of such credit attributable to such cost.

''(2) RESEARCH AND DEVELOPMENT COSTS.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), any amount described in subsection (b)(1)(C) taken into account in determining the amount of the credit under subsection (a) for any taxable year shall not be taken into account for purposes of determining the credit under section 41 for such taxable year.

''(B) COSTS TAKEN INTO ACCOUNT IN DETERMINING BASE PERIOD RESEARCH EXPENSES.—Any amounts described in subsection (b)(1)(C) taken into account in determining the amount of the credit under subsection (a) for any taxable year which are qualified research expenses (within the meaning of section 41(b)) shall be taken into account in determining base period research expenses for purposes of applying section 41 to subsequent taxable years.

''(i) BUSINESS CARRYOVERS ALLOWED.—If the credit allowable under subsection (a) for a taxable year exceeds the limitation under subsection (f) for such taxable year, such excess (to the extent of the credit allowable with respect to property subject to the allowance for depreciation) shall be allowed as a credit carryback and carryforward under rules similar to the rules of section 39.

''(j) SPECIAL RULES.—For purposes of this section, rules similar to the rules of paragraphs (4) and (5) of section 179A(e) and paragraphs (1) and (2) of section 41(f) shall apply

''(k) ELECTION NOT TO TAKE CREDIT.—No credit shall be allowed under subsection (a) for any property if the taxpayer elects not to have this section apply to such property.

''(l) REGULATIONS.—The Secretary shall prescribe such regulations as necessary to carry out the provisions of this section.

''(m) TERMINATION.—This section shall not apply to any qualified investment after December 31, 2010.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 1016(a), as amended by this Act, is amended by striking ''and'' at the end of paragraph (39), by striking the period at the end of paragraph (40) and inserting '', and'', and by adding at the end the following new paragraph:

''(41) to the extent provided in section 30D(g).''.

(2) Section 6501(m), as amended by this Act, is amended by inserting ''30D(k),'' after ''30C(j),''.

(3) The table of sections for subpart B of part IV of subchapter A of chapter 1, as amended by this Act, is amended by inserting after the item relating to section 30C the following new item:

''Sec. 30D. Advanced technology motor vehicles manufacturing credit.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts incurred in taxable years beginning after December 31, 2005.

Subtitle B—Revenue Offset Provisions

PART I—GENERAL PROVISIONS

SEC. 1711. TREATMENT OF CONTINGENT PAYMENT CONVERTIBLE DEBT INSTRUMENTS.

(a) IN GENERAL.—Section 1275(d) (relating to regulation authority) is amended—

(1) by striking ''The Secretary'' and inserting the following:

''(1) IN GENERAL.—The Secretary'', and

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

''(2) TREATMENT OF CONTINGENT PAYMENT CONVERTIBLE DEBT.—

''(A) IN GENERAL.—In the case of a debt instrument which—

''(i) is convertible into stock of the issuing corporation, into stock or debt of a related party (within the meaning of section 267(b) or 707(b)(1)), or into cash or other property in an amount equal to the approximate value of such stock or debt, and

''(ii) provides for contingent payments,

any regulations which require original issue discount to be determined by reference to the comparable yield of a noncontingent fixed-rate debt instrument shall be applied as if the regulations require that such comparable yield be determined by reference to a noncontingent fixed-rate debt instrument which is convertible into stock.

''(B) SPECIAL RULE.—For purposes of subparagraph (A), the comparable yield shall be determined without taking into account the yield resulting from the conversion of a debt instrument into stock.''.

(b) CROSS REFERENCE.—Section 163(e)(6) (relating to cross references) is amended by adding at the end the following:

''For the treatment of contingent payment convertible debt, see section 1275(d)(2).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to debt instruments issued on or after the date of the enactment of this Act.

SEC. 1712. FRIVOLOUS TAX SUBMISSIONS.

(a) CIVIL PENALTIES.—Section 6702 is amended to read as follows:

''SEC. 6702. FRIVOLOUS TAX SUBMISSIONS.

''(a) CIVIL PENALTY FOR FRIVOLOUS TAX RETURNS.—A person shall pay a penalty of $5,000 if—

''(1) such person files what purports to be a return of a tax imposed by this title but which—

''(A) does not contain information on which the substantial correctness of the self-assessment may be judged, or

''(B) contains information that on its face indicates that the self-assessment is substantially incorrect; and

''(2) the conduct referred to in paragraph (1)—

''(A) is based on a position which the Secretary has identified as frivolous under subsection (c), or

''(B) reflects a desire to delay or impede the administration of Federal tax laws.

''(b) CIVIL PENALTY FOR SPECIFIED FRIVOLOUS SUBMISSIONS.—

''(1) IMPOSITION OF PENALTY.—Except as provided in paragraph (3), any person who submits a specified frivolous submission shall pay a penalty of $5,000.

''(2) SPECIFIED FRIVOLOUS SUBMISSION.—For purposes of this section—

''(A) SPECIFIED FRIVOLOUS SUBMISSION.—The term 'specified frivolous submission' means a specified submission if any portion of such submission—

''(i) is based on a position which the Secretary has identified as frivolous under subsection (c), or

''(ii) reflects a desire to delay or impede the administration of Federal tax laws.

''(B) SPECIFIED SUBMISSION.—The term 'specified submission' means—

''(i) a request for a hearing under—

''(I) section 6320 (relating to notice and opportunity for hearing upon filing of notice of lien), or

''(II) section 6330 (relating to notice and opportunity for hearing before levy), and

''(ii) an application under—

''(I) section 6159 (relating to agreements for payment of tax liability in installments),

''(II) section 7122 (relating to compromises), or

''(III) section 7811 (relating to taxpayer assistance orders).

''(3) OPPORTUNITY TO WITHDRAW SUBMISSION.—If the Secretary provides a person with notice that a submission is a specified frivolous submission and such person withdraws such submission within 30 days after such notice, the penalty imposed under paragraph (1) shall not apply with respect to such submission.

''(c) LISTING OF FRIVOLOUS POSITIONS.—The Secretary shall prescribe (and periodically revise) a list of positions which the Secretary has identified as being frivolous for purposes of this subsection. The Secretary shall not include in such list any position that the Secretary determines meets the requirement of section 6662(d)(2)(B)(ii)(II).

''(d) REDUCTION OF PENALTY.—The Secretary may reduce the amount of any penalty imposed under this section if the Secretary determines that such reduction would promote compliance with and administration of the Federal tax laws.

''(e) PENALTIES IN ADDITION TO OTHER PENALTIES.—The penalties imposed by this section shall be in addition to any other penalty provided by law.''.

(b) TREATMENT OF FRIVOLOUS REQUESTS FOR HEARINGS BEFORE LEVY.—

(1) FRIVOLOUS REQUESTS DISREGARDED.—Section 6330 (relating to notice and opportunity for hearing before levy) is amended by adding at the end the following new subsection:

''(g) FRIVOLOUS REQUESTS FOR HEARING, ETC.—Notwithstanding any other provision of this section, if the Secretary determines that any portion of a request for a hearing under this section or section 6320 meets the requirement of clause (i) or (ii) of section 6702(b)(2)(A), then the Secretary may treat such portion as if it were never submitted and such portion shall not be subject to any further administrative or judicial review.''.

(2) PRECLUSION FROM RAISING FRIVOLOUS ISSUES AT HEARING.—Section 6330(c)(4) is amended—

(A) by striking ''(A)'' and inserting ''(A)(i)'';

(B) by striking ''(B)'' and inserting ''(ii)'';

(C) by striking the period at the end of the first sentence and inserting ''; or''; and

(D) by inserting after subparagraph (A)(ii) (as so redesignated) the following:

''(B) the issue meets the requirement of clause (i) or (ii) of section 6702(b)(2)(A).''.

(3) STATEMENT OF GROUNDS.—Section 6330(b)(1) is amended by striking ''under subsection (a)(3)(B)'' and inserting ''in writing under subsection (a)(3)(B) and states the grounds for the requested hearing''.

(c) TREATMENT OF FRIVOLOUS REQUESTS FOR HEARINGS UPON FILING OF NOTICE OF LIEN.—Section 6320 is amended—

(1) in subsection (b)(1), by striking ''under subsection (a)(3)(B)'' and inserting ''in writing under subsection (a)(3)(B) and states the grounds for the requested hearing'', and

(2) in subsection (c), by striking ''and (e)'' and inserting ''(e), and (g)''.

(d) TREATMENT OF FRIVOLOUS APPLICATIONS FOR OFFERS-IN-COMPROMISE AND INSTALLMENT AGREEMENTS.—Section 7122 is amended by adding at the end the following new subsection:

''(e) FRIVOLOUS SUBMISSIONS, ETC.—Notwithstanding any other provision of this section, if the Secretary determines that any portion of an application for an offer-in-compromise or installment agreement submitted under this section or section 6159 meets the requirement of clause (i) or (ii) of section 6702(b)(2)(A), then the Secretary may treat such portion as if it were never submitted and such portion shall not be subject to any further administrative or judicial review.''.

(e) CLERICAL AMENDMENT.—The table of sections for part I of subchapter B of chapter 68 is amended by striking the item relating to section 6702 and inserting the following new item:

''Sec. 6702. Frivolous tax submissions.''.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to submissions made and issues raised after the date on which the Secretary first prescribes a list under section 6702(c) of the Internal Revenue Code of 1986, as amended by subsection (a).

SEC. 1713. INCREASE IN CERTAIN CRIMINAL PENALTIES.

(a) IN GENERAL.—Section 7206 (relating to fraud and false statements) is amended—

(1) by striking ''Any person who—'' and inserting ''(a) IN GENERAL.—Any person who—'', and

(2) by adding at the end the following new subsection:

''(b) INCREASE IN MONETARY LIMITATION FOR UNDERPAYMENT OR OVERPAYMENT OF TAX DUE TO FRAUD.—If any portion of any underpayment (as defined in section 6664(a)) or overpayment (as defined in section 6401(a)) of tax required to be shown on a return is attributable to fraudulent action described in subsection (a), the applicable dollar amount under subsection (a) shall in no event be less than an amount equal to such portion. A rule similar to the rule under section 6663(b) shall apply for purposes of determining the portion so attributable.''.

(b) INCREASE IN PENALTIES.—

(1) ATTEMPT TO EVADE OR DEFEAT TAX.—Section 7201 is amended—

(A) by striking ''$100,000'' and inserting ''$500,000'',

(B) by striking ''$500,000'' and inserting ''$1,000,000'', and

(C) by striking ''5 years'' and inserting ''10 years''.

(2) WILLFUL FAILURE TO FILE RETURN, SUPPLY INFORMATION, OR PAY TAX.—Section 7203 is amended—

(A) in the first sentence—

(i) by striking ''Any person'' and inserting the following:

''(a) IN GENERAL.—Any person'', and

(ii) by striking ''$25,000'' and inserting ''$50,000'',

(B) in the third sentence, by striking ''section'' and inserting ''subsection'', and

(C) by adding at the end the following new subsection:

''(b) AGGRAVATED FAILURE TO FILE.—

''(1) IN GENERAL.—In the case of any failure described in paragraph (2), the first sentence of subsection (a) shall be applied by substituting—

''(A) 'felony' for 'misdemeanor',

''(B) '$500,000 ($1,000,000' for '$25,000 ($100,000', and

''(C) '10 years' for '1 year'.

''(2) FAILURE DESCRIBED.—A failure described in this paragraph is a failure to make a return described in subsection (a) for a period of 3 or more consecutive taxable years and the aggregated tax liability for such period is at least $100,000.''.

(3) FRAUD AND FALSE STATEMENTS.—Section 7206(a) (as redesignated by subsection (a)) is amended—

(A) by striking ''$100,000'' and inserting ''$500,000'',

(B) by striking ''$500,000'' and inserting ''$1,000,000'', and

(C) by striking ''3 years'' and inserting ''5 years''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to actions, and failures to act, occurring after the date of the enactment of this Act.

SEC. 1714. DOUBLING OF CERTAIN PENALTIES, FINES, AND INTEREST ON UNDERPAYMENTS RELATED TO CERTAIN OFFSHORE FINANCIAL ARRANGEMENTS.

(a) DETERMINATION OF PENALTY.—

(1) IN GENERAL.—Notwithstanding any other provision of law, in the case of an applicable taxpayer—

(A) the determination as to whether any interest or applicable penalty is to be imposed with respect to any arrangement described in paragraph (2), or to any underpayment of Federal income tax attributable to items arising in connection with any such arrangement, shall be made without regard to the rules of subsections (b), (c), and (d) of section 6664 of the Internal Revenue Code of 1986, and

(B) if any such interest or applicable penalty is imposed, the amount of such interest or penalty shall be equal to twice that determined without regard to this section.

(2) APPLICABLE TAXPAYER.—For purposes of this subsection—

(A) IN GENERAL.—The term ''applicable taxpayer'' means a taxpayer which—

(i) has underreported its United States income tax liability with respect to any item which directly or indirectly involves—

(I) any financial arrangement which in any manner relies on the use of offshore payment mechanisms (including credit, debit, or charge cards) issued by banks or other entities in foreign jurisdictions, or

(II) any offshore financial arrangement (including any arrangement with foreign banks, financial institutions, corporations, partnerships, trusts, or other entities), and

(ii) has not signed a closing agreement pursuant to the Voluntary Offshore Compliance Initiative established by the Department of the Treasury under Revenue Procedure 2003-11 or voluntarily disclosed its participation in such arrangement by notifying the Internal Revenue Service of such arrangement prior to the issue being raised by the Internal Revenue Service during an examination.

(B) AUTHORITY TO WAIVE.—The Secretary of the Treasury or the Secretary's delegate may waive the application of paragraph (1) to any taxpayer if the Secretary or the Secretary's delegate determines that the use of such offshore payment mechanisms is incidental to the transaction and, in addition, in the case of a trade or business, such use is conducted in the ordinary course of the trade or business of the taxpayer.

(C) ISSUES RAISED.—For purposes of subparagraph (A)(ii), an item shall be treated as an issue raised during an examination if the individual examining the return—

(i) communicates to the taxpayer knowledge about the specific item, or

(ii) has made a request to the taxpayer for information and the taxpayer could not make a complete response to that request without giving the examiner knowledge of the specific item.

(b) DEFINITIONS AND RULES.—For purposes of this section—

(1) APPLICABLE PENALTY.—The term ''applicable penalty'' means any penalty, addition to tax, or fine imposed under chapter 68 of the Internal Revenue Code of 1986.

(2) FEES AND EXPENSES.—The Secretary of the Treasury may retain and use an amount not in excess of 25 percent of all additional interest, penalties, additions to tax, and fines collected under this section to be used for enforcement and collection activities of the Internal Revenue Service. The Secretary shall keep adequate records regarding amounts so retained and used. The amount credited as paid by any taxpayer shall be determined without regard to this paragraph.

(c) REPORT BY SECRETARY.—The Secretary shall each year conduct a study and report to Congress on the implementation of this section during the preceding year, including statistics on the number of taxpayers affected by such implementation and the amount of interest and applicable penalties asserted, waived, and assessed during such preceding year.

(d) EFFECTIVE DATE.—The provisions of this section shall apply to interest, penalties, additions to tax, and fines with respect to any taxable year if, as of the date of the enactment of this Act, the assessment of any tax, penalty, or interest with respect to such taxable year is not prevented by the operation of any law or rule of law.

SEC. 1715. MODIFICATION OF INTERACTION BETWEEN SUBPART F AND PASSIVE FOREIGN INVESTMENT COMPANY RULES.

(a) LIMITATION ON EXCEPTION FROM PFIC RULES FOR UNITED STATES SHAREHOLDERS OF CONTROLLED FOREIGN CORPORATIONS.—Paragraph (2) of section 1297(e) (relating to passive foreign investment company) is amended by adding at the end the following flush sentence:

''Such term shall not include any period if the earning of subpart F income by such corporation during such period would result in only a remote likelihood of an inclusion in gross income under section 951(a)(1)(A)(i).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years of controlled foreign corporations beginning after March 2, 2005, and to taxable years of United States shareholders with or within which such taxable years of controlled foreign corporations end.

SEC. 1716. DECLARATION BY CHIEF EXECUTIVE OFFICER RELATING TO FEDERAL ANNUAL CORPORATE INCOME TAX RETURN.

(a) IN GENERAL.—The Federal annual tax return of a corporation with respect to income shall also include a declaration signed by the chief executive officer of such corporation (or other such officer of the corporation as the Secretary of the Treasury may designate if the corporation does not have a chief executive officer), under penalties of perjury, that the corporation has in place processes and procedures that ensure that such return complies with the Internal Revenue Code of 1986 and that the chief executive officer was provided reasonable assurance of the accuracy of all material aspects of such return. The preceding sentence shall not apply to any return of a regulated investment company (within the meaning of section 851 of such Code).

(b) EFFECTIVE DATE.—This section shall apply to Federal annual tax returns for taxable years ending after the date of the enactment of this Act.

SEC. 1717. TREASURY REGULATIONS ON FOREIGN TAX CREDIT.

(a) IN GENERAL.—Section 901 (relating to taxes of foreign countries and of possessions of United States) is amended by redesignating subsection (m) as subsection (n) and by inserting after subsection (l) the following new subsection:

''(m) REGULATIONS.—The Secretary may prescribe regulations disallowing a credit under subsection (a) for all or a portion of any foreign tax, or allocating a foreign tax among 2 or more persons, in cases where the foreign tax is imposed on any person in respect of income of another person or in other cases involving the inappropriate separation of the foreign tax from the related foreign income.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to transactions entered into after the date of the enactment of this Act.

SEC. 1718. WHISTLEBLOWER REFORMS.

(a) IN GENERAL.—Section 7623 (relating to expenses of detection of underpayments and fraud, etc.) is amended—

(1) by striking ''The Secretary'' and inserting ''(a) IN GENERAL.—The Secretary'',

(2) by striking ''and'' at the end of paragraph (1) and inserting ''or'',

(3) by striking ''(other than interest)'', and

(4) by adding at the end the following new subsections:

''(b) AWARDS TO WHISTLEBLOWERS.—

''(1) IN GENERAL.—If the Secretary proceeds with any administrative or judicial action described in subsection (a) based on information brought to the Secretary's attention by an individual, such individual shall, subject to paragraph (2), receive as an award at least 15 percent but not more than 30 percent of the collected proceeds (including penalties, interest, additions to tax, and additional amounts) resulting from the action (including any related actions) or from any settlement in response to such action. The determination of the amount of such award by the Whistleblower Office shall depend upon the extent to which the individual substantially contributed to such action.

''(2) AWARD IN CASE OF LESS SUBSTANTIAL CONTRIBUTION.—

''(A) IN GENERAL.—In the event the action described in paragraph (1) is one which the Whistleblower Office determines to be based principally on disclosures of specific allegations (other than information provided by the individual described in paragraph (1)) resulting from a judicial or administrative hearing, from a governmental report, hearing, audit, or investigation, or from the news media, the Whistleblower Office may award such sums as it considers appropriate, but in no case more than 10 percent of the collected proceeds (including penalties, interest, additions to tax, and additional amounts) resulting from the action (including any related actions) or from any settlement in response to such action, taking into account the significance of the individual's information and the role of such individual and any legal representative of such individual in contributing to such action.

''(B) NONAPPLICATION OF PARAGRAPH WHERE INDIVIDUAL IS ORIGINAL SOURCE OF INFORMATION.—Subparagraph (A) shall not apply if the information resulting in the initiation of the action described in paragraph (1) was originally provided by the individual described in paragraph (1).

''(3) REDUCTION IN OR DENIAL OF AWARD.—If the Whistleblower Office determines that the claim for an award under paragraph (1) or (2) is brought by an individual who planned and initiated the actions that led to the underpayment of tax or actions described in subsection (a)(2), then the Whistleblower Office may appropriately reduce such award. If such individual is convicted of criminal conduct arising from the role described in the preceding sentence, the Whistleblower Office shall deny any award.

''(4) APPEAL OF AWARD DETERMINATION.—Any determination regarding an award under paragraph (1), (2), or (3) shall be subject to the filing by the individual described in such paragraph of a petition for review with the Tax Court under rules similar to the rules under section 7463 (without regard to the amount in dispute) and such review shall be subject to the rules under section 7461(b)(1).

''(5) APPLICATION OF THIS SUBSECTION.—This subsection shall apply with respect to any action—

''(A) against any taxpayer, but in the case of any individual, only if such individual's gross income exceeds $200,000 for any taxable year subject to such action, and

''(B) if the tax, penalties, interest, additions to tax, and additional amounts in dispute exceed $20,000.

''(6) ADDITIONAL RULES.—

''(A) NO CONTRACT NECESSARY.—No contract with the Internal Revenue Service is

necessary for any individual to receive an award under this subsection.

''(B) REPRESENTATION.—Any individual described in paragraph (1) or (2) may be represented by counsel.

''(C) AWARD NOT SUBJECT TO INDIVIDUAL ALTERNATIVE MINIMUM TAX.—No award received under this subsection shall be included in gross income for purposes of determining alternative minimum taxable income.

''(c) WHISTLEBLOWER OFFICE.—

''(1) IN GENERAL.—There is established in the Internal Revenue Service an office to be known as the 'Whistleblower Office' which—

''(A) shall at all times operate at the direction of the Commissioner and coordinate and consult with other divisions in the Internal Revenue Service as directed by the Commissioner,

''(B) shall analyze information received from any individual described in subsection (b) and either investigate the matter itself or assign it to the appropriate Internal Revenue Service office,

''(C) shall monitor any action taken with respect to such matter,

''(D) shall inform such individual that it has accepted the individual's information for further review,

''(E) may require such individual and any legal representative of such individual to not disclose any information so provided,

''(F) in its sole discretion, may ask for additional assistance from such individual or any legal representative of such individual, and

''(G) shall determine the amount to be awarded to such individual under subsection (b).

''(2) FUNDING FOR OFFICE.—There is authorized to be appropriated $10,000,000 for each fiscal year for the Whistleblower Office. These funds shall be used to maintain the Whistleblower Office and also to reimburse other Internal Revenue Service offices for related costs, such as costs of investigation and collection.

''(3) REQUEST FOR ASSISTANCE.—

''(A) IN GENERAL.—Any assistance requested under paragraph (1)(F) shall be under the direction and control of the Whistleblower Office or the office assigned to investigate the matter under subparagraph (A). To the extent the disclosure of any returns or return information to the individual or legal representative is required for the performance of such assistance, such disclosure shall be pursuant to a contract entered into between the Secretary and the recipients of such disclosure subject to section 6103(n). No individual or legal representative whose assistance is so requested may by reason of such request represent himself or herself as an employee of the Federal Government.

''(B) FUNDING OF ASSISTANCE.—From the amounts available for expenditure under subsection (b), the Whistleblower Office may, with the agreement of the individual described in subsection (b), reimburse the costs incurred by any legal representative of such individual in providing assistance described in subparagraph (A).

''(d) REPORT BY SECRETARY.—The Secretary shall each year conduct a study and report to Congress on the use of this section, including—

''(1) an analysis of the use of this section during the preceding year and the results of such use, and

''(2) any legislative or administrative recommendations regarding the provisions of this section and its application.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to information provided on or after the date of the enactment of this Act.

SEC. 1719. DENIAL OF DEDUCTION FOR CERTAIN FINES, PENALTIES, AND OTHER AMOUNTS.

(a) IN GENERAL.—Subsection (f) of section 162 (relating to trade or business expenses) is amended to read as follows:

''(f) FINES, PENALTIES, AND OTHER AMOUNTS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), no deduction otherwise allowable shall be allowed under this chapter for any amount paid or incurred (whether by suit, agreement, or otherwise) to, or at the direction of, a government or entity described in paragraph (4) in relation to the violation of any law or the investigation or inquiry by such government or entity into the potential violation of any law.

''(2) EXCEPTION FOR AMOUNTS CONSTITUTING RESTITUTION.—Paragraph (1) shall not apply to any amount which—

''(A) the taxpayer establishes constitutes restitution (including remediation of property) for damage or harm caused by or which may be caused by the violation of any law or the potential violation of any law, and

''(B) is identified as restitution in the court order or settlement agreement.

Identification pursuant to subparagraph (B) alone shall not satisfy the requirement under subparagraph (A). This paragraph shall not apply to any amount paid or incurred as reimbursement to the government or entity for the costs of any investigation or litigation.

''(3) EXCEPTION FOR AMOUNTS PAID OR INCURRED AS THE RESULT OF CERTAIN COURT ORDERS.—Paragraph (1) shall not apply to any amount paid or incurred by order of a court in a suit in which no government or entity described in paragraph (4) is a party.

''(4) CERTAIN NONGOVERNMENTAL REGULATORY ENTITIES.—An entity is described in this paragraph if it is—

''(A) a nongovernmental entity which exercises self-regulatory powers (including imposing sanctions) in connection with a qualified board or exchange (as defined in section 1256(g)(7)), or

''(B) to the extent provided in regulations, a nongovernmental entity which exercises self-regulatory powers (including imposing sanctions) as part of performing an essential governmental function.

''(5) EXCEPTION FOR TAXES DUE.—Paragraph (1) shall not apply to any amount paid or incurred as taxes due.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to amounts paid or incurred on or after the date of the enactment of this Act, except that such amendment shall not apply to amounts paid or incurred under any binding order or agreement entered into before such date. Such exception shall not apply to an order or agreement requiring court approval unless the approval was obtained before such date.

SEC. 1720. FREEZE OF INTEREST SUSPENSION RULES WITH RESPECT TO LISTED TRANSACTIONS.

(a) IN GENERAL.—Paragraph (2) of section 903(d) of the American Jobs Creation Act of 2005 is amended to read as follows:

''(2) EXCEPTION FOR REPORTABLE OR LISTED TRANSACTIONS.—

''(A) IN GENERAL.—The amendments made by subsection (c) shall apply with respect to interest accruing after October 3, 2004.

''(B) SPECIAL RULE FOR CERTAIN LISTED TRANSACTIONS.—

''(i) IN GENERAL.—Except as provided in clause (ii) or (iii), in the case of any listed transaction, the amendments made by subsection (c) shall also apply with respect to interest accruing on or before October 3, 2004.

''(ii) PARTICIPANTS IN SETTLEMENT INITIATIVES.—Clause (i) shall not apply to a listed transaction if, as of May 9, 2005—

''(I) the taxpayer is participating in a published settlement initiative which is offered by the Secretary of the Treasury or his delegate to a group of similarly situated taxpayers claiming benefits from the listed transaction, or

''(II) the taxpayer has entered into a settlement agreement pursuant to such an initiative with respect to the tax liability arising in connection with the listed transaction.

Subclause (I) shall not apply to the taxpayer if, after May 9, 2005, the taxpayer withdraws from, or terminates, participation in the initiative or the Secretary or his delegate determines that a settlement agreement will not be reached pursuant to the initiative within a reasonable period of time.

''(iii) CLOSED TRANSACTIONS.—Clause (i) shall not apply to a listed transaction if, as of May 9, 2005—

''(I) the assessment of all Federal income taxes for the taxable year in which the tax liability to which the interest relates arose is prevented by the operation of any law or rule of law, or

''(II) a closing agreement under section 7121 has been entered into with respect to the tax liability arising in connection with the listed transaction.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in the provisions of the American Jobs Creation Act of 2004 to which it relates.

SEC. 1721. MODIFICATIONS OF EFFECTIVE DATES OF LEASING PROVISIONS OF THE AMERICAN JOBS CREATION ACT OF 2004.

(a) REPEAL OF EXCEPTION FOR QUALIFIED TRANSPORTATION PROPERTY.—Section 849(b) of the American Jobs Creation Act of 2004 is amended by striking paragraphs (1) and (2) and by redesignating paragraphs (3) and (4) as paragraphs (1) and (2).

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the enactment of the American Jobs Creation Act of 2004.

SEC. 1722. IMPOSITION OF MARK-TO-MARKET TAX ON INDIVIDUALS WHO EXPATRIATE.

(a) IN GENERAL.—Subpart A of part II of subchapter N of chapter 1 is amended by inserting after section 877 the following new section:

''SEC. 877A. TAX RESPONSIBILITIES OF EXPATRIATION.

''(a) GENERAL RULES.—For purposes of this subtitle—

''(1) MARK TO MARKET.—Except as provided in subsections (d) and (f), all property of a covered expatriate to whom this section applies shall be treated as sold on the day before the expatriation date for its fair market value.

''(2) RECOGNITION OF GAIN OR LOSS.—In the case of any sale under paragraph (1)—

''(A) notwithstanding any other provision of this title, any gain arising from such sale shall be taken into account for the taxable year of the sale, and

''(B) any loss arising from such sale shall be taken into account for the taxable year of the sale to the extent otherwise provided by this title, except that section 1091 shall not apply to any such loss.

Proper adjustment shall be made in the amount of any gain or loss subsequently realized for gain or loss taken into account under the preceding sentence.

''(3) EXCLUSION FOR CERTAIN GAIN.—

''(A) IN GENERAL.—The amount which, but for this paragraph, would be includible in the gross income of any individual by reason of this section shall be reduced (but not below zero) by $600,000. For purposes of this paragraph, allocable expatriation gain taken into account under subsection (f)(2) shall be

treated in the same manner as an amount required to be includible in gross income.

''(B) COST-OF-LIVING ADJUSTMENT.—

''(i) IN GENERAL.—In the case of an expatriation date occurring in any calendar year after 2005, the $600,000 amount under subparagraph (A) shall be increased by an amount equal to—

''(I) such dollar amount, multiplied by

''(II) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year, determined by substituting 'calendar year 2004' for 'calendar year 1992' in subparagraph (B) thereof.

''(ii) ROUNDING RULES.—If any amount after adjustment under clause (i) is not a multiple of $1,000, such amount shall be rounded to the next lower multiple of $1,000.

''(4) ELECTION TO CONTINUE TO BE TAXED AS UNITED STATES CITIZEN.—

''(A) IN GENERAL.—If a covered expatriate elects the application of this paragraph—

''(i) this section (other than this paragraph and subsection (i)) shall not apply to the expatriate, but

''(ii) in the case of property to which this section would apply but for such election, the expatriate shall be subject to tax under this title in the same manner as if the individual were a United States citizen.

''(B) REQUIREMENTS.—Subparagraph (A) shall not apply to an individual unless the individual—

''(i) provides security for payment of tax in such form and manner, and in such amount, as the Secretary may require,

''(ii) consents to the waiver of any right of the individual under any treaty of the United States which would preclude assessment or collection of any tax which may be imposed by reason of this paragraph, and

''(iii) complies with such other requirements as the Secretary may prescribe.

''(C) ELECTION.—An election under subparagraph (A) shall apply to all property to which this section would apply but for the election and, once made, shall be irrevocable. Such election shall also apply to property the basis of which is determined in whole or in part by reference to the property with respect to which the election was made.

''(b) ELECTION TO DEFER TAX.—

''(1) IN GENERAL.—If the taxpayer elects the application of this subsection with respect to any property treated as sold by reason of subsection (a), the payment of the additional tax attributable to such property shall be postponed until the due date of the return for the taxable year in which such property is disposed of (or, in the case of property disposed of in a transaction in which gain is not recognized in whole or in part, until such other date as the Secretary may prescribe).

''(2) DETERMINATION OF TAX WITH RESPECT TO PROPERTY.—For purposes of paragraph (1), the additional tax attributable to any property is an amount which bears the same ratio to the additional tax imposed by this chapter for the taxable year solely by reason of subsection (a) as the gain taken into account under subsection (a) with respect to such property bears to the total gain taken into account under subsection (a) with respect to all property to which subsection (a) applies.

''(3) TERMINATION OF POSTPONEMENT.—No tax may be postponed under this subsection later than the due date for the return of tax imposed by this chapter for the taxable year which includes the date of death of the expatriate (or, if earlier, the time that the security provided with respect to the property fails to meet the requirements of paragraph (4), unless the taxpayer corrects such failure within the time specified by the Secretary).

''(4) SECURITY.—

''(A) IN GENERAL.—No election may be made under paragraph (1) with respect to any property unless adequate security is provided to the Secretary with respect to such property.

''(B) ADEQUATE SECURITY.—For purposes of subparagraph (A), security with respect to any property shall be treated as adequate security if—

''(i) it is a bond in an amount equal to the deferred tax amount under paragraph (2) for the property, or

''(ii) the taxpayer otherwise establishes to the satisfaction of the Secretary that the security is adequate.

''(5) WAIVER OF CERTAIN RIGHTS.—No election may be made under paragraph (1) unless the taxpayer consents to the waiver of any right under any treaty of the United States which would preclude assessment or collection of any tax imposed by reason of this section.

''(6) ELECTIONS.—An election under paragraph (1) shall only apply to property described in the election and, once made, is irrevocable. An election may be made under paragraph (1) with respect to an interest in a trust with respect to which gain is required to be recognized under subsection (f)(1).

''(7) INTEREST.—For purposes of section 6601—

''(A) the last date for the payment of tax shall be determined without regard to the election under this subsection, and

''(B) section 6621(a)(2) shall be applied by substituting '5 percentage points' for '3 percentage points' in subparagraph (B) thereof.

''(c) COVERED EXPATRIATE.—For purposes of this section—

''(1) IN GENERAL.—Except as provided in paragraph (2), the term 'covered expatriate' means an expatriate.

''(2) EXCEPTIONS.—An individual shall not be treated as a covered expatriate if—

''(A) the individual—

''(i) became at birth a citizen of the United States and a citizen of another country and, as of the expatriation date, continues to be a citizen of, and is taxed as a resident of, such other country, and

''(ii) has not been a resident of the United States (as defined in section 7701(b)(1)(A)(ii)) during the 5 taxable years ending with the taxable year during which the expatriation date occurs, or

''(B)(i) the individual's relinquishment of United States citizenship occurs before such individual attains age 18½, and

''(ii) the individual has been a resident of the United States (as so defined) for not more than 5 taxable years before the date of relinquishment.

''(d) EXEMPT PROPERTY; SPECIAL RULES FOR PENSION PLANS.—

''(1) EXEMPT PROPERTY.—This section shall not apply to the following:

''(A) UNITED STATES REAL PROPERTY INTERESTS.—Any United States real property interest (as defined in section 897(c)(1)), other than stock of a United States real property holding corporation which does not, on the day before the expatriation date, meet the requirements of section 897(c)(2).

''(B) SPECIFIED PROPERTY.—Any property or interest in property not described in subparagraph (A) which the Secretary specifies in regulations.

''(2) SPECIAL RULES FOR CERTAIN RETIREMENT PLANS.—

''(A) IN GENERAL.—If a covered expatriate holds on the day before the expatriation date any interest in a retirement plan to which this paragraph applies—

''(i) such interest shall not be treated as sold for purposes of subsection (a)(1), but

''(ii) an amount equal to the present value of the expatriate's nonforfeitable accrued benefit shall be treated as having been received by such individual on such date as a distribution under the plan.

''(B) TREATMENT OF SUBSEQUENT DISTRIBUTIONS.—In the case of any distribution on or after the expatriation date to or on behalf of the covered expatriate from a plan from which the expatriate was treated as receiving a distribution under subparagraph (A), the amount otherwise includible in gross income by reason of the subsequent distribution shall be reduced by the excess of the amount includible in gross income under subparagraph (A) over any portion of such amount to which this subparagraph previously applied.

''(C) TREATMENT OF SUBSEQUENT DISTRIBUTIONS BY PLAN.—For purposes of this title, a retirement plan to which this paragraph applies, and any person acting on the plan's behalf, shall treat any subsequent distribution described in subparagraph (B) in the same manner as such distribution would be treated without regard to this paragraph.

''(D) APPLICABLE PLANS.—This paragraph shall apply to—

''(i) any qualified retirement plan (as defined in section 4974(c)),

''(ii) an eligible deferred compensation plan (as defined in section 457(b)) of an eligible employer described in section 457(e)(1)(A), and

''(iii) to the extent provided in regulations, any foreign pension plan or similar retirement arrangements or programs.

''(e) DEFINITIONS.—For purposes of this section—

''(1) EXPATRIATE.—The term 'expatriate' means—

''(A) any United States citizen who relinquishes citizenship, and

''(B) any long-term resident of the United States who—

''(i) ceases to be a lawful permanent resident of the United States (within the meaning of section 7701(b)(6)), or

''(ii) commences to be treated as a resident of a foreign country under the provisions of a tax treaty between the United States and the foreign country and who does not waive the benefits of such treaty applicable to residents of the foreign country.

''(2) EXPATRIATION DATE.—The term 'expatriation date' means—

''(A) the date an individual relinquishes United States citizenship, or

''(B) in the case of a long-term resident of the United States, the date of the event described in clause (i) or (ii) of paragraph (1)(B).

''(3) RELINQUISHMENT OF CITIZENSHIP.—A citizen shall be treated as relinquishing United States citizenship on the earliest of—

''(A) the date the individual renounces such individual's United States nationality before a diplomatic or consular officer of the United States pursuant to paragraph (5) of section 349(a) of the Immigration and Nationality Act (8 U.S.C. 1481(a)(5)),

''(B) the date the individual furnishes to the United States Department of State a signed statement of voluntary relinquishment of United States nationality confirming the performance of an act of expatriation specified in paragraph (1), (2), (3), or (4) of section 349(a) of the Immigration and Nationality Act (8 U.S.C. 1481(a)(1)–(4)),

''(C) the date the United States Department of State issues to the individual a certificate of loss of nationality, or

''(D) the date a court of the United States cancels a naturalized citizen's certificate of naturalization.

Subparagraph (A) or (B) shall not apply to any individual unless the renunciation or voluntary relinquishment is subsequently approved by the issuance to the individual of a certificate of loss of nationality by the United States Department of State.

''(4) LONG-TERM RESIDENT.—The term 'long-term resident' has the meaning given to such term by section 877(e)(2).

''(f) SPECIAL RULES APPLICABLE TO BENEFICIARIES' INTERESTS IN TRUST.—

''(1) IN GENERAL.—Except as provided in paragraph (2), if an individual is determined under paragraph (3) to hold an interest in a trust on the day before the expatriation date—

''(A) the individual shall not be treated as having sold such interest,

''(B) such interest shall be treated as a separate share in the trust, and

''(C)(i) such separate share shall be treated as a separate trust consisting of the assets allocable to such share,

''(ii) the separate trust shall be treated as having sold its assets on the day before the expatriation date for their fair market value and as having distributed all of its assets to the individual as of such time, and

''(iii) the individual shall be treated as having recontributed the assets to the separate trust.

Subsection (a)(2) shall apply to any income, gain, or loss of the individual arising from a distribution described in subparagraph (C)(ii). In determining the amount of such distribution, proper adjustments shall be made for liabilities of the trust allocable to an individual's share in the trust.

''(2) SPECIAL RULES FOR INTERESTS IN QUALIFIED TRUSTS.—

''(A) IN GENERAL.—If the trust interest described in paragraph (1) is an interest in a qualified trust—

''(i) paragraph (1) and subsection (a) shall not apply, and

''(ii) in addition to any other tax imposed by this title, there is hereby imposed on each distribution with respect to such interest a tax in the amount determined under subparagraph (B).

''(B) AMOUNT OF TAX.—The amount of tax under subparagraph (A)(ii) shall be equal to the lesser of—

''(i) the highest rate of tax imposed by section 1(e) for the taxable year which includes the day before the expatriation date, multiplied by the amount of the distribution, or

''(ii) the balance in the deferred tax account immediately before the distribution determined without regard to any increases under subparagraph (C)(ii) after the 30th day preceding the distribution.

''(C) DEFERRED TAX ACCOUNT.—For purposes of subparagraph (B)(ii)—

''(i) OPENING BALANCE.—The opening balance in a deferred tax account with respect to any trust interest is an amount equal to the tax which would have been imposed on the allocable expatriation gain with respect to the trust interest if such gain had been included in gross income under subsection (a).

''(ii) INCREASE FOR INTEREST.—The balance in the deferred tax account shall be increased by the amount of interest determined (on the balance in the account at the time the interest accrues), for periods after the 90th day after the expatriation date, by using the rates and method applicable under section 6621 for underpayments of tax for such periods, except that section 6621(a)(2) shall be applied by substituting '5 percentage points' for '3 percentage points' in subparagraph (B) thereof.

''(iii) DECREASE FOR TAXES PREVIOUSLY PAID.—The balance in the tax deferred account shall be reduced—

''(I) by the amount of taxes imposed by subparagraph (A) on any distribution to the person holding the trust interest, and

''(II) in the case of a person holding a nonvested interest, to the extent provided in regulations, by the amount of taxes imposed by subparagraph (A) on distributions from the trust with respect to nonvested interests not held by such person.

''(D) ALLOCABLE EXPATRIATION GAIN.—For purposes of this paragraph, the allocable expatriation gain with respect to any beneficiary's interest in a trust is the amount of gain which would be allocable to such beneficiary's vested and nonvested interests in the trust if the beneficiary held directly all assets allocable to such interests.

''(E) TAX DEDUCTED AND WITHHELD.—

''(i) IN GENERAL.—The tax imposed by subparagraph (A)(ii) shall be deducted and withheld by the trustees from the distribution to which it relates.

''(ii) EXCEPTION WHERE FAILURE TO WAIVE TREATY RIGHTS.—If an amount may not be deducted and withheld under clause (i) by reason of the distributee failing to waive any treaty right with respect to such distribution—

''(I) the tax imposed by subparagraph (A)(ii) shall be imposed on the trust and each trustee shall be personally liable for the amount of such tax, and

''(II) any other beneficiary of the trust shall be entitled to recover from the distributee the amount of such tax imposed on the other beneficiary.

''(F) DISPOSITION.—If a trust ceases to be a qualified trust at any time, a covered expatriate disposes of an interest in a qualified trust, or a covered expatriate holding an interest in a qualified trust dies, then, in lieu of the tax imposed by subparagraph (A)(ii), there is hereby imposed a tax equal to the lesser of—

''(i) the tax determined under paragraph (1) as if the day before the expatriation date were the date of such cessation, disposition, or death, whichever is applicable, or

''(ii) the balance in the tax deferred account immediately before such date.

Such tax shall be imposed on the trust and each trustee shall be personally liable for the amount of such tax and any other beneficiary of the trust shall be entitled to recover from the covered expatriate or the estate the amount of such tax imposed on the other beneficiary.

''(G) DEFINITIONS AND SPECIAL RULES.—For purposes of this paragraph—

''(i) QUALIFIED TRUST.—The term 'qualified trust' means a trust which is described in section 7701(a)(30)(E).

''(ii) VESTED INTEREST.—The term 'vested interest' means any interest which, as of the day before the expatriation date, is vested in the beneficiary.

''(iii) NONVESTED INTEREST.—The term 'nonvested interest' means, with respect to any beneficiary, any interest in a trust which is not a vested interest. Such interest shall be determined by assuming the maximum exercise of discretion in favor of the beneficiary and the occurrence of all contingencies in favor of the beneficiary.

''(iv) ADJUSTMENTS.—The Secretary may provide for such adjustments to the bases of assets in a trust or a deferred tax account, and the timing of such adjustments, in order to ensure that gain is taxed only once.

''(v) COORDINATION WITH RETIREMENT PLAN RULES.—This subsection shall not apply to an interest in a trust which is part of a retirement plan to which subsection (d)(2) applies.

''(3) DETERMINATION OF BENEFICIARIES' INTEREST IN TRUST.—

''(A) DETERMINATIONS UNDER PARAGRAPH (1).—For purposes of paragraph (1), a beneficiary's interest in a trust shall be based upon all relevant facts and circumstances, including the terms of the trust instrument and any letter of wishes or similar document, historical patterns of trust distributions, and the existence of and functions performed by a trust protector or any similar adviser.

''(B) OTHER DETERMINATIONS.—For purposes of this section—

''(i) CONSTRUCTIVE OWNERSHIP.—If a beneficiary of a trust is a corporation, partnership, trust, or estate, the shareholders, partners, or beneficiaries shall be deemed to be the trust beneficiaries for purposes of this section.

''(ii) TAXPAYER RETURN POSITION.—A taxpayer shall clearly indicate on its income tax return—

''(I) the methodology used to determine that taxpayer's trust interest under this section, and

''(II) if the taxpayer knows (or has reason to know) that any other beneficiary of such trust is using a different methodology to determine such beneficiary's trust interest under this section.

''(g) TERMINATION OF DEFERRALS, ETC.—In the case of any covered expatriate, notwithstanding any other provision of this title—

''(1) any period during which recognition of income or gain is deferred shall terminate on the day before the expatriation date, and

''(2) any extension of time for payment of tax shall cease to apply on the day before the expatriation date and the unpaid portion of such tax shall be due and payable at the time and in the manner prescribed by the Secretary.

''(h) IMPOSITION OF TENTATIVE TAX.—

''(1) IN GENERAL.—If an individual is required to include any amount in gross income under subsection (a) for any taxable year, there is hereby imposed, immediately before the expatriation date, a tax in an amount equal to the amount of tax which would be imposed if the taxable year were a short taxable year ending on the expatriation date.

''(2) DUE DATE.—The due date for any tax imposed by paragraph (1) shall be the 90th day after the expatriation date.

''(3) TREATMENT OF TAX.—Any tax paid under paragraph (1) shall be treated as a payment of the tax imposed by this chapter for the taxable year to which subsection (a) applies.

''(4) DEFERRAL OF TAX.—The provisions of subsection (b) shall apply to the tax imposed by this subsection to the extent attributable to gain includible in gross income by reason of this section.

''(i) SPECIAL LIENS FOR DEFERRED TAX AMOUNTS.—

''(1) IMPOSITION OF LIEN.—

''(A) IN GENERAL.—If a covered expatriate makes an election under subsection (a)(4) or (b) which results in the deferral of any tax imposed by reason of subsection (a), the deferred amount (including any interest, additional amount, addition to tax, assessable penalty, and costs attributable to the deferred amount) shall be a lien in favor of the United States on all property of the expatriate located in the United States (without regard to whether this section applies to the property).

''(B) DEFERRED AMOUNT.—For purposes of this subsection, the deferred amount is the amount of the increase in the covered expatriate's income tax which, but for the election under subsection (a)(4) or (b), would have occurred by reason of this section for the taxable year including the expatriation date.

''(2) PERIOD OF LIEN.—The lien imposed by this subsection shall arise on the expatriation date and continue until—

''(A) the liability for tax by reason of this section is satisfied or has become unenforceable by reason of lapse of time, or

''(B) it is established to the satisfaction of the Secretary that no further tax liability may arise by reason of this section.

''(3) CERTAIN RULES APPLY.—The rules set forth in paragraphs (1), (3), and (4) of section 6324A(d) shall apply with respect to the lien imposed by this subsection as if it were a lien imposed by section 6324A.

''(j) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.''.

(b) INCLUSION IN INCOME OF GIFTS AND BEQUESTS RECEIVED BY UNITED STATES CITIZENS AND RESIDENTS FROM EXPATRIATES.—Section 102 (relating to gifts, etc. not included in gross income) is amended by adding at the end the following new subsection:

''(d) GIFTS AND INHERITANCES FROM COVERED EXPATRIATES.—

''(1) IN GENERAL.—Subsection (a) shall not exclude from gross income the value of any property acquired by gift, bequest, devise, or inheritance from a covered expatriate after the expatriation date. For purposes of this subsection, any term used in this subsection which is also used in section 877A shall have the same meaning as when used in section 877A.

''(2) EXCEPTIONS FOR TRANSFERS OTHERWISE SUBJECT TO ESTATE OR GIFT TAX.—Paragraph (1) shall not apply to any property if either—

''(A) the gift, bequest, devise, or inheritance is—

''(i) shown on a timely filed return of tax imposed by chapter 12 as a taxable gift by the covered expatriate, or

''(ii) included in the gross estate of the covered expatriate for purposes of chapter 11 and shown on a timely filed return of tax imposed by chapter 11 of the estate of the covered expatriate, or

''(B) no such return was timely filed but no such return would have been required to be filed even if the covered expatriate were a citizen or long-term resident of the United States.''.

(c) DEFINITION OF TERMINATION OF UNITED STATES CITIZENSHIP.—Section 7701(a) is amended by adding at the end the following new paragraph:

''(49) TERMINATION OF UNITED STATES CITIZENSHIP.—

''(A) IN GENERAL.—An individual shall not cease to be treated as a United States citizen before the date on which the individual's citizenship is treated as relinquished under section 877A(e)(3).

''(B) DUAL CITIZENS.—Under regulations prescribed by the Secretary, subparagraph (A) shall not apply to an individual who became at birth a citizen of the United States and a citizen of another country.''.

(d) INELIGIBILITY FOR VISA OR ADMISSION TO UNITED STATES.—

(1) IN GENERAL.—Section 212(a)(10)(E) of the Immigration and Nationality Act (8 U.S.C. 1182(a)(10)(E)) is amended to read as follows:

''(E) FORMER CITIZENS NOT IN COMPLIANCE WITH EXPATRIATION REVENUE PROVISIONS.—Any alien who is a former citizen of the United States who relinquishes United States citizenship (within the meaning of section 877A(e)(3) of the Internal Revenue Code of 1986) and who is not in compliance with section 877A of such Code (relating to expatriation).''.

(2) AVAILABILITY OF INFORMATION.—

(A) IN GENERAL.—Section 6103(l) (relating to disclosure of returns and return information for purposes other than tax administration) is amended by adding at the end the following new paragraph:

''(21) DISCLOSURE TO DENY VISA OR ADMISSION TO CERTAIN EXPATRIATES.—Upon written request of the Attorney General or the Attorney General's delegate, the Secretary shall disclose whether an individual is in compliance with section 877A (and if not in compliance, any items of noncompliance) to officers and employees of the Federal agency responsible for administering section 212(a)(10)(E) of the Immigration and Nationality Act solely for the purpose of, and to the extent necessary in, administering such section 212(a)(10)(E).''.

(B) SAFEGUARDS.—Section 6103(p)(4) (relating to safeguards) is amended by striking ''or (20)'' each place it appears and inserting ''(20), or (21)''.

(3) EFFECTIVE DATES.—The amendments made by this subsection shall apply to individuals who relinquish United States citizenship on or after the date of the enactment of this Act.

(e) CONFORMING AMENDMENTS.—

(1) Section 877 is amended by adding at the end the following new subsection:

''(h) APPLICATION.—This section shall not apply to an expatriate (as defined in section 877A(e)) whose expatriation date (as so defined) occurs on or after the date of the enactment of the Safe, Accountable, Flexible, and Efficient Transportation Equity Act of 2005.''.

(2) Section 2107 is amended by adding at the end the following new subsection:

''(f) APPLICATION.—This section shall not apply to any expatriate subject to section 877A.''.

(3) Section 2501(a)(3) is amended by adding at the end the following new subparagraph:

''(C) APPLICATION.—This paragraph shall not apply to any expatriate subject to section 877A.''.

(f) CLERICAL AMENDMENT.—The table of sections for subpart A of part II of subchapter N of chapter 1 is amended by inserting after the item relating to section 877 the following new item:

''Sec. 877A. Tax responsibilities of expatriation.''.

(g) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in this subsection, the amendments made by this section shall apply to expatriates (within the meaning of section 877A(e) of the Internal Revenue Code of 1986, as added by this section) whose expatriation date (as so defined) occurs on or after the date of the enactment of this Act.

(2) GIFTS AND BEQUESTS.—Section 102(d) of the Internal Revenue Code of 1986 (as added by subsection (b)) shall apply to gifts and bequests received on or after the date of the enactment of this Act, from an individual or the estate of an individual whose expatriation date (as so defined) occurs after such date.

(3) DUE DATE FOR TENTATIVE TAX.—The due date under section 877A(h)(2) of the Internal Revenue Code of 1986, as added by this section, shall in no event occur before the 90th day after the date of the enactment of this Act.

SEC. 1723. DISALLOWANCE OF DEDUCTION FOR PUNITIVE DAMAGES.

(a) DISALLOWANCE OF DEDUCTION.—

(1) IN GENERAL.—Section 162(g) (relating to treble damage payments under the antitrust laws) is amended—

(A) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively,

(B) by striking ''If'' and inserting:

''(1) TREBLE DAMAGES.—If'', and

(C) by adding at the end the following new paragraph:

''(2) PUNITIVE DAMAGES.—No deduction shall be allowed under this chapter for any amount paid or incurred for punitive damages in connection with any judgment in, or settlement of, any action. This paragraph shall not apply to punitive damages described in section 104(c).''.

(2) CONFORMING AMENDMENT.—The heading for section 162(g) is amended by inserting ''OR PUNITIVE DAMAGES'' after ''LAWS''.

(b) INCLUSION IN INCOME OF PUNITIVE DAMAGES PAID BY INSURER OR OTHERWISE.—

(1) IN GENERAL.—Part II of subchapter B of chapter 1 (relating to items specifically included in gross income) is amended by adding at the end the following new section:

''SEC. 91. PUNITIVE DAMAGES COMPENSATED BY INSURANCE OR OTHERWISE.

''Gross income shall include any amount paid to or on behalf of a taxpayer as insurance or otherwise by reason of the taxpayer's liability (or agreement) to pay punitive damages.''.

(2) REPORTING REQUIREMENTS.—Section 6041 (relating to information at source) is amended by adding at the end the following new subsection:

''(f) SECTION TO APPLY TO PUNITIVE DAMAGES COMPENSATION.—This section shall apply to payments by a person to or on behalf of another person as insurance or otherwise by reason of the other person's liability (or agreement) to pay punitive damages.''.

(3) CONFORMING AMENDMENT.—The table of sections for part II of subchapter B of chapter 1 is amended by adding at the end the following new item:

''Sec. 91. Punitive damages compensated by insurance or otherwise.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to damages paid or incurred on or after the date of the enactment of this Act.

SEC. 1724. APPLICATION OF EARNINGS STRIPPING RULES TO PARTNERS WHICH ARE C CORPORATIONS.

(a) IN GENERAL.—Section 163(j) (relating to limitation on deduction for interest on certain indebtedness) is amended by redesignating paragraph (8) as paragraph (9) and by inserting after paragraph (7) the following new paragraph:

''(8) ALLOCATIONS TO CERTAIN CORPORATE PARTNERS.—If a C corporation is a partner in a partnership—

''(A) the corporation's allocable share of indebtedness and interest income of the partnership shall be taken into account in applying this subsection to the corporation, and

''(B) if a deduction is not disallowed under this subsection with respect to any interest expense of the partnership, this subsection shall be applied separately in determining whether a deduction is allowable to the corporation with respect to the corporation's allocable share of such interest expense.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning on or after the date of the enactment of this Act.

SEC. 1725. PROHIBITION ON DEFERRAL OF GAIN FROM THE EXERCISE OF STOCK OPTIONS AND RESTRICTED STOCK GAINS THROUGH DEFERRED COMPENSATION ARRANGEMENTS.

(a) IN GENERAL.—Section 83 (relating to property transferred in connection with performance of services) is amending by adding at the end the following new subsection:

''(i) PROHIBITION ON ADDITIONAL DEFERRAL THROUGH DEFERRED COMPENSATION ARRANGEMENTS.—If a taxpayer exchanges—

''(1) an option to purchase employer securities—

''(A) to which subsection (a) applies, or

''(B) which is described in subsection (e)(3), or

''(2) employer securities or any other property based on employer securities transferred to the taxpayer,

for a right to receive future payments, then, notwithstanding any other provision of this title, there shall be included in gross income for the taxable year of the exchange an amount equal to the present value of such right (or such other amount as the Secretary may by regulations specify). For purposes of this subsection, the term 'employer securities' includes any security issued by the employer.''.

(b) CONTROLLED GROUP RULES.—Section 414(t)(2) is amended by inserting ''83(i),'' after ''79,''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to any exchange after the date of the enactment of this Act.

SEC. 1726. LIMITATION OF EMPLOYER DEDUCTION FOR CERTAIN ENTERTAINMENT EXPENSES.

(a) IN GENERAL.—Paragraph (2) of section 274(e) (relating to expenses treated as compensation) is amended to read as follows:

''(2) EXPENSES TREATED AS COMPENSATION.—Expenses for goods, services, and facilities, to the extent that the expenses do not exceed the amount of the expenses which are treated by the taxpayer, with respect to the recipient of the entertainment, amusement, or recreation, as compensation to an employee on the taxpayer's return of tax under this chapter and as wages to such employee for purposes of chapter 24 (relating to withholding of income tax at source on wages).''.

(b) PERSONS NOT EMPLOYEES.—Paragraph (9) of section 274(e) is amended by striking ''to the extent that the expenses are includible in the gross income'' and inserting ''to the extent that the expenses do not exceed the amount of the expenses which are includible in the gross income''.

(c) EFFECTIVE DATE.—The amendment made by this section shall apply to expenses incurred after the date of the enactment of this Act.

SEC. 1727. INCREASE IN PENALTY FOR BAD CHECKS AND MONEY ORDERS.

(a) IN GENERAL.—Section 6657 (relating to bad checks) is amended—

(1) by striking ''$750'' and inserting ''$1,250'', and

(2) by striking ''$15'' and inserting ''$25''.

(b) EFFECTIVE DATE.—The amendments made by this section apply to checks or money orders received after the date of the enactment of this Act.

SEC. 1728. ELIMINATION OF DOUBLE DEDUCTION ON MINING EXPLORATION AND DEVELOPMENT COSTS UNDER THE MINIMUM TAX.

(a) IN GENERAL.—Section 57(a)(1) (relating to depletion) is amended by striking ''for the taxable year)'' and inserting ''for the taxable year and determined without regard to so much of the basis as is attributable to mining exploration and development costs described in section 616 or 617 for which a deduction is allowable for any taxable year under this part).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after the date of the enactment this Act.

PART II—IMPROVEMENTS IN EFFICIENCY AND SAFEGUARDS IN INTERNAL REVENUE SERVICE COLLECTION

SEC. 1731. WAIVER OF USER FEE FOR INSTALLMENT AGREEMENTS USING AUTOMATED WITHDRAWALS.

(a) IN GENERAL.—Section 6159 (relating to agreements for payment of tax liability in installments) is amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following:

''(e) WAIVER OF USER FEES FOR INSTALLMENT AGREEMENTS USING AUTOMATED WITHDRAWALS.—In the case of a taxpayer who enters into an installment agreement in which automated installment payments are agreed to, the Secretary shall waive the fee (if any) for entering into the installment agreement.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to agreements entered into on or after the date which is 180 days after the date of the enactment of this Act.

SEC. 1732. TERMINATION OF INSTALLMENT AGREEMENTS.

(a) IN GENERAL.—Section 6159(b)(4) (relating to failure to pay an installment or any other tax liability when due or to provide requested financial information) is amended by striking ''or'' at the end of subparagraph (B), by redesignating subparagraph (C) as subparagraph (E), and by inserting after subparagraph (B) the following:

''(C) to make a Federal tax deposit under section 6302 at the time such deposit is required to be made,

''(D) to file a return of tax imposed under this title by its due date (including extensions), or''.

(b) CONFORMING AMENDMENT.—The heading for section 6159(b)(4) is amended by striking ''FAILURE TO PAY AN INSTALLMENT OR ANY OTHER TAX LIABILITY WHEN DUE OR TO PROVIDE REQUESTED FINANCIAL INFORMATION'' and inserting ''FAILURE TO MAKE PAYMENTS OR DEPOSITS OR FILE RETURNS WHEN DUE OR TO PROVIDE REQUESTED FINANCIAL INFORMATION''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to failures occurring on or after the date of the enactment of this Act.

SEC. 1733. OFFICE OF CHIEF COUNSEL REVIEW OF OFFERS-IN-COMPROMISE.

(a) IN GENERAL.—Section 7122(b) (relating to record) is amended by striking ''Whenever a compromise'' and all that follows through ''his delegate'' and inserting ''If the Secretary determines that an opinion of the General Counsel for the Department of the Treasury, or the Counsel's delegate, is required with respect to a compromise, there shall be placed on file in the office of the Secretary such opinion''.

(b) CONFORMING AMENDMENTS.—Section 7122(b) is amended by striking the second and third sentences.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to offers-in-compromise submitted or pending on or after the date of the enactment of this Act.

SEC. 1734. PARTIAL PAYMENTS REQUIRED WITH SUBMISSION OF OFFERS-IN-COMPROMISE.

(a) IN GENERAL.—Section 7122 (relating to compromises), as amended by this Act, is amended by redesignating subsections (c), (d), and (e) as subsections (d), (e), and (f), respectively, and by inserting after subsection (b) the following new subsection:

''(c) RULES FOR SUBMISSION OF OFFERS-IN-COMPROMISE.—

''(1) PARTIAL PAYMENT REQUIRED WITH SUBMISSION.—

''(A) LUMP-SUM OFFERS.—

''(i) IN GENERAL.—The submission of any lump-sum offer-in-compromise shall be accompanied by the payment of 20 percent of amount of such offer.

''(ii) LUMP-SUM OFFER-IN-COMPROMISE.—For purposes of this section, the term 'lump-sum offer-in-compromise' means any offer of payments made in 5 or fewer installments.

''(B) PERIODIC PAYMENT OFFERS.—The submission of any periodic payment offer-in-compromise shall be accompanied by the payment of the amount of the first proposed installment and each proposed installment due during the period such offer is being evaluated for acceptance and has not been rejected by the Secretary. Any failure to make a payment required under the preceding sentence shall be deemed a withdrawal of the offer-in-compromise.

''(2) RULES OF APPLICATION.—

''(A) USE OF PAYMENT.—The application of any payment made under this subsection to the assessed tax or other amounts imposed under this title with respect to such tax may be specified by the taxpayer.

''(B) NO USER FEE IMPOSED.—Any user fee which would otherwise be imposed under this section shall not be imposed on any offer-in-compromise accompanied by a payment required under this subsection.''.

(b) ADDITIONAL RULES RELATING TO TREATMENT OF OFFERS.—

(1) UNPROCESSABLE OFFER IF PAYMENT REQUIREMENTS ARE NOT MET.—Paragraph (3) of section 7122(d) (relating to standards for evaluation of offers), as redesignated by subsection (a), is amended by striking ''; and'' at the end of subparagraph (A) and inserting a comma, by striking the period at the end of subparagraph (B) and inserting '', and'', and by adding at the end the following new subparagraph:

''(C) any offer-in-compromise which does not meet the requirements of subsection (c) shall be returned to the taxpayer as unprocessable.''.

(2) DEEMED ACCEPTANCE OF OFFER NOT REJECTED WITHIN CERTAIN PERIOD.—Section 7122, as amended by subsection (a), is amended by adding at the end the following new subsection:

''(g) DEEMED ACCEPTANCE OF OFFER NOT REJECTED WITHIN CERTAIN PERIOD.—Any offer-in-compromise submitted under this section shall be deemed to be accepted by the Secretary if such offer is not rejected by the Secretary before the date which is 24 months after the date of the submission of such offer (12 months for offers-in-compromise submitted after the date which is 5 years after the date of the enactment of this subsection). For purposes of the preceding sentence, any period during which any tax liability which is the subject of such offer-in-compromise is in dispute in any judicial proceeding shall not be taken in to account in determining the expiration of the 24-month period (or 12-month period, if applicable).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to offers-in-compromise submitted on and after the date which is 60 days after the date of the enactment of this Act.

SEC. 1735. JOINT TASK FORCE ON OFFERS-IN-COMPROMISE.

(a) IN GENERAL.—The Secretary of the Treasury shall establish a joint task force—

(1) to review the Internal Revenue Service's determinations with respect to offers-in-compromise, including offers which raise equitable, public policy, or economic hardship grounds for compromise of a tax liability under section 7122 of the Internal Revenue Code of 1986,

(2) to review the extent to which the Internal Revenue Service has used its authority to resolve longstanding cases by forgoing penalties and interest which have accumulated as a result of delay in determining the taxpayer's liability,

(3) to provide recommendations as to whether the Internal Revenue Service's evaluation of offers-in-compromise should include—

(A) the taxpayer's compliance history,

(B) errors by the Internal Revenue Service with respect to the underlying tax, and

(C) wrongful acts by a third party which gave rise to the liability, and

(4) to annually report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives (beginning in 2006) regarding such review and recommendations.

(b) MEMBERS OF JOINT TASK FORCE.—The membership of the joint task force under subsection (a) shall consist of 1 representative each from the Department of the Treasury, the Internal Revenue Service Oversight Board, the Office of the Chief Counsel for the Internal Revenue Service, the Office of the Taxpayer Advocate, the Office of Appeals, and the division of the Internal Revenue Service charged with operating the offer-in-compromise program.

(c) REPORT OF NATIONAL TAXPAYER ADVOCATE.—

(1) IN GENERAL.—Clause (ii) of section 7803(c)(2)(B) (relating to annual reports) is amended by striking ''and'' at the end of subclause (X), by redesignating subclause (XI) as subclause (XII), and by inserting after subclause (X) the following new subclause:

''(XI) include a list of the factors taxpayers have raised to support their claims for offers-in-compromise relief, the number of such offers submitted, accepted, and rejected, the number of such offers appealed, the period during which review of such offers have remained pending, and the efforts the Internal Revenue Service has made to correctly identify such offers, including the training of employees in identifying and evaluating such offers.''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to reports in calendar year 2006 and thereafter.

SA 930. Mr. LEVIN (for himself and Mr. BAYH) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the end add the following:

TITLE XVII—TAX INCENTIVES FOR ALTERNATIVE MOTOR VEHICLES AND FUELS

SEC. 1700. AMENDMENT OF 1986 CODE.

Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

Subtitle A—Tax Incentives

SEC. 1701. ALTERNATIVE MOTOR VEHICLE CREDIT.

(a) IN GENERAL.—Subpart B of part IV of subchapter A of chapter 1 (relating to foreign tax credit, etc.) is amended by adding at the end the following:

''SEC. 30B. ALTERNATIVE MOTOR VEHICLE CREDIT.

''(a) ALLOWANCE OF CREDIT.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the sum of—

''(1) the new qualified fuel cell motor vehicle credit determined under subsection (b),

''(2) the new advanced lean burn technology motor vehicle credit determined under subsection (c),

''(3) the new qualified hybrid motor vehicle credit determined under subsection (d), and

''(4) the new qualified alternative fuel motor vehicle credit determined under subsection (e).

''(b) NEW QUALIFIED FUEL CELL MOTOR VEHICLE CREDIT.—

''(1) IN GENERAL.—For purposes of subsection (a), the new qualified fuel cell motor vehicle credit determined under this subsection with respect to a new qualified fuel cell motor vehicle placed in service by the taxpayer during the taxable year is—

''(A) $8,000 if such vehicle has a gross vehicle weight rating of not more than 8,500 pounds,

''(B) $10,000, if such vehicle has a gross vehicle weight rating of more than 8,500 pounds but not more than 14,000 pounds,

''(C) $20,000, if such vehicle has a gross vehicle weight rating of more than 14,000 pounds but not more than 26,000 pounds, and

''(D) $40,000, if such vehicle has a gross vehicle weight rating of more than 26,000 pounds.

''(2) INCREASE FOR FUEL EFFICIENCY.—

''(A) IN GENERAL.—The amount determined under paragraph (1)(A) with respect to a new qualified fuel cell motor vehicle which is a passenger automobile or light truck shall be increased by—

''(i) $1,000, if such vehicle achieves at least 150 percent but less than 175 percent of the 2002 model year city fuel economy,

''(ii) $1,500, if such vehicle achieves at least 175 percent but less than 200 percent of the 2002 model year city fuel economy,

''(iii) $2,000, if such vehicle achieves at least 200 percent but less than 225 percent of the 2002 model year city fuel economy,

''(iv) $2,500, if such vehicle achieves at least 225 percent but less than 250 percent of the 2002 model year city fuel economy,

''(v) $3,000, if such vehicle achieves at least 250 percent but less than 275 percent of the 2002 model year city fuel economy,

''(vi) $3,500, if such vehicle achieves at least 275 percent but less than 300 percent of the 2002 model year city fuel economy, and

''(vii) $4,000, if such vehicle achieves at least 300 percent of the 2002 model year city fuel economy.

''(B) 2002 MODEL YEAR CITY FUEL ECONOMY.—For purposes of subparagraph (A), the 2002 model year city fuel economy with respect to a vehicle shall be determined in accordance with the following tables:

''(i) In the case of a passenger automobile:

''If vehicle inertia weight class is:	**The 2002 model year city fuel economy is:**
1,500 or 1,750 lbs	45.2 mpg
2,000 lbs	39.6 mpg
2,250 lbs	35.2 mpg
2,500 lbs	31.7 mpg
2,750 lbs	28.8 mpg
3,000 lbs	26.4 mpg
3,500 lbs	22.6 mpg
4,000 lbs	19.8 mpg
4,500 lbs	17.6 mpg
5,000 lbs	15.9 mpg
5,500 lbs	14.4 mpg
6,000 lbs	13.2 mpg
6,500 lbs	12.2 mpg
7,000 to 8,500 lbs	11.3 mpg.

''(ii) In the case of a light truck:

''If vehicle inertia weight class is:	**The 2002 model year city fuel economy is:**
511,500 or 1,750 lbs	39.4 mpg
2,000 lbs	35.2 mpg
2,250 lbs	31.8 mpg
2,500 lbs	29.0 mpg
2,750 lbs	26.8 mpg
3,000 lbs	24.9 mpg
3,500 lbs	21.8 mpg
4,000 lbs	19.4 mpg
4,500 lbs	17.6 mpg
5,000 lbs	16.1 mpg
5,500 lbs	14.8 mpg
16,000 lbs	13.7 mpg
6,500 lbs	12.8 mpg
7,000 to 8,500 lbs	12.1 mpg.

''(C) VEHICLE INERTIA WEIGHT CLASS.—For purposes of subparagraph (B), the term 'vehicle inertia weight class' has the same meaning as when defined in regulations prescribed by the Administrator of the Environmental Protection Agency for purposes of the administration of title II of the Clean Air Act (42 U.S.C. 7521 et seq.).

''(3) NEW QUALIFIED FUEL CELL MOTOR VEHICLE.—For purposes of this subsection, the term 'new qualified fuel cell motor vehicle' means a motor vehicle—

''(A) which is propelled by power derived from 1 or more cells which convert chemical energy directly into electricity by combining oxygen with hydrogen fuel which is stored on board the vehicle in any form and may or may not require reformation prior to use,

''(B) which, in the case of a passenger automobile or light truck, has received on or after the date of the enactment of this section a certificate that such vehicle meets or exceeds the Bin 5 Tier II emission level established in regulations prescribed by the Administrator of the Environmental Protection Agency under section 202(i) of the Clean Air Act for that make and model year vehicle,

''(C) the original use of which commences with the taxpayer,

''(D) which is acquired for use or lease by the taxpayer and not for resale, and

''(E) which is made by a manufacturer.

''(c) NEW ADVANCED LEAN BURN TECHNOLOGY MOTOR VEHICLE CREDIT.—

''(1) IN GENERAL.—For purposes of subsection (a), the new advanced lean burn technology motor vehicle credit determined under this subsection with respect to a new advanced lean burn technology motor vehicle placed in service by the taxpayer during the taxable year is the credit amount determined under paragraph (2).

''(2) CREDIT AMOUNT.—

''(A) FUEL ECONOMY.—

''(i) IN GENERAL.—The credit amount determined under this paragraph shall be determined in accordance with the following table:

''In the case of a vehicle which achieves a fuel economy (expressed as a percentage of the 2002 model year city fuel economy) of—	**The credit amount is—**
At least 125 percent but less than 150 percent	$600
At least 150 percent but less than 175 percent	$1,100
At least 175 percent but less than 200 percent	$1,600
At least 200 percent but less than 225 percent	$2,100
At least 225 percent but less than 250 percent	$2,600
At least 250 percent	$3,100.

''(ii) 2002 MODEL YEAR CITY FUEL ECONOMY.—For purposes of clause (i), the 2002 model year city fuel economy with respect to a vehicle shall be determined on a gasoline gallon equivalent basis as determined by the Administrator of the Environmental Protection Agency using the tables provided in subsection (b)(2)(B) with respect to such vehicle.

''(B) CONSERVATION CREDIT.—The amount determined under subparagraph (A) with respect to a new advanced lean burn technology motor vehicle shall be increased by

the conservation credit amount determined in accordance with the following table:

"In the case of a vehicle which achieves a lifetime fuel savings (expressed in gallons of gasoline) of—	The conservation credit amount is—
At least 1,200 but less than 1,800 ..	$700
At least 1,800 but less than 2,400 ..	$1,200
At least 2,400 but less than 3,000 ..	$1,700
At least 3,000	$2,200.

''(C) OPTION TO USE LIKE VEHICLE.—At the option of the vehicle manufacturer, the increase for fuel efficiency and conservation credit may be calculated by comparing the new qualified advanced lean burn technology motor vehicle to a like vehicle.

''(3) NEW ADVANCED LEAN BURN TECHNOLOGY MOTOR VEHICLE.—For purposes of this subsection, the term 'new advanced lean burn technology motor vehicle' means a passenger automobile or a light truck—

''(A) with an internal combustion engine which—

''(i) is designed to operate primarily using more air than is necessary for complete combustion of the fuel,

''(ii) incorporates direct injection,

''(iii) achieves at least 125 percent of the 2002 model year city fuel economy,

''(iv) for 2004 and later model vehicles, has received a certificate that such vehicle meets or exceeds—

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

''(II) in the case of a vehicle having a gross vehicle weight rating of more than 6,000 pounds but not more than 8,500 pounds, the Bin 8 Tier II emission standard which is so established.

''(B) the original use of which commences with the taxpayer,

''(C) which is acquired for use or lease by the taxpayer and not for resale, and

''(D) which is made by a manufacturer.

''(4) LIKE VEHICLE.—The term 'like vehicle' for a new qualified advanced lean burn technology motor vehicle derived from a conventional production vehicle produced in the same model year means a model that is equivalent in the following areas:

''(A) Body style (2-door or 4-door),

''(B) Transmission (automatic or manual),

''(C) Acceleration performance (± 0.05 seconds).

''(D) Drivetrain (2-wheel drive or 4-wheel drive).

''(E) Certification by the Administrator of the Environmental Protection Agency.

''(5) LIFETIME FUEL SAVINGS.—For purposes of this subsection, the term 'lifetime fuel savings' means, in the case of any new advanced lean burn technology motor vehicle, an amount equal to the excess (if any) of—

''(A) 120,000 divided by the 2002 model year city fuel economy for the vehicle inertia weight class, over

''(B) 120,000 divided by the city fuel economy for such vehicle.

''(d) NEW QUALIFIED HYBRID MOTOR VEHICLE CREDIT.—

''(1) IN GENERAL.—For purposes of subsection (a), the new qualified hybrid motor vehicle credit determined under this subsection with respect to a new qualified hybrid motor vehicle placed in service by the taxpayer during the taxable year is the credit amount determined under paragraph (2) or (3).

''(2) CREDIT AMOUNT FOR LIGHTER VEHICLES.—In the case of a new qualified hybrid motor vehicle which is a passenger automobile, medium duty passenger vehicle, or light truck, the credit amount determined under this paragraph is equal to the sum of following amounts:

''(A) FUEL ECONOMY.—The amount which would be determined under subsection (c)(2)(A) if such vehicle were a vehicle referred to in such subsection.

''(B) CONSERVATION CREDIT.—The amount which would be determined under subsection (c)(2)(B) if such vehicle were a vehicle referred to in such subsection.

''(iii) OPTION TO USE LIKE VEHICLE.—For purposes of clause (i), at the option of the vehicle manufacturer, the increase for fuel efficiency and conservation credit may be calculated by comparing the new qualified hybrid motor vehicle to a like vehicle (as defined in subsection (c)(4)).

''(3) CREDIT AMOUNT FOR HEAVIER VEHICLES.—

''(A) IN GENERAL.—In the case of a new qualified hybrid motor vehicle which is a heavy duty hybrid motor vehicle, the credit amount determined under this paragraph is an amount equal to the applicable percentage of the incremental cost of such vehicle placed in service by the taxpayer during the taxable year.

''(B) INCREMENTAL COST.—For purposes of this paragraph, the incremental cost of any heavy duty hybrid motor vehicle is equal to the amount of the excess of the manufacturer's suggested retail price for such vehicle over such price for a comparable gasoline or diesel fuel motor vehicle of the same model, to the extent such amount does not exceed—

''(i) $7,500, if such vehicle has a gross vehicle weight rating of more than 8,500 pounds but not more than 14,000 pounds,

''(ii) $15,000, if such vehicle has a gross vehicle weight rating of more than 14,000 pounds but not more than 26,000 pounds, and

''(iii) $30,000, if such vehicle has a gross vehicle weight rating of more than 26,000 pounds.

''(C) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A), the applicable percentage shall be determined in accordance with the following table:

"If percent increase in fuel economy of hybrid over comparable vehicle is:	The applicable percentage is:
At least 30 but less than 40 percent	20 percent.
At least 40 but less than 50 percent	30 percent.
At least 50 percent	40 percent.

''(4) NEW QUALIFIED HYBRID MOTOR VEHICLE.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'new qualified hybrid motor vehicle' means a motor vehicle—

''(i) which draws propulsion energy from onboard sources of stored energy which are both—

''(I) an internal combustion or heat engine using consumable fuel, and

''(II) a rechargeable energy storage system,

''(ii) which, in the case of a passenger automobile, medium duty passenger vehicle, or light truck—

''(I) having a gross vehicle weight rating of 6,000 pounds or less, has received a certificate that such vehicle meets or exceeds the Bin 5 Tier II emission level established in regulations prescribed by the Administrator of the Environmental Protection Agency under section 202(i) of the Clean Air Act for that make and model year vehicle,

''(II) having a gross vehicle weight rating of more than 6,000 pounds but not more than 8,500 pounds, has received a certificate that such vehicle meets or exceeds the Bin 8 Tier II emission standard which is so established,

''(III) has received a certificate of conformity under the Clean Air Act and meets or exceeds the equivalent qualifying California low emission vehicle standard under section 243(e)(2) of the Clean Air Act for that make and model year, and

''(IV) has a maximum available power of at least 5 percent,

''(iii) which, in the case of a heavy duty hybrid motor vehicle—

''(I) having a gross vehicle weight rating of more than 8,500 but not more than 14,000 pounds, has a maximum available power of at least 10 percent, and

''(II) having a gross vehicle weight rating of more than 14,000 pounds, has a maximum available power of at least 15 percent,

''(iv) the original use of which commences with the taxpayer,

''(v) which is acquired for use or lease by the taxpayer and not for resale, and

''(vi) which is made by a manufacturer.

''(B) CONSUMABLE FUEL.—For purposes of subparagraph (A)(i)(I), the term 'consumable fuel' means any solid, liquid, or gaseous matter which releases energy when consumed by an auxiliary power unit.

''(C) MAXIMUM AVAILABLE POWER.—

''(i) PASSENGER AUTOMOBILE, MEDIUM DUTY PASSENGER VEHICLE, OR LIGHT TRUCK.—For purposes of subparagraph (A)(ii)(II), the term 'maximum available power' means the maximum power available from the rechargeable energy storage system, during a standard 10 second pulse power or equivalent test, divided by such maximum power and the SAE net power of the heat engine.

''(ii) HEAVY DUTY HYBRID MOTOR VEHICLE.—For purposes of subparagraph (A)(iii), the term 'maximum available power' means the maximum power available from the rechargeable energy storage system, during a standard 10 second pulse power or equivalent test, divided by the vehicle's total traction power. The term 'total traction power' means the sum of the peak power from the rechargeable energy storage system and the heat engine peak power of the vehicle, except that if such storage system is the sole means by which the vehicle can be driven, the total traction power is the peak power of such storage system.

''(4) HEAVY DUTY HYBRID MOTOR VEHICLE.—For purposes of this subsection, the term 'heavy duty hybrid motor vehicle' means a new qualified hybrid motor vehicle which has a gross vehicle weight rating of more than 8,500 pounds. Such term does not include a medium duty passenger vehicle.

''(e) NEW QUALIFIED ALTERNATIVE FUEL MOTOR VEHICLE CREDIT.—

''(1) ALLOWANCE OF CREDIT.—Except as provided in paragraph (5), the new qualified alternative fuel motor vehicle credit determined under this subsection is an amount equal to the applicable percentage of the incremental cost of any new qualified alternative fuel motor vehicle placed in service by the taxpayer during the taxable year.

''(2) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the applicable percentage with respect to any new qualified alternative fuel motor vehicle is—

''(A) 50 percent, plus

''(B) 30 percent, if such vehicle—

''(i) has received a certificate of conformity under the Clean Air Act and meets or exceeds the most stringent standard available for certification under the Clean Air Act for that make and model year vehicle (other than a zero emission standard), or

''(ii) has received an order certifying the vehicle as meeting the same requirements as vehicles which may be sold or leased in California and meets or exceeds the most stringent standard available for certification under the State laws of California (enacted in accordance with a waiver granted under section 209(b) of the Clean Air Act) for that

make and model year vehicle (other than a zero emission standard).

For purposes of the preceding sentence, in the case of any new qualified alternative fuel motor vehicle which weighs more than 14,000 pounds gross vehicle weight rating, the most stringent standard available shall be such standard available for certification on the date of the enactment of the Energy Tax Incentives Act.

''(3) INCREMENTAL COST.—For purposes of this subsection, the incremental cost of any new qualified alternative fuel motor vehicle is equal to the amount of the excess of the manufacturer's suggested retail price for such vehicle over such price for a gasoline or diesel fuel motor vehicle of the same model, to the extent such amount does not exceed—

''(A) $5,000, if such vehicle has a gross vehicle weight rating of not more than 8,500 pounds,

''(B) $10,000, if such vehicle has a gross vehicle weight rating of more than 8,500 pounds but not more than 14,000 pounds,

''(C) $25,000, if such vehicle has a gross vehicle weight rating of more than 14,000 pounds but not more than 26,000 pounds, and

''(D) $40,000, if such vehicle has a gross vehicle weight rating of more than 26,000 pounds.

''(4) NEW QUALIFIED ALTERNATIVE FUEL MOTOR VEHICLE.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'new qualified alternative fuel motor vehicle' means any motor vehicle—

''(i) which is only capable of operating on an alternative fuel,

''(ii) the original use of which commences with the taxpayer,

''(iii) which is acquired by the taxpayer for use or lease, but not for resale, and

''(iv) which is made by a manufacturer.

''(B) ALTERNATIVE FUEL.—The term 'alternative fuel' means compressed natural gas, liquefied natural gas, liquefied petroleum gas, hydrogen, and any liquid at least 85 percent of the volume of which consists of methanol.

''(5) CREDIT FOR MIXED-FUEL VEHICLES.—

''(A) IN GENERAL.—In the case of a mixed-fuel vehicle placed in service by the taxpayer during the taxable year, the credit determined under this subsection is an amount equal to—

''(i) in the case of a 75/25 mixed-fuel vehicle, 70 percent of the credit which would have been allowed under this subsection if such vehicle was a qualified alternative fuel motor vehicle, and

''(ii) in the case of a 90/10 mixed-fuel vehicle, 90 percent of the credit which would have been allowed under this subsection if such vehicle was a qualified alternative fuel motor vehicle.

''(B) MIXED-FUEL VEHICLE.—For purposes of this subsection, the term 'mixed-fuel vehicle' means any motor vehicle described in subparagraph (C) or (D) of paragraph (3), which—

''(i) is certified by the manufacturer as being able to perform efficiently in normal operation on a combination of an alternative fuel and a petroleum-based fuel,

''(ii) either—

''(I) has received a certificate of conformity under the Clean Air Act, or

''(II) has received an order certifying the vehicle as meeting the same requirements as vehicles which may be sold or leased in California and meets or exceeds the low emission vehicle standard under section 88.105–94 of title 40, Code of Federal Regulations, for that make and model year vehicle,

''(iii) the original use of which commences with the taxpayer,

''(iv) which is acquired by the taxpayer for use or lease, but not for resale, and

''(v) which is made by a manufacturer.

''(C) 75/25 MIXED-FUEL VEHICLE.—For purposes of this subsection, the term '75/25 mixed-fuel vehicle' means a mixed-fuel vehicle which operates using at least 75 percent alternative fuel and not more than 25 percent petroleum-based fuel.

''(D) 90/10 MIXED-FUEL VEHICLE.—For purposes of this subsection, the term '90/10 mixed-fuel vehicle' means a mixed-fuel vehicle which operates using at least 90 percent alternative fuel and not more than 10 percent petroleum-based fuel.

''(f) LIMITATION ON NUMBER OF NEW QUALIFIED HYBRID AND ADVANCED LEAN-BURN TECHNOLOGY VEHICLES ELIGIBLE FOR CREDIT.—

''(1) IN GENERAL.—In the case of a qualified vehicle sold during the phaseout period, only the applicable percentage of the credit otherwise allowable under subsection (c) or (d) shall be allowed.

''(2) PHASEOUT PERIOD.—For purposes of this subsection, the phaseout period is the period beginning with the second calendar quarter following the calendar quarter which includes the first date on which the number of qualified vehicles manufactured by the manufacturer of the vehicle referred to in paragraph (1) sold for use in the United States after the date of the enactment of this section is at least 80,000.

''(3) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the applicable percentage is—

''(A) 50 percent for the first 2 calendar quarters of the phaseout period,

''(B) 25 percent for the 3d and 4th calendar quarters of the phaseout period, and

''(C) 0 percent for each calendar quarter thereafter.

''(4) CONTROLLED GROUPS.—

''(A) IN GENERAL.—For purposes of this subsection, all persons treated as a single employer under subsection (a) or (b) of section 52 or subsection (m) or (o) of section 414 shall be treated as a single manufacturer.

''(B) INCLUSION OF FOREIGN CORPORATIONS.—For purposes of subparagraph (A), in applying subsections (a) and (b) of section 52 to this section, section 1563 shall be applied without regard to subsection (b)(2)(C) thereof.

''(5) QUALIFIED VEHICLE.—For purposes of this subsection, the term 'qualified vehicle' means any new qualified hybrid motor vehicle and any new advanced lean burn technology motor vehicle.

''(g) APPLICATION WITH OTHER CREDITS.—The credit allowed under subsection (a) for any taxable year shall not exceed the excess (if any) of—

''(1) the regular tax for the taxable year reduced by the sum of the credits allowable under subpart A and sections 27, 29, and 30, over

''(2) the tentative minimum tax for the taxable year.

''(h) OTHER DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

''(1) MOTOR VEHICLE.—The term 'motor vehicle' has the meaning given such term by section 30(c)(2).

''(2) CITY FUEL ECONOMY.—The city fuel economy with respect to any vehicle shall be measured in a manner which is substantially similar to the manner city fuel economy is measured in accordance with procedures under part 600 of subchapter Q of chapter I of title 40, Code of Federal Regulations, as in effect on the date of the enactment of this section.

''(3) OTHER TERMS.—The terms 'automobile', 'passenger automobile', 'medium duty passenger vehicle', 'light truck', and 'manufacturer' have the meanings given such terms in regulations prescribed by the Administrator of the Environmental Protection Agency for purposes of the administration of title II of the Clean Air Act (42 U.S.C. 7521 et seq.).

''(4) REDUCTION IN BASIS.—For purposes of this subtitle, the basis of any property for which a credit is allowable under subsection (a) shall be reduced by the amount of such credit so allowed (determined without regard to subsection (e)).

''(5) NO DOUBLE BENEFIT.—The amount of any deduction or other credit allowable under this chapter—

''(A) for any incremental cost taken into account in computing the amount of the credit determined under subsection (e) shall be reduced by the amount of such credit attributable to such cost, and

''(B) with respect to a vehicle described under subsection (b), (c), or (d) shall be reduced by the amount of credit allowed under subsection (a) for such vehicle for the taxable year.

''(6) PROPERTY USED BY TAX-EXEMPT ENTITY.—In the case of a vehicle whose use is described in paragraph (3) or (4) of section 50(b) and which is not subject to a lease, the person who sold such vehicle to the person or entity using such vehicle shall be treated as the taxpayer that placed such vehicle in service, but only if such person clearly discloses to such person or entity in a document the amount of any credit allowable under subsection (a) with respect to such vehicle (determined without regard to subsection (g)).

''(7) PROPERTY USED OUTSIDE UNITED STATES, ETC., NOT QUALIFIED.—No credit shall be allowable under subsection (a) with respect to any property referred to in section 50(b)(1) or with respect to the portion of the cost of any property taken into account under section 179.

''(8) RECAPTURE.—The Secretary shall, by regulations, provide for recapturing the benefit of any credit allowable under subsection (a) with respect to any property which ceases to be property eligible for such credit (including recapture in the case of a lease period of less than the economic life of a vehicle).

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

''(10) CARRYBACK AND CARRYFORWARD ALLOWED.—

''(A) IN GENERAL.—If the credit allowable under subsection (a) for a taxable year exceeds the amount of the limitation under subsection (g) for such taxable year (in this paragraph referred to as the 'unused credit year'), such excess shall be a credit carryback to each of the 3 taxable years preceding the unused credit year and a credit carryforward to each of the 20 taxable years following the unused credit year, except that no excess may be carried to a taxable year beginning before the date of the enactment of this section. The preceding sentence shall not apply to any credit carryback if such credit carryback is attributable to property for which a deduction for depreciation is not allowable.

''(B) RULES.—Rules similar to the rules of section 39 shall apply with respect to the credit carryback and credit carryforward under subparagraph (A).

''(11) INTERACTION WITH AIR QUALITY AND MOTOR VEHICLE SAFETY STANDARDS.—Unless otherwise provided in this section, a motor vehicle shall not be considered eligible for a credit under this section unless such vehicle is in compliance with—

''(A) the applicable provisions of the Clean Air Act for the applicable make and model year of the vehicle (or applicable air quality provisions of State law in the case of a State which has adopted such provision under a

waiver under section 209(b) of the Clean Air Act), and

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

''(g) REGULATIONS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), the Secretary shall promulgate such regulations as necessary to carry out the provisions of this section.

''(2) COORDINATION IN PRESCRIPTION OF CERTAIN REGULATIONS.—The Secretary of the Treasury, in coordination with the Secretary of Transportation and the Administrator of the Environmental Protection Agency, shall prescribe such regulations as necessary to determine whether a motor vehicle meets the requirements to be eligible for a credit under this section.

''(h) TERMINATION.—This section shall not apply to any property purchased after—

''(1) in the case of a new qualified fuel cell motor vehicle (as described in subsection (b)), December 31, 2015,

''(2) in the case of a new advanced lean burn technology motor vehicle (as described in subsection (c)) or a new qualified hybrid motor vehicle (as described in subsection (d)), December 31, 2009, and

''(3) in the case of a new qualified alternative fuel vehicle (as described in subsection (e)), December 31, 2010.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 1016(a), as amended by this Act, is amended by striking ''and'' at the end of paragraph (35), by striking the period at the end of paragraph (36) and inserting '', and'', and by adding at the end the following new paragraph:

''(37) to the extent provided in section 30B(h)(4).''.

(2) Section 55(c)(2), as amended by this Act, is amended by inserting ''30B(g),'' after ''30(b)(2),''.

(3) Section 6501(m) is amended by inserting ''30B(h)(9),'' after ''30(d)(4),''.

(4) The table of sections for subpart B of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 30A the following new item:

''Sec. 30B. Alternative motor vehicle credit.''.

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

(d) STICKER INFORMATION REQUIRED AT RETAIL SALE.—

(1) IN GENERAL.—The Secretary of the Treasury shall issue regulations under which each qualified vehicle sold at retail shall display a notice—

(A) that such vehicle is a qualified vehicle, and

(B) that the buyer may not benefit from the credit allowed under section 30B of the Internal Revenue Code of 1986 if such buyer has insufficient tax liability.

(2) QUALIFIED VEHICLE.—For purposes of paragraph (1), the term ''qualified vehicle'' means a vehicle with respect to which a credit is allowed under section 30B of the Internal Revenue Code of 1986.

(e) NONAPPLICATION OF SECTION .—Notwithstanding any other provision of this Act, the provisions of, and amendments made by, section 1531 of this Act shall be null and void.

SEC. 1702. CREDIT FOR INSTALLATION OF ALTERNATIVE FUEL REFUELING STATIONS.

(a) IN GENERAL.—Subpart B of part IV of subchapter A of chapter 1 (relating to foreign tax credit, etc.), as amended by this Act, is amended by adding at the end the following new section:

''SEC. 30C. ALTERNATIVE FUEL VEHICLE REFUELING PROPERTY CREDIT.

''(a) CREDIT ALLOWED.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 50 percent of the cost of any qualified alternative fuel vehicle refueling property placed in service by the taxpayer during the taxable year.

''(b) LIMITATION.—The credit allowed under subsection (a) with respect to any alternative fuel vehicle refueling property shall not exceed—

''(1) $50,000 in the case of a property of a character subject to an allowance for depreciation, and

''(2) $1,000 in any other case.

''(c) QUALIFIED ALTERNATIVE FUEL VEHICLE REFUELING PROPERTY.—For purposes of this section—

''(1) IN GENERAL.—Except as provided in paragraph (2), the term 'qualified alternative fuel vehicle refueling property' has the meaning given to such term by section 179A(d), but only with respect to any fuel at least 85 percent of the volume of which consists of ethanol, natural gas, compressed natural gas, liquefied natural gas, liquefied petroleum gas, and hydrogen.

''(2) RESIDENTIAL PROPERTY.—In the case of any property installed on property which is used as the principal residence (within the meaning of section 121) of the taxpayer, paragraph (1) of section 179A(d) shall not apply.

''(d) APPLICATION WITH OTHER CREDITS.—The credit allowed under subsection (a) for any taxable year shall not exceed the excess (if any) of—

''(1) the regular tax for the taxable year reduced by the sum of the credits allowable under subpart A and sections 27, 29, 30, and 30B, over

''(2) the tentative minimum tax for the taxable year.

''(e) CARRYFORWARD ALLOWED.—

''(1) IN GENERAL.—If the credit amount allowable under subsection (a) for a taxable year exceeds the amount of the limitation under subsection (d) for such taxable year, such excess shall be allowed as a credit carryforward for each of the 20 taxable years following the unused credit year.

''(2) RULES.—Rules similar to the rules of section 39 shall apply with respect to the credit carryforward under paragraph (1).

''(f) SPECIAL RULES.—For purposes of this section—

''(1) BASIS REDUCTION.—The basis of any property shall be reduced by the portion of the cost of such property taken into account under subsection (a).

''(2) NO DOUBLE BENEFIT.—No deduction shall be allowed under section 179A with respect to any property with respect to which a credit is allowed under subsection (a).

''(3) PROPERTY USED BY TAX-EXEMPT ENTITY.—In the case of any qualified alternative fuel vehicle refueling property the use of which is described in paragraph (3) or (4) of section 50(b) and which is not subject to a lease, the person who sold such property to the person or entity using such property shall be treated as the taxpayer that placed such property in service, but only if such person clearly discloses to such person or entity in a document the amount of any credit allowable under subsection (a) with respect to such property (determined without regard to subsection (d)).

''(4) PROPERTY USED OUTSIDE UNITED STATES NOT QUALIFIED.—No credit shall be allowable under subsection (a) with respect to any property referred to in section 50(b)(1) or with respect to the portion of the cost of any property taken into account under section 179.

''(5) ELECTION NOT TO TAKE CREDIT.—No credit shall be allowed under subsection (a) for any property if the taxpayer elects not to have this section apply to such property.

''(6) RECAPTURE RULES.—Rules similar to the rules of section 179A(e)(4) shall apply.

''(g) REGULATIONS.—The Secretary shall prescribe such regulations as necessary to carry out the provisions of this section.

''(h) TERMINATION.—This section shall not apply to any property placed in service—

''(1) in the case of property relating to hydrogen, after December 31, 2014, and

''(2) in the case of any other property, after December 31, 2009.''.

(b) MODIFICATIONS TO EXTENSION OF DEDUCTION FOR CERTAIN REFUELING PROPERTY.—

(1) INCREASE IN DEDUCTION FOR HYDROGEN INFRASTRUCTURE.—Section 179A(b)(2)(A)(i) is amended by inserting ''($200,000 in the case of property relating to hydrogen)'' after ''$100,000''.

(2) EXTENSION OF DEDUCTION.—Subsection (f) of section 179A is amended to read as follows:

''(f) TERMINATION.—This section shall not apply to any property placed in service—

''(1) in the case of property relating to hydrogen, after December 31, 2014, and

''(2) in the case of any other property, after December 31, 2009.''.

(c) INCENTIVE FOR PRODUCTION OF HYDROGEN AT QUALIFIED CLEAN-FUEL VEHICLE REFUELING PROPERTY.—Section 179A(d) (defining qualified clean-fuel vehicle refueling property) is amended by adding at the end the following new flush sentence:

''In the case of clean-burning fuel which is hydrogen produced from another clean-burning fuel, paragraph (3)(A) shall be applied by substituting 'production, storage, or dispensing' for 'storage or dispensing' both places it appears.''.

(d) CONFORMING AMENDMENTS.—

(1) Section 1016(a), as amended by this Act, is amended by striking ''and'' at the end of paragraph (36), by striking the period at the end of paragraph (37) and inserting '', and'', and by adding at the end the following new paragraph:

''(38) to the extent provided in section 30C(f).''.

(2) Section 55(c)(2), as amended by this Act, is amended by inserting ''30C(e),'' after ''30B(e),''.

(3) Section 6501(m) is amended by inserting ''30C(f)(5),'' after ''30B(f)(9),''.

(4) The table of sections for subpart B of part IV of subchapter A of chapter 1, as amended by this Act, is amended by inserting after the item relating to section 30B the following new item:

''Sec. 30C. Clean-fuel vehicle refueling property credit.''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after December 31, 2005, in taxable years ending after such date.

(f) NONAPPLICATION OF SECTION.—Notwithstanding any other provision of this Act, the provisions of, and amendments made by, section 1533 of this Act shall be null and void.

Subtitle B—Revenue Offset Provisions

PART I—GENERAL PROVISIONS

SEC. 1711. TREATMENT OF CONTINGENT PAYMENT CONVERTIBLE DEBT INSTRUMENTS.

(a) IN GENERAL.—Section 1275(d) (relating to regulation authority) is amended—

(1) by striking ''The Secretary'' and inserting the following:

''(1) IN GENERAL.—The Secretary'', and

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

''(2) TREATMENT OF CONTINGENT PAYMENT CONVERTIBLE DEBT.—

''(A) IN GENERAL.—In the case of a debt instrument which—

''(i) is convertible into stock of the issuing corporation, into stock or debt of a related party (within the meaning of section 267(b) or 707(b)(1)), or into cash or other property in an amount equal to the approximate value of such stock or debt, and

''(ii) provides for contingent payments,

any regulations which require original issue discount to be determined by reference to the comparable yield of a noncontingent fixed-rate debt instrument shall be applied as if the regulations require that such comparable yield be determined by reference to a noncontingent fixed-rate debt instrument which is convertible into stock.

''(B) SPECIAL RULE.—For purposes of subparagraph (A), the comparable yield shall be determined without taking into account the yield resulting from the conversion of a debt instrument into stock.''.

(b) CROSS REFERENCE.—Section 163(e)(6) (relating to cross references) is amended by adding at the end the following:

''For the treatment of contingent payment convertible debt, see section 1275(d)(2).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to debt instruments issued on or after the date of the enactment of this Act.

SEC. 1712. FRIVOLOUS TAX SUBMISSIONS.

(a) CIVIL PENALTIES.—Section 6702 is amended to read as follows:

''SEC. 6702. FRIVOLOUS TAX SUBMISSIONS.

''(a) CIVIL PENALTY FOR FRIVOLOUS TAX RETURNS.—A person shall pay a penalty of $5,000 if—

''(1) such person files what purports to be a return of a tax imposed by this title but which—

''(A) does not contain information on which the substantial correctness of the self-assessment may be judged, or

''(B) contains information that on its face indicates that the self-assessment is substantially incorrect; and

''(2) the conduct referred to in paragraph (1)—

''(A) is based on a position which the Secretary has identified as frivolous under subsection (c), or

''(B) reflects a desire to delay or impede the administration of Federal tax laws.

''(b) CIVIL PENALTY FOR SPECIFIED FRIVOLOUS SUBMISSIONS.—

''(1) IMPOSITION OF PENALTY.—Except as provided in paragraph (3), any person who submits a specified frivolous submission shall pay a penalty of $5,000.

''(2) SPECIFIED FRIVOLOUS SUBMISSION.—For purposes of this section—

''(A) SPECIFIED FRIVOLOUS SUBMISSION.—The term 'specified frivolous submission' means a specified submission if any portion of such submission—

''(i) is based on a position which the Secretary has identified as frivolous under subsection (c), or

''(ii) reflects a desire to delay or impede the administration of Federal tax laws.

''(B) SPECIFIED SUBMISSION.—The term 'specified submission' means—

''(i) a request for a hearing under—

''(I) section 6320 (relating to notice and opportunity for hearing upon filing of notice of lien), or

''(II) section 6330 (relating to notice and opportunity for hearing before levy), and

''(ii) an application under—

''(I) section 6159 (relating to agreements for payment of tax liability in installments),

''(II) section 7122 (relating to compromises), or

''(III) section 7811 (relating to taxpayer assistance orders).

''(3) OPPORTUNITY TO WITHDRAW SUBMISSION.—If the Secretary provides a person with notice that a submission is a specified frivolous submission and such person withdraws such submission within 30 days after such notice, the penalty imposed under paragraph (1) shall not apply with respect to such submission.

''(c) LISTING OF FRIVOLOUS POSITIONS.—The Secretary shall prescribe (and periodically revise) a list of positions which the Secretary has identified as being frivolous for purposes of this subsection. The Secretary shall not include in such list any position that the Secretary determines meets the requirement of section 6662(d)(2)(B)(ii)(II).

''(d) REDUCTION OF PENALTY.—The Secretary may reduce the amount of any penalty imposed under this section if the Secretary determines that such reduction would promote compliance with and administration of the Federal tax laws.

''(e) PENALTIES IN ADDITION TO OTHER PENALTIES.—The penalties imposed by this section shall be in addition to any other penalty provided by law.''.

(b) TREATMENT OF FRIVOLOUS REQUESTS FOR HEARINGS BEFORE LEVY.—

(1) FRIVOLOUS REQUESTS DISREGARDED.—Section 6330 (relating to notice and opportunity for hearing before levy) is amended by adding at the end the following new subsection:

''(g) FRIVOLOUS REQUESTS FOR HEARING, ETC.—Notwithstanding any other provision of this section, if the Secretary determines that any portion of a request for a hearing under this section or section 6320 meets the requirement of clause (i) or (ii) of section 6702(b)(2)(A), then the Secretary may treat such portion as if it were never submitted and such portion shall not be subject to any further administrative or judicial review.''.

(2) PRECLUSION FROM RAISING FRIVOLOUS ISSUES AT HEARING.—Section 6330(c)(4) is amended—

(A) by striking ''(A)'' and inserting ''(A)(i)'';

(B) by striking ''(B)'' and inserting ''(ii)'';

(C) by striking the period at the end of the first sentence and inserting ''; or''; and

(D) by inserting after subparagraph (A)(ii) (as so redesignated) the following:

''(B) the issue meets the requirement of clause (i) or (ii) of section 6702(b)(2)(A).''.

(3) STATEMENT OF GROUNDS.—Section 6330(b)(1) is amended by striking ''under subsection (a)(3)(B)'' and inserting ''in writing under subsection (a)(3)(B) and states the grounds for the requested hearing''.

(c) TREATMENT OF FRIVOLOUS REQUESTS FOR HEARINGS UPON FILING OF NOTICE OF LIEN.—Section 6320 is amended—

(1) in subsection (b)(1), by striking ''under subsection (a)(3)(B)'' and inserting ''in writing under subsection (a)(3)(B) and states the grounds for the requested hearing'', and

(2) in subsection (c), by striking ''and (e)'' and inserting ''(e), and (g)''.

(d) TREATMENT OF FRIVOLOUS APPLICATIONS FOR OFFERS-IN-COMPROMISE AND INSTALLMENT AGREEMENTS.—Section 7122 is amended by adding at the end the following new subsection:

''(e) FRIVOLOUS SUBMISSIONS, ETC.—Notwithstanding any other provision of this section, if the Secretary determines that any portion of an application for an offer-in-compromise or installment agreement submitted under this section or section 6159 meets the requirement of clause (i) or (ii) of section 6702(b)(2)(A), then the Secretary may treat such portion as if it were never submitted and such portion shall not be subject to any further administrative or judicial review.''.

(e) CLERICAL AMENDMENT.—The table of sections for part I of subchapter B of chapter 68 is amended by striking the item relating to section 6702 and inserting the following new item:

''Sec. 6702. Frivolous tax submissions.''.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to submissions made and issues raised after the date on which the Secretary first prescribes a list under section 6702(c) of the Internal Revenue Code of 1986, as amended by subsection (a).

SEC. 1713. INCREASE IN CERTAIN CRIMINAL PENALTIES.

(a) IN GENERAL.—Section 7206 (relating to fraud and false statements) is amended—

(1) by striking ''Any person who—'' and inserting ''(a) IN GENERAL.—Any person who—'', and

(2) by adding at the end the following new subsection:

''(b) INCREASE IN MONETARY LIMITATION FOR UNDERPAYMENT OR OVERPAYMENT OF TAX DUE TO FRAUD.—If any portion of any underpayment (as defined in section 6664(a)) or overpayment (as defined in section 6401(a)) of tax required to be shown on a return is attributable to fraudulent action described in subsection (a), the applicable dollar amount under subsection (a) shall in no event be less than an amount equal to such portion. A rule similar to the rule under section 6663(b) shall apply for purposes of determining the portion so attributable.''.

(b) INCREASE IN PENALTIES.—

(1) ATTEMPT TO EVADE OR DEFEAT TAX.—Section 7201 is amended—

(A) by striking ''$100,000'' and inserting ''$500,000'',

(B) by striking ''$500,000'' and inserting ''$1,000,000'', and

(C) by striking ''5 years'' and inserting ''10 years''.

(2) WILLFUL FAILURE TO FILE RETURN, SUPPLY INFORMATION, OR PAY TAX.—Section 7203 is amended—

(A) in the first sentence—

(i) by striking ''Any person'' and inserting the following:

''(a) IN GENERAL.—Any person'', and

(ii) by striking ''$25,000'' and inserting ''$50,000'',

(B) in the third sentence, by striking ''section'' and inserting ''subsection'', and

(C) by adding at the end the following new subsection:

''(b) AGGRAVATED FAILURE TO FILE.—

''(1) IN GENERAL.—In the case of any failure described in paragraph (2), the first sentence of subsection (a) shall be applied by substituting—

''(A) 'felony' for 'misdemeanor',

''(B) '$500,000 ($1,000,000' for '$25,000 ($100,000', and

''(C) '10 years' for '1 year'.

''(2) FAILURE DESCRIBED.—A failure described in this paragraph is a failure to make a return described in subsection (a) for a period of 3 or more consecutive taxable years and the aggregated tax liability for such period is at least $100,000.''.

(3) FRAUD AND FALSE STATEMENTS.—Section 7206(a) (as redesignated by subsection (a)) is amended—

(A) by striking ''$100,000'' and inserting ''$500,000'',

(B) by striking ''$500,000'' and inserting ''$1,000,000'', and

(C) by striking ''3 years'' and inserting ''5 years''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to actions, and failures to act, occurring after the date of the enactment of this Act.

SEC. 1714. DOUBLING OF CERTAIN PENALTIES, FINES, AND INTEREST ON UNDERPAYMENTS RELATED TO CERTAIN OFFSHORE FINANCIAL ARRANGEMENTS.

(a) DETERMINATION OF PENALTY.—

(1) IN GENERAL.—Notwithstanding any other provision of law, in the case of an applicable taxpayer—

(A) the determination as to whether any interest or applicable penalty is to be imposed with respect to any arrangement described in paragraph (2), or to any underpayment of Federal income tax attributable to items arising in connection with any such arrangement, shall be made without regard to the rules of subsections (b), (c), and (d) of section 6664 of the Internal Revenue Code of 1986, and

(B) if any such interest or applicable penalty is imposed, the amount of such interest or penalty shall be equal to twice that determined without regard to this section.

(2) APPLICABLE TAXPAYER.—For purposes of this subsection—

(A) IN GENERAL.—The term ''applicable taxpayer'' means a taxpayer which—

(i) has underreported its United States income tax liability with respect to any item which directly or indirectly involves—

(I) any financial arrangement which in any manner relies on the use of offshore payment mechanisms (including credit, debit, or charge cards) issued by banks or other entities in foreign jurisdictions, or

(II) any offshore financial arrangement (including any arrangement with foreign banks, financial institutions, corporations, partnerships, trusts, or other entities), and

(ii) has not signed a closing agreement pursuant to the Voluntary Offshore Compliance Initiative established by the Department of the Treasury under Revenue Procedure 2003-11 or voluntarily disclosed its participation in such arrangement by notifying the Internal Revenue Service of such arrangement prior to the issue being raised by the Internal Revenue Service during an examination.

(B) AUTHORITY TO WAIVE.—The Secretary of the Treasury or the Secretary's delegate may waive the application of paragraph (1) to any taxpayer if the Secretary or the Secretary's delegate determines that the use of such offshore payment mechanisms is incidental to the transaction and, in addition, in the case of a trade or business, such use is conducted in the ordinary course of the trade or business of the taxpayer.

(C) ISSUES RAISED.—For purposes of subparagraph (A)(ii), an item shall be treated as an issue raised during an examination if the individual examining the return—

(i) communicates to the taxpayer knowledge about the specific item, or

(ii) has made a request to the taxpayer for information and the taxpayer could not make a complete response to that request without giving the examiner knowledge of the specific item.

(b) DEFINITIONS AND RULES.—For purposes of this section—

(1) APPLICABLE PENALTY.—The term ''applicable penalty'' means any penalty, addition to tax, or fine imposed under chapter 68 of the Internal Revenue Code of 1986.

(2) FEES AND EXPENSES.—The Secretary of the Treasury may retain and use an amount not in excess of 25 percent of all additional interest, penalties, additions to tax, and fines collected under this section to be used for enforcement and collection activities of the Internal Revenue Service. The Secretary shall keep adequate records regarding amounts so retained and used. The amount credited as paid by any taxpayer shall be determined without regard to this paragraph.

(c) REPORT BY SECRETARY.—The Secretary shall each year conduct a study and report to Congress on the implementation of this section during the preceding year, including statistics on the number of taxpayers affected by such implementation and the amount of interest and applicable penalties asserted, waived, and assessed during such preceding year.

(d) EFFECTIVE DATE.—The provisions of this section shall apply to interest, penalties, additions to tax, and fines with respect to any taxable year if, as of the date of the enactment of this Act, the assessment of any tax, penalty, or interest with respect to such taxable year is not prevented by the operation of any law or rule of law.

SEC. 1715. MODIFICATION OF INTERACTION BETWEEN SUBPART F AND PASSIVE FOREIGN INVESTMENT COMPANY RULES.

(a) LIMITATION ON EXCEPTION FROM PFIC RULES FOR UNITED STATES SHAREHOLDERS OF CONTROLLED FOREIGN CORPORATIONS.—Paragraph (2) of section 1297(e) (relating to passive foreign investment company) is amended by adding at the end the following flush sentence:

''Such term shall not include any period if the earning of subpart F income by such corporation during such period would result in only a remote likelihood of an inclusion in gross income under section 951(a)(1)(A)(i).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years of controlled foreign corporations beginning after March 2, 2005, and to taxable years of United States shareholders with or within which such taxable years of controlled foreign corporations end.

SEC. 1716. DECLARATION BY CHIEF EXECUTIVE OFFICER RELATING TO FEDERAL ANNUAL CORPORATE INCOME TAX RETURN.

(a) IN GENERAL.—The Federal annual tax return of a corporation with respect to income shall also include a declaration signed by the chief executive officer of such corporation (or other such officer of the corporation as the Secretary of the Treasury may designate if the corporation does not have a chief executive officer), under penalties of perjury, that the corporation has in place processes and procedures that ensure that such return complies with the Internal Revenue Code of 1986 and that the chief executive officer was provided reasonable assurance of the accuracy of all material aspects of such return. The preceding sentence shall not apply to any return of a regulated investment company (within the meaning of section 851 of such Code).

(b) EFFECTIVE DATE.—This section shall apply to Federal annual tax returns for taxable years ending after the date of the enactment of this Act.

SEC. 1717. TREASURY REGULATIONS ON FOREIGN TAX CREDIT.

(a) IN GENERAL.—Section 901 (relating to taxes of foreign countries and of possessions of United States) is amended by redesignating subsection (m) as subsection (n) and by inserting after subsection (l) the following new subsection:

''(m) REGULATIONS.—The Secretary may prescribe regulations disallowing a credit under subsection (a) for all or a portion of any foreign tax, or allocating a foreign tax among 2 or more persons, in cases where the foreign tax is imposed on any person in respect of income of another person or in other cases involving the inappropriate separation of the foreign tax from the related foreign income.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to transactions entered into after the date of the enactment of this Act.

SEC. 1718. WHISTLEBLOWER REFORMS.

(a) IN GENERAL.—Section 7623 (relating to expenses of detection of underpayments and fraud, etc.) is amended—

(1) by striking ''The Secretary'' and inserting ''(a) IN GENERAL.—The Secretary'',

(2) by striking ''and'' at the end of paragraph (1) and inserting ''or'',

(3) by striking ''(other than interest)'', and

(4) by adding at the end the following new subsections:

''(b) AWARDS TO WHISTLEBLOWERS.—

''(1) IN GENERAL.—If the Secretary proceeds with any administrative or judicial action described in subsection (a) based on information brought to the Secretary's attention by an individual, such individual shall, subject to paragraph (2), receive as an award at least 15 percent but not more than 30 percent of the collected proceeds (including penalties, interest, additions to tax, and additional amounts) resulting from the action (including any related actions) or from any settlement in response to such action. The determination of the amount of such award by the Whistleblower Office shall depend upon the extent to which the individual substantially contributed to such action.

''(2) AWARD IN CASE OF LESS SUBSTANTIAL CONTRIBUTION.—

''(A) IN GENERAL.—In the event the action described in paragraph (1) is one which the Whistleblower Office determines to be based principally on disclosures of specific allegations (other than information provided by the individual described in paragraph (1)) resulting from a judicial or administrative hearing, from a governmental report, hearing, audit, or investigation, or from the news media, the Whistleblower Office may award such sums as it considers appropriate, but in no case more than 10 percent of the collected proceeds (including penalties, interest, additions to tax, and additional amounts) resulting from the action (including any related actions) or from any settlement in response to such action, taking into account the significance of the individual's information and the role of such individual and any legal representative of such individual in contributing to such action.

''(B) NONAPPLICATION OF PARAGRAPH WHERE INDIVIDUAL IS ORIGINAL SOURCE OF INFORMATION.—Subparagraph (A) shall not apply if the information resulting in the initiation of the action described in paragraph (1) was originally provided by the individual described in paragraph (1).

''(3) REDUCTION IN OR DENIAL OF AWARD.—If the Whistleblower Office determines that the claim for an award under paragraph (1) or (2) is brought by an individual who planned and initiated the actions that led to the underpayment of tax or actions described in subsection (a)(2), then the Whistleblower Office may appropriately reduce such award. If such individual is convicted of criminal conduct arising from the role described in the preceding sentence, the Whistleblower Office shall deny any award.

''(4) APPEAL OF AWARD DETERMINATION.—Any determination regarding an award under paragraph (1), (2), or (3) shall be subject to the filing by the individual described in such paragraph of a petition for review with the Tax Court under rules similar to the rules under section 7463 (without regard to the amount in dispute) and such review shall be subject to the rules under section 7461(b)(1).

''(5) APPLICATION OF THIS SUBSECTION.—This subsection shall apply with respect to any action—

''(A) against any taxpayer, but in the case of any individual, only if such individual's gross income exceeds $200,000 for any taxable year subject to such action, and

''(B) if the tax, penalties, interest, additions to tax, and additional amounts in dispute exceed $20,000.

''(6) ADDITIONAL RULES.—

''(A) NO CONTRACT NECESSARY.—No contract with the Internal Revenue Service is necessary for any individual to receive an award under this subsection.

''(B) REPRESENTATION.—Any individual described in paragraph (1) or (2) may be represented by counsel.

''(C) AWARD NOT SUBJECT TO INDIVIDUAL ALTERNATIVE MINIMUM TAX.—No award received

under this subsection shall be included in gross income for purposes of determining alternative minimum taxable income.

''(c) WHISTLEBLOWER OFFICE.—

''(1) IN GENERAL.—There is established in the Internal Revenue Service an office to be known as the 'Whistleblower Office' which—

''(A) shall at all times operate at the direction of the Commissioner and coordinate and consult with other divisions in the Internal Revenue Service as directed by the Commissioner,

''(B) shall analyze information received from any individual described in subsection (b) and either investigate the matter itself or assign it to the appropriate Internal Revenue Service office,

''(C) shall monitor any action taken with respect to such matter,

''(D) shall inform such individual that it has accepted the individual's information for further review,

''(E) may require such individual and any legal representative of such individual to not disclose any information so provided,

''(F) in its sole discretion, may ask for additional assistance from such individual or any legal representative of such individual, and

''(G) shall determine the amount to be awarded to such individual under subsection (b).

''(2) FUNDING FOR OFFICE.—There is authorized to be appropriated $10,000,000 for each fiscal year for the Whistleblower Office. These funds shall be used to maintain the Whistleblower Office and also to reimburse other Internal Revenue Service offices for related costs, such as costs of investigation and collection.

''(3) REQUEST FOR ASSISTANCE.—

''(A) IN GENERAL.—Any assistance requested under paragraph (1)(F) shall be under the direction and control of the Whistleblower Office or the office assigned to investigate the matter under subparagraph (A). To the extent the disclosure of any returns or return information to the individual or legal representative is required for the performance of such assistance, such disclosure shall be pursuant to a contract entered into between the Secretary and the recipients of such disclosure subject to section 6103(n). No individual or legal representative whose assistance is so requested may by reason of such request represent himself or herself as an employee of the Federal Government.

''(B) FUNDING OF ASSISTANCE.—From the amounts available for expenditure under subsection (b), the Whistleblower Office may, with the agreement of the individual described in subsection (b), reimburse the costs incurred by any legal representative of such individual in providing assistance described in subparagraph (A).

''(d) REPORT BY SECRETARY.—The Secretary shall each year conduct a study and report to Congress on the use of this section, including—

''(1) an analysis of the use of this section during the preceding year and the results of such use, and

''(2) any legislative or administrative recommendations regarding the provisions of this section and its application.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to information provided on or after the date of the enactment of this Act.

SEC. 1719. DENIAL OF DEDUCTION FOR CERTAIN FINES, PENALTIES, AND OTHER AMOUNTS.

(a) IN GENERAL.—Subsection (f) of section 162 (relating to trade or business expenses) is amended to read as follows:

''(f) FINES, PENALTIES, AND OTHER AMOUNTS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), no deduction otherwise allowable shall be allowed under this chapter for any amount paid or incurred (whether by suit, agreement, or otherwise) to, or at the direction of, a government or entity described in paragraph (4) in relation to the violation of any law or the investigation or inquiry by such government or entity into the potential violation of any law.

''(2) EXCEPTION FOR AMOUNTS CONSTITUTING RESTITUTION.—Paragraph (1) shall not apply to any amount which—

''(A) the taxpayer establishes constitutes restitution (including remediation of property) for damage or harm caused by or which may be caused by the violation of any law or the potential violation of any law, and

''(B) is identified as restitution in the court order or settlement agreement.

Identification pursuant to subparagraph (B) alone shall not satisfy the requirement under subparagraph (A). This paragraph shall not apply to any amount paid or incurred as reimbursement to the government or entity for the costs of any investigation or litigation.

''(3) EXCEPTION FOR AMOUNTS PAID OR INCURRED AS THE RESULT OF CERTAIN COURT ORDERS.—Paragraph (1) shall not apply to any amount paid or incurred by order of a court in a suit in which no government or entity described in paragraph (4) is a party.

''(4) CERTAIN NONGOVERNMENTAL REGULATORY ENTITIES.—An entity is described in this paragraph if it is—

''(A) a nongovernmental entity which exercises self-regulatory powers (including imposing sanctions) in connection with a qualified board or exchange (as defined in section 1256(g)(7)), or

''(B) to the extent provided in regulations, a nongovernmental entity which exercises self-regulatory powers (including imposing sanctions) as part of performing an essential governmental function.

''(5) EXCEPTION FOR TAXES DUE.—Paragraph (1) shall not apply to any amount paid or incurred as taxes due.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to amounts paid or incurred on or after the date of the enactment of this Act, except that such amendment shall not apply to amounts paid or incurred under any binding order or agreement entered into before such date. Such exception shall not apply to an order or agreement requiring court approval unless the approval was obtained before such date.

SEC. 1720. FREEZE OF INTEREST SUSPENSION RULES WITH RESPECT TO LISTED TRANSACTIONS.

(a) IN GENERAL.—Paragraph (2) of section 903(d) of the American Jobs Creation Act of 2005 is amended to read as follows:

''(2) EXCEPTION FOR REPORTABLE OR LISTED TRANSACTIONS.—

''(A) IN GENERAL.—The amendments made by subsection (c) shall apply with respect to interest accruing after October 3, 2004.

''(B) SPECIAL RULE FOR CERTAIN LISTED TRANSACTIONS.—

''(i) IN GENERAL.—Except as provided in clause (ii) or (iii), in the case of any listed transaction, the amendments made by subsection (c) shall also apply with respect to interest accruing on or before October 3, 2004.

''(ii) PARTICIPANTS IN SETTLEMENT INITIATIVES.—Clause (i) shall not apply to a listed transaction if, as of May 9, 2005—

''(I) the taxpayer is participating in a published settlement initiative which is offered by the Secretary of the Treasury or his delegate to a group of similarly situated taxpayers claiming benefits from the listed transaction, or

''(II) the taxpayer has entered into a settlement agreement pursuant to such an initiative with respect to the tax liability arising in connection with the listed transaction.

Subclause (I) shall not apply to the taxpayer if, after May 9, 2005, the taxpayer withdraws from, or terminates, participation in the initiative or the Secretary or his delegate determines that a settlement agreement will not be reached pursuant to the initiative within a reasonable period of time.

''(iii) CLOSED TRANSACTIONS.—Clause (i) shall not apply to a listed transaction if, as of May 9, 2005—

''(I) the assessment of all Federal income taxes for the taxable year in which the tax liability to which the interest relates arose is prevented by the operation of any law or rule of law, or

''(II) a closing agreement under section 7121 has been entered into with respect to the tax liability arising in connection with the listed transaction.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in the provisions of the American Jobs Creation Act of 2004 to which it relates.

SEC. 1721. MODIFICATIONS OF EFFECTIVE DATES OF LEASING PROVISIONS OF THE AMERICAN JOBS CREATION ACT OF 2004.

(a) REPEAL OF EXCEPTION FOR QUALIFIED TRANSPORTATION PROPERTY.—Section 849(b) of the American Jobs Creation Act of 2004 is amended by striking paragraphs (1) and (2) and by redesignating paragraphs (3) and (4) as paragraphs (1) and (2).

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the enactment of the American Jobs Creation Act of 2004.

SEC. 1722. IMPOSITION OF MARK-TO-MARKET TAX ON INDIVIDUALS WHO EXPATRIATE.

(a) IN GENERAL.—Subpart A of part II of subchapter N of chapter 1 is amended by inserting after section 877 the following new section:

''SEC. 877A. TAX RESPONSIBILITIES OF EXPATRIATION.

''(a) GENERAL RULES.—For purposes of this subtitle—

''(1) MARK TO MARKET.—Except as provided in subsections (d) and (f), all property of a covered expatriate to whom this section applies shall be treated as sold on the day before the expatriation date for its fair market value.

''(2) RECOGNITION OF GAIN OR LOSS.—In the case of any sale under paragraph (1)—

''(A) notwithstanding any other provision of this title, any gain arising from such sale shall be taken into account for the taxable year of the sale, and

''(B) any loss arising from such sale shall be taken into account for the taxable year of the sale to the extent otherwise provided by this title, except that section 1091 shall not apply to any such loss.

Proper adjustment shall be made in the amount of any gain or loss subsequently realized for gain or loss taken into account under the preceding sentence.

''(3) EXCLUSION FOR CERTAIN GAIN.—

''(A) IN GENERAL.—The amount which, but for this paragraph, would be includible in the gross income of any individual by reason of this section shall be reduced (but not below zero) by $600,000. For purposes of this paragraph, allocable expatriation gain taken into account under subsection (f)(2) shall be treated in the same manner as an amount required to be includible in gross income.

''(B) COST-OF-LIVING ADJUSTMENT.—

''(i) IN GENERAL.—In the case of an expatriation date occurring in any calendar year after 2005, the $600,000 amount under subparagraph (A) shall be increased by an amount equal to—

''(I) such dollar amount, multiplied by

''(II) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year, determined by substituting 'calendar year 2004' for 'calendar year 1992' in subparagraph (B) thereof.

''(ii) ROUNDING RULES.—If any amount after adjustment under clause (i) is not a multiple of $1,000, such amount shall be rounded to the next lower multiple of $1,000.

''(4) ELECTION TO CONTINUE TO BE TAXED AS UNITED STATES CITIZEN.—

''(A) IN GENERAL.—If a covered expatriate elects the application of this paragraph—

''(i) this section (other than this paragraph and subsection (i)) shall not apply to the expatriate, but

''(ii) in the case of property to which this section would apply but for such election, the expatriate shall be subject to tax under this title in the same manner as if the individual were a United States citizen.

''(B) REQUIREMENTS.—Subparagraph (A) shall not apply to an individual unless the individual—

''(i) provides security for payment of tax in such form and manner, and in such amount, as the Secretary may require,

''(ii) consents to the waiver of any right of the individual under any treaty of the United States which would preclude assessment or collection of any tax which may be imposed by reason of this paragraph, and

''(iii) complies with such other requirements as the Secretary may prescribe.

''(C) ELECTION.—An election under subparagraph (A) shall apply to all property to which this section would apply but for the election and, once made, shall be irrevocable. Such election shall also apply to property the basis of which is determined in whole or in part by reference to the property with respect to which the election was made.

''(b) ELECTION TO DEFER TAX.—

''(1) IN GENERAL.—If the taxpayer elects the application of this subsection with respect to any property treated as sold by reason of subsection (a), the payment of the additional tax attributable to such property shall be postponed until the due date of the return for the taxable year in which such property is disposed of (or, in the case of property disposed of in a transaction in which gain is not recognized in whole or in part, until such other date as the Secretary may prescribe).

''(2) DETERMINATION OF TAX WITH RESPECT TO PROPERTY.—For purposes of paragraph (1), the additional tax attributable to any property is an amount which bears the same ratio to the additional tax imposed by this chapter for the taxable year solely by reason of subsection (a) as the gain taken into account under subsection (a) with respect to such property bears to the total gain taken into account under subsection (a) with respect to all property to which subsection (a) applies.

''(3) TERMINATION OF POSTPONEMENT.—No tax may be postponed under this subsection later than the due date for the return of tax imposed by this chapter for the taxable year which includes the date of death of the expatriate (or, if earlier, the time that the security provided with respect to the property fails to meet the requirements of paragraph (4), unless the taxpayer corrects such failure within the time specified by the Secretary).

''(4) SECURITY.—

''(A) IN GENERAL.—No election may be made under paragraph (1) with respect to any property unless adequate security is provided to the Secretary with respect to such property.

''(B) ADEQUATE SECURITY.—For purposes of subparagraph (A), security with respect to any property shall be treated as adequate security if—

''(i) it is a bond in an amount equal to the deferred tax amount under paragraph (2) for the property, or

''(ii) the taxpayer otherwise establishes to the satisfaction of the Secretary that the security is adequate.

''(5) WAIVER OF CERTAIN RIGHTS.—No election may be made under paragraph (1) unless the taxpayer consents to the waiver of any right under any treaty of the United States which would preclude assessment or collection of any tax imposed by reason of this section.

''(6) ELECTIONS.—An election under paragraph (1) shall only apply to property described in the election and, once made, is irrevocable. An election may be made under paragraph (1) with respect to an interest in a trust with respect to which gain is required to be recognized under subsection (f)(1).

''(7) INTEREST.—For purposes of section 6601—

''(A) the last date for the payment of tax shall be determined without regard to the election under this subsection, and

''(B) section 6621(a)(2) shall be applied by substituting '5 percentage points' for '3 percentage points' in subparagraph (B) thereof.

''(c) COVERED EXPATRIATE.—For purposes of this section—

''(1) IN GENERAL.—Except as provided in paragraph (2), the term 'covered expatriate' means an expatriate.

''(2) EXCEPTIONS.—An individual shall not be treated as a covered expatriate if—

''(A) the individual—

''(i) became at birth a citizen of the United States and a citizen of another country and, as of the expatriation date, continues to be a citizen of, and is taxed as a resident of, such other country, and

''(ii) has not been a resident of the United States (as defined in section 7701(b)(1)(A)(ii)) during the 5 taxable years ending with the taxable year during which the expatriation date occurs, or

''(B)(i) the individual's relinquishment of United States citizenship occurs before such individual attains age 18½, and

''(ii) the individual has been a resident of the United States (as so defined) for not more than 5 taxable years before the date of relinquishment.

''(d) EXEMPT PROPERTY; SPECIAL RULES FOR PENSION PLANS.—

''(1) EXEMPT PROPERTY.—This section shall not apply to the following:

''(A) UNITED STATES REAL PROPERTY INTERESTS.—Any United States real property interest (as defined in section 897(c)(1)), other than stock of a United States real property holding corporation which does not, on the day before the expatriation date, meet the requirements of section 897(c)(2).

''(B) SPECIFIED PROPERTY.—Any property or interest in property not described in subparagraph (A) which the Secretary specifies in regulations.

''(2) SPECIAL RULES FOR CERTAIN RETIREMENT PLANS.—

''(A) IN GENERAL.—If a covered expatriate holds on the day before the expatriation date any interest in a retirement plan to which this paragraph applies—

''(i) such interest shall not be treated as sold for purposes of subsection (a)(1), but

''(ii) an amount equal to the present value of the expatriate's nonforfeitable accrued benefit shall be treated as having been received by such individual on such date as a distribution under the plan.

''(B) TREATMENT OF SUBSEQUENT DISTRIBUTIONS.—In the case of any distribution on or after the expatriation date to or on behalf of the covered expatriate from a plan from which the expatriate was treated as receiving a distribution under subparagraph (A), the amount otherwise includible in gross income by reason of the subsequent distribution shall be reduced by the excess of the amount includible in gross income under subparagraph (A) over any portion of such amount to which this subparagraph previously applied.

''(C) TREATMENT OF SUBSEQUENT DISTRIBUTIONS BY PLAN.—For purposes of this title, a retirement plan to which this paragraph applies, and any person acting on the plan's behalf, shall treat any subsequent distribution described in subparagraph (B) in the same manner as such distribution would be treated without regard to this paragraph.

''(D) APPLICABLE PLANS.—This paragraph shall apply to—

''(i) any qualified retirement plan (as defined in section 4974(c)),

''(ii) an eligible deferred compensation plan (as defined in section 457(b)) of an eligible employer described in section 457(e)(1)(A), and

''(iii) to the extent provided in regulations, any foreign pension plan or similar retirement arrangements or programs.

''(e) DEFINITIONS.—For purposes of this section—

''(1) EXPATRIATE.—The term 'expatriate' means—

''(A) any United States citizen who relinquishes citizenship, and

''(B) any long-term resident of the United States who—

''(i) ceases to be a lawful permanent resident of the United States (within the meaning of section 7701(b)(6)), or

''(ii) commences to be treated as a resident of a foreign country under the provisions of a tax treaty between the United States and the foreign country and who does not waive the benefits of such treaty applicable to residents of the foreign country.

''(2) EXPATRIATION DATE.—The term 'expatriation date' means—

''(A) the date an individual relinquishes United States citizenship, or

''(B) in the case of a long-term resident of the United States, the date of the event described in clause (i) or (ii) of paragraph (1)(B).

''(3) RELINQUISHMENT OF CITIZENSHIP.—A citizen shall be treated as relinquishing United States citizenship on the earliest of—

''(A) the date the individual renounces such individual's United States nationality before a diplomatic or consular officer of the United States pursuant to paragraph (5) of section 349(a) of the Immigration and Nationality Act (8 U.S.C. 1481(a)(5)),

''(B) the date the individual furnishes to the United States Department of State a signed statement of voluntary relinquishment of United States nationality confirming the performance of an act of expatriation specified in paragraph (1), (2), (3), or (4) of section 349(a) of the Immigration and Nationality Act (8 U.S.C. 1481(a)(1)–(4)),

''(C) the date the United States Department of State issues to the individual a certificate of loss of nationality, or

''(D) the date a court of the United States cancels a naturalized citizen's certificate of naturalization.

Subparagraph (A) or (B) shall not apply to any individual unless the renunciation or voluntary relinquishment is subsequently approved by the issuance to the individual of a certificate of loss of nationality by the United States Department of State.

''(4) LONG-TERM RESIDENT.—The term 'long-term resident' has the meaning given to such term by section 877(e)(2).

''(f) SPECIAL RULES APPLICABLE TO BENEFICIARIES' INTERESTS IN TRUST.—

''(1) IN GENERAL.—Except as provided in paragraph (2), if an individual is determined under paragraph (3) to hold an interest in a

trust on the day before the expatriation date—

''(A) the individual shall not be treated as having sold such interest,

''(B) such interest shall be treated as a separate share in the trust, and

''(C)(i) such separate share shall be treated as a separate trust consisting of the assets allocable to such share,

''(ii) the separate trust shall be treated as having sold its assets on the day before the expatriation date for their fair market value and as having distributed all of its assets to the individual as of such time, and

''(iii) the individual shall be treated as having recontributed the assets to the separate trust.

Subsection (a)(2) shall apply to any income, gain, or loss of the individual arising from a distribution described in subparagraph (C)(ii). In determining the amount of such distribution, proper adjustments shall be made for liabilities of the trust allocable to an individual's share in the trust.

''(2) SPECIAL RULES FOR INTERESTS IN QUALIFIED TRUSTS.—

''(A) IN GENERAL.—If the trust interest described in paragraph (1) is an interest in a qualified trust—

''(i) paragraph (1) and subsection (a) shall not apply, and

''(ii) in addition to any other tax imposed by this title, there is hereby imposed on each distribution with respect to such interest a tax in the amount determined under subparagraph (B).

''(B) AMOUNT OF TAX.—The amount of tax under subparagraph (A)(ii) shall be equal to the lesser of—

''(i) the highest rate of tax imposed by section 1(e) for the taxable year which includes the day before the expatriation date, multiplied by the amount of the distribution, or

''(ii) the balance in the deferred tax account immediately before the distribution determined without regard to any increases under subparagraph (C)(ii) after the 30th day preceding the distribution.

''(C) DEFERRED TAX ACCOUNT.—For purposes of subparagraph (B)(ii)—

''(i) OPENING BALANCE.—The opening balance in a deferred tax account with respect to any trust interest is an amount equal to the tax which would have been imposed on the allocable expatriation gain with respect to the trust interest if such gain had been included in gross income under subsection (a).

''(ii) INCREASE FOR INTEREST.—The balance in the deferred tax account shall be increased by the amount of interest determined (on the balance in the account at the time the interest accrues), for periods after the 90th day after the expatriation date, by using the rates and method applicable under section 6621 for underpayments of tax for such periods, except that section 6621(a)(2) shall be applied by substituting '5 percentage points' for '3 percentage points' in subparagraph (B) thereof.

''(iii) DECREASE FOR TAXES PREVIOUSLY PAID.—The balance in the tax deferred account shall be reduced—

''(I) by the amount of taxes imposed by subparagraph (A) on any distribution to the person holding the trust interest, and

''(II) in the case of a person holding a nonvested interest, to the extent provided in regulations, by the amount of taxes imposed by subparagraph (A) on distributions from the trust with respect to nonvested interests not held by such person.

''(D) ALLOCABLE EXPATRIATION GAIN.—For purposes of this paragraph, the allocable expatriation gain with respect to any beneficiary's interest in a trust is the amount of gain which would be allocable to such beneficiary's vested and nonvested interests in the trust if the beneficiary held directly all assets allocable to such interests.

''(E) TAX DEDUCTED AND WITHHELD.—

''(i) IN GENERAL.—The tax imposed by subparagraph (A)(ii) shall be deducted and withheld by the trustees from the distribution to which it relates.

''(ii) EXCEPTION WHERE FAILURE TO WAIVE TREATY RIGHTS.—If an amount may not be deducted and withheld under clause (i) by reason of the distributee failing to waive any treaty right with respect to such distribution—

''(I) the tax imposed by subparagraph (A)(ii) shall be imposed on the trust and each trustee shall be personally liable for the amount of such tax, and

''(II) any other beneficiary of the trust shall be entitled to recover from the distributee the amount of such tax imposed on the other beneficiary.

''(F) DISPOSITION.—If a trust ceases to be a qualified trust at any time, a covered expatriate disposes of an interest in a qualified trust, or a covered expatriate holding an interest in a qualified trust dies, then, in lieu of the tax imposed by subparagraph (A)(ii), there is hereby imposed a tax equal to the lesser of—

''(i) the tax determined under paragraph (1) as if the day before the expatriation date were the date of such cessation, disposition, or death, whichever is applicable, or

''(ii) the balance in the tax deferred account immediately before such date.

Such tax shall be imposed on the trust and each trustee shall be personally liable for the amount of such tax and any other beneficiary of the trust shall be entitled to recover from the covered expatriate or the estate the amount of such tax imposed on the other beneficiary.

''(G) DEFINITIONS AND SPECIAL RULES.—For purposes of this paragraph—

''(i) QUALIFIED TRUST.—The term 'qualified trust' means a trust which is described in section 7701(a)(30)(E).

''(ii) VESTED INTEREST.—The term 'vested interest' means any interest which, as of the day before the expatriation date, is vested in the beneficiary.

''(iii) NONVESTED INTEREST.—The term 'nonvested interest' means, with respect to any beneficiary, any interest in a trust which is not a vested interest. Such interest shall be determined by assuming the maximum exercise of discretion in favor of the beneficiary and the occurrence of all contingencies in favor of the beneficiary.

''(iv) ADJUSTMENTS.—The Secretary may provide for such adjustments to the bases of assets in a trust or a deferred tax account, and the timing of such adjustments, in order to ensure that gain is taxed only once.

''(v) COORDINATION WITH RETIREMENT PLAN RULES.—This subsection shall not apply to an interest in a trust which is part of a retirement plan to which subsection (d)(2) applies.

''(3) DETERMINATION OF BENEFICIARIES' INTEREST IN TRUST.—

''(A) DETERMINATIONS UNDER PARAGRAPH (1).—For purposes of paragraph (1), a beneficiary's interest in a trust shall be based upon all relevant facts and circumstances, including the terms of the trust instrument and any letter of wishes or similar document, historical patterns of trust distributions, and the existence of and functions performed by a trust protector or any similar adviser.

''(B) OTHER DETERMINATIONS.—For purposes of this section—

''(i) CONSTRUCTIVE OWNERSHIP.—If a beneficiary of a trust is a corporation, partnership, trust, or estate, the shareholders, partners, or beneficiaries shall be deemed to be the trust beneficiaries for purposes of this section.

''(ii) TAXPAYER RETURN POSITION.—A taxpayer shall clearly indicate on its income tax return—

''(I) the methodology used to determine that taxpayer's trust interest under this section, and

''(II) if the taxpayer knows (or has reason to know) that any other beneficiary of such trust is using a different methodology to determine such beneficiary's trust interest under this section.

''(g) TERMINATION OF DEFERRALS, ETC.—In the case of any covered expatriate, notwithstanding any other provision of this title—

''(1) any period during which recognition of income or gain is deferred shall terminate on the day before the expatriation date, and

''(2) any extension of time for payment of tax shall cease to apply on the day before the expatriation date and the unpaid portion of such tax shall be due and payable at the time and in the manner prescribed by the Secretary.

''(h) IMPOSITION OF TENTATIVE TAX.—

''(1) IN GENERAL.—If an individual is required to include any amount in gross income under subsection (a) for any taxable year, there is hereby imposed, immediately before the expatriation date, a tax in an amount equal to the amount of tax which would be imposed if the taxable year were a short taxable year ending on the expatriation date.

''(2) DUE DATE.—The due date for any tax imposed by paragraph (1) shall be the 90th day after the expatriation date.

''(3) TREATMENT OF TAX.—Any tax paid under paragraph (1) shall be treated as a payment of the tax imposed by this chapter for the taxable year to which subsection (a) applies.

''(4) DEFERRAL OF TAX.—The provisions of subsection (b) shall apply to the tax imposed by this subsection to the extent attributable to gain includible in gross income by reason of this section.

''(i) SPECIAL LIENS FOR DEFERRED TAX AMOUNTS.—

''(1) IMPOSITION OF LIEN.—

''(A) IN GENERAL.—If a covered expatriate makes an election under subsection (a)(4) or (b) which results in the deferral of any tax imposed by reason of subsection (a), the deferred amount (including any interest, additional amount, addition to tax, assessable penalty, and costs attributable to the deferred amount) shall be a lien in favor of the United States on all property of the expatriate located in the United States (without regard to whether this section applies to the property).

''(B) DEFERRED AMOUNT.—For purposes of this subsection, the deferred amount is the amount of the increase in the covered expatriate's income tax which, but for the election under subsection (a)(4) or (b), would have occurred by reason of this section for the taxable year including the expatriation date.

''(2) PERIOD OF LIEN.—The lien imposed by this subsection shall arise on the expatriation date and continue until—

''(A) the liability for tax by reason of this section is satisfied or has become unenforceable by reason of lapse of time, or

''(B) it is established to the satisfaction of the Secretary that no further tax liability may arise by reason of this section.

''(3) CERTAIN RULES APPLY.—The rules set forth in paragraphs (1), (3), and (4) of section 6324A(d) shall apply with respect to the lien imposed by this subsection as if it were a lien imposed by section 6324A.

''(j) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.''.

(b) INCLUSION IN INCOME OF GIFTS AND BEQUESTS RECEIVED BY UNITED STATES CITIZENS AND RESIDENTS FROM EXPATRIATES.—Section 102 (relating to gifts, etc. not included in gross income) is amended by adding at the end the following new subsection:

''(d) GIFTS AND INHERITANCES FROM COVERED EXPATRIATES.—

''(1) IN GENERAL.—Subsection (a) shall not exclude from gross income the value of any property acquired by gift, bequest, devise, or inheritance from a covered expatriate after the expatriation date. For purposes of this subsection, any term used in this subsection which is also used in section 877A shall have the same meaning as when used in section 877A.

''(2) EXCEPTIONS FOR TRANSFERS OTHERWISE SUBJECT TO ESTATE OR GIFT TAX.—Paragraph (1) shall not apply to any property if either—

''(A) the gift, bequest, devise, or inheritance is—

''(i) shown on a timely filed return of tax imposed by chapter 12 as a taxable gift by the covered expatriate, or

''(ii) included in the gross estate of the covered expatriate for purposes of chapter 11 and shown on a timely filed return of tax imposed by chapter 11 of the estate of the covered expatriate, or

''(B) no such return was timely filed but no such return would have been required to be filed even if the covered expatriate were a citizen or long-term resident of the United States.''.

(c) DEFINITION OF TERMINATION OF UNITED STATES CITIZENSHIP.—Section 7701(a) is amended by adding at the end the following new paragraph:

''(49) TERMINATION OF UNITED STATES CITIZENSHIP.—

''(A) IN GENERAL.—An individual shall not cease to be treated as a United States citizen before the date on which the individual's citizenship is treated as relinquished under section 877A(e)(3).

''(B) DUAL CITIZENS.—Under regulations prescribed by the Secretary, subparagraph (A) shall not apply to an individual who became at birth a citizen of the United States and a citizen of another country.''.

(d) INELIGIBILITY FOR VISA OR ADMISSION TO UNITED STATES.—

(1) IN GENERAL.—Section 212(a)(10)(E) of the Immigration and Nationality Act (8 U.S.C. 1182(a)(10)(E)) is amended to read as follows:

''(E) FORMER CITIZENS NOT IN COMPLIANCE WITH EXPATRIATION REVENUE PROVISIONS.—Any alien who is a former citizen of the United States who relinquishes United States citizenship (within the meaning of section 877A(e)(3) of the Internal Revenue Code of 1986) and who is not in compliance with section 877A of such Code (relating to expatriation).''.

(2) AVAILABILITY OF INFORMATION.—

(A) IN GENERAL.—Section 6103(l) (relating to disclosure of returns and return information for purposes other than tax administration) is amended by adding at the end the following new paragraph:

''(21) DISCLOSURE TO DENY VISA OR ADMISSION TO CERTAIN EXPATRIATES.—Upon written request of the Attorney General or the Attorney General's delegate, the Secretary shall disclose whether an individual is in compliance with section 877A (and if not in compliance, any items of noncompliance) to officers and employees of the Federal agency responsible for administering section 212(a)(10)(E) of the Immigration and Nationality Act solely for the purpose of, and to the extent necessary in, administering such section 212(a)(10)(E).''.

(B) SAFEGUARDS.—Section 6103(p)(4) (relating to safeguards) is amended by striking ''or (20)'' each place it appears and inserting ''(20), or (21)''.

(3) EFFECTIVE DATES.—The amendments made by this subsection shall apply to individuals who relinquish United States citizenship on or after the date of the enactment of this Act.

(e) CONFORMING AMENDMENTS.—

(1) Section 877 is amended by adding at the end the following new subsection:

''(h) APPLICATION.—This section shall not apply to an expatriate (as defined in section 877A(e)) whose expatriation date (as so defined) occurs on or after the date of the enactment of the Safe, Accountable, Flexible, and Efficient Transportation Equity Act of 2005.''.

(2) Section 2107 is amended by adding at the end the following new subsection:

''(f) APPLICATION.—This section shall not apply to any expatriate subject to section 877A.''.

(3) Section 2501(a)(3) is amended by adding at the end the following new subparagraph:

''(C) APPLICATION.—This paragraph shall not apply to any expatriate subject to section 877A.''.

(f) CLERICAL AMENDMENT.—The table of sections for subpart A of part II of subchapter N of chapter 1 is amended by inserting after the item relating to section 877 the following new item:

''Sec. 877A. Tax responsibilities of expatriation.''.

(g) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in this subsection, the amendments made by this section shall apply to expatriates (within the meaning of section 877A(e) of the Internal Revenue Code of 1986, as added by this section) whose expatriation date (as so defined) occurs on or after the date of the enactment of this Act.

(2) GIFTS AND BEQUESTS.—Section 102(d) of the Internal Revenue Code of 1986 (as added by subsection (b)) shall apply to gifts and bequests received on or after the date of the enactment of this Act, from an individual or the estate of an individual whose expatriation date (as so defined) occurs after such date.

(3) DUE DATE FOR TENTATIVE TAX.—The due date under section 877A(h)(2) of the Internal Revenue Code of 1986, as added by this section, shall in no event occur before the 90th day after the date of the enactment of this Act.

SEC. 1723. DISALLOWANCE OF DEDUCTION FOR PUNITIVE DAMAGES.

(a) DISALLOWANCE OF DEDUCTION.—

(1) IN GENERAL.—Section 162(g) (relating to treble damage payments under the antitrust laws) is amended—

(A) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively,

(B) by striking ''If'' and inserting:

''(1) TREBLE DAMAGES.—If'', and

(C) by adding at the end the following new paragraph:

''(2) PUNITIVE DAMAGES.—No deduction shall be allowed under this chapter for any amount paid or incurred for punitive damages in connection with any judgment in, or settlement of, any action. This paragraph shall not apply to punitive damages described in section 104(c).''.

(2) CONFORMING AMENDMENT.—The heading for section 162(g) is amended by inserting ''OR PUNITIVE DAMAGES'' after ''LAWS''.

(b) INCLUSION IN INCOME OF PUNITIVE DAMAGES PAID BY INSURER OR OTHERWISE.—

(1) IN GENERAL.—Part II of subchapter B of chapter 1 (relating to items specifically included in gross income) is amended by adding at the end the following new section:

''SEC. 91. PUNITIVE DAMAGES COMPENSATED BY INSURANCE OR OTHERWISE.

''Gross income shall include any amount paid to or on behalf of a taxpayer as insurance or otherwise by reason of the taxpayer's liability (or agreement) to pay punitive damages.''.

(2) REPORTING REQUIREMENTS.—Section 6041 (relating to information at source) is amended by adding at the end the following new subsection:

''(f) SECTION TO APPLY TO PUNITIVE DAMAGES COMPENSATION.—This section shall apply to payments by a person to or on behalf of another person as insurance or otherwise by reason of the other person's liability (or agreement) to pay punitive damages.''.

(3) CONFORMING AMENDMENT.—The table of sections for part II of subchapter B of chapter 1 is amended by adding at the end the following new item:

''Sec. 91. Punitive damages compensated by insurance or otherwise.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to damages paid or incurred on or after the date of the enactment of this Act.

SEC. 1724. APPLICATION OF EARNINGS STRIPPING RULES TO PARTNERS WHICH ARE C CORPORATIONS.

(a) IN GENERAL.—Section 163(j) (relating to limitation on deduction for interest on certain indebtedness) is amended by redesignating paragraph (8) as paragraph (9) and by inserting after paragraph (7) the following new paragraph:

''(8) ALLOCATIONS TO CERTAIN CORPORATE PARTNERS.—If a C corporation is a partner in a partnership—

''(A) the corporation's allocable share of indebtedness and interest income of the partnership shall be taken into account in applying this subsection to the corporation, and

''(B) if a deduction is not disallowed under this subsection with respect to any interest expense of the partnership, this subsection shall be applied separately in determining whether a deduction is allowable to the corporation with respect to the corporation's allocable share of such interest expense.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning on or after the date of the enactment of this Act.

SEC. 1725. PROHIBITION ON DEFERRAL OF GAIN FROM THE EXERCISE OF STOCK OPTIONS AND RESTRICTED STOCK GAINS THROUGH DEFERRED COMPENSATION ARRANGEMENTS.

(a) IN GENERAL.—Section 83 (relating to property transferred in connection with performance of services) is amending by adding at the end the following new subsection:

''(i) PROHIBITION ON ADDITIONAL DEFERRAL THROUGH DEFERRED COMPENSATION ARRANGEMENTS.—If a taxpayer exchanges—

''(1) an option to purchase employer securities—

''(A) to which subsection (a) applies, or

''(B) which is described in subsection (e)(3), or

''(2) employer securities or any other property based on employer securities transferred to the taxpayer,

for a right to receive future payments, then, notwithstanding any other provision of this title, there shall be included in gross income for the taxable year of the exchange an amount equal to the present value of such right (or such other amount as the Secretary may by regulations specify). For purposes of this subsection, the term 'employer securities' includes any security issued by the employer.''.

(b) CONTROLLED GROUP RULES.—Section 414(t)(2) is amended by inserting ''83(i),'' after ''79,''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to any exchange after the date of the enactment of this Act.

SEC. 1726. LIMITATION OF EMPLOYER DEDUCTION FOR CERTAIN ENTERTAINMENT EXPENSES.

(a) IN GENERAL.—Paragraph (2) of section 274(e) (relating to expenses treated as compensation) is amended to read as follows:

''(2) EXPENSES TREATED AS COMPENSATION.—Expenses for goods, services, and facilities, to the extent that the expenses do not exceed the amount of the expenses which are treated by the taxpayer, with respect to the recipient of the entertainment, amusement, or recreation, as compensation to an employee on the taxpayer's return of tax under this chapter and as wages to such employee for purposes of chapter 24 (relating to withholding of income tax at source on wages).''.

(b) PERSONS NOT EMPLOYEES.—Paragraph (9) of section 274(e) is amended by striking ''to the extent that the expenses are includible in the gross income'' and inserting ''to the extent that the expenses do not exceed the amount of the expenses which are includible in the gross income''.

(c) EFFECTIVE DATE.—The amendment made by this section shall apply to expenses incurred after the date of the enactment of this Act.

SEC. 1727. INCREASE IN PENALTY FOR BAD CHECKS AND MONEY ORDERS.

(a) IN GENERAL.—Section 6657 (relating to bad checks) is amended—

(1) by striking ''$750'' and inserting ''$1,250'', and

(2) by striking ''$15'' and inserting ''$25''.

(b) EFFECTIVE DATE.—The amendments made by this section apply to checks or money orders received after the date of the enactment of this Act.

SEC. 1728. ELIMINATION OF DOUBLE DEDUCTION ON MINING EXPLORATION AND DEVELOPMENT COSTS UNDER THE MINIMUM TAX.

(a) IN GENERAL.—Section 57(a)(1) (relating to depletion) is amended by striking ''for the taxable year)'' and inserting ''for the taxable year and determined without regard to so much of the basis as is attributable to mining exploration and development costs described in section 616 or 617 for which a deduction is allowable for any taxable year under this part).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after the date of the enactment this Act.

PART II—IMPROVEMENTS IN EFFICIENCY AND SAFEGUARDS IN INTERNAL REVENUE SERVICE COLLECTION

SEC. 1731. WAIVER OF USER FEE FOR INSTALLMENT AGREEMENTS USING AUTOMATED WITHDRAWALS.

(a) IN GENERAL.—Section 6159 (relating to agreements for payment of tax liability in installments) is amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following:

''(e) WAIVER OF USER FEES FOR INSTALLMENT AGREEMENTS USING AUTOMATED WITHDRAWALS.—In the case of a taxpayer who enters into an installment agreement in which automated installment payments are agreed to, the Secretary shall waive the fee (if any) for entering into the installment agreement.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to agreements entered into on or after the date which is 180 days after the date of the enactment of this Act.

SEC. 1732. TERMINATION OF INSTALLMENT AGREEMENTS.

(a) IN GENERAL.—Section 6159(b)(4) (relating to failure to pay an installment or any other tax liability when due or to provide requested financial information) is amended by striking ''or'' at the end of subparagraph (B), by redesignating subparagraph (C) as subparagraph (E), and by inserting after subparagraph (B) the following:

''(C) to make a Federal tax deposit under section 6302 at the time such deposit is required to be made,

''(D) to file a return of tax imposed under this title by its due date (including extensions), or''.

(b) CONFORMING AMENDMENT.—The heading for section 6159(b)(4) is amended by striking ''FAILURE TO PAY AN INSTALLMENT OR ANY OTHER TAX LIABILITY WHEN DUE OR TO PROVIDE REQUESTED FINANCIAL INFORMATION'' and inserting ''FAILURE TO MAKE PAYMENTS OR DEPOSITS OR FILE RETURNS WHEN DUE OR TO PROVIDE REQUESTED FINANCIAL INFORMATION''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to failures occurring on or after the date of the enactment of this Act.

SEC. 1733. OFFICE OF CHIEF COUNSEL REVIEW OF OFFERS-IN-COMPROMISE.

(a) IN GENERAL.—Section 7122(b) (relating to record) is amended by striking ''Whenever a compromise'' and all that follows through ''his delegate'' and inserting ''If the Secretary determines that an opinion of the General Counsel for the Department of the Treasury, or the Counsel's delegate, is required with respect to a compromise, there shall be placed on file in the office of the Secretary such opinion''.

(b) CONFORMING AMENDMENTS.—Section 7122(b) is amended by striking the second and third sentences.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to offers-in-compromise submitted or pending on or after the date of the enactment of this Act.

SEC. 1734. PARTIAL PAYMENTS REQUIRED WITH SUBMISSION OF OFFERS-IN-COMPROMISE.

(a) IN GENERAL.—Section 7122 (relating to compromises), as amended by this Act, is amended by redesignating subsections (c), (d), and (e) as subsections (d), (e), and (f), respectively, and by inserting after subsection (b) the following new subsection:

''(c) RULES FOR SUBMISSION OF OFFERS-IN-COMPROMISE.—

''(1) PARTIAL PAYMENT REQUIRED WITH SUBMISSION.—

''(A) LUMP-SUM OFFERS.—

''(i) IN GENERAL.—The submission of any lump-sum offer-in-compromise shall be accompanied by the payment of 20 percent of amount of such offer.

''(ii) LUMP-SUM OFFER-IN-COMPROMISE.—For purposes of this section, the term 'lump-sum offer-in-compromise' means any offer of payments made in 5 or fewer installments.

''(B) PERIODIC PAYMENT OFFERS.—The submission of any periodic payment offer-in-compromise shall be accompanied by the payment of the amount of the first proposed installment and each proposed installment due during the period such offer is being evaluated for acceptance and has not been rejected by the Secretary. Any failure to make a payment required under the preceding sentence shall be deemed a withdrawal of the offer-in-compromise.

''(2) RULES OF APPLICATION.—

''(A) USE OF PAYMENT.—The application of any payment made under this subsection to the assessed tax or other amounts imposed under this title with respect to such tax may be specified by the taxpayer.

''(B) NO USER FEE IMPOSED.—Any user fee which would otherwise be imposed under this section shall not be imposed on any offer-in-compromise accompanied by a payment required under this subsection.''.

(b) ADDITIONAL RULES RELATING TO TREATMENT OF OFFERS.—

(1) UNPROCESSABLE OFFER IF PAYMENT REQUIREMENTS ARE NOT MET.—Paragraph (3) of section 7122(d) (relating to standards for evaluation of offers), as redesignated by subsection (a), is amended by striking ''; and'' at the end of subparagraph (A) and inserting a comma, by striking the period at the end of subparagraph (B) and inserting '', and'', and by adding at the end the following new subparagraph:

''(C) any offer-in-compromise which does not meet the requirements of subsection (c) shall be returned to the taxpayer as unprocessable.''.

(2) DEEMED ACCEPTANCE OF OFFER NOT REJECTED WITHIN CERTAIN PERIOD.—Section 7122, as amended by subsection (a), is amended by adding at the end the following new subsection:

''(g) DEEMED ACCEPTANCE OF OFFER NOT REJECTED WITHIN CERTAIN PERIOD.—Any offer-in-compromise submitted under this section shall be deemed to be accepted by the Secretary if such offer is not rejected by the Secretary before the date which is 24 months after the date of the submission of such offer (12 months for offers-in-compromise submitted after the date which is 5 years after the date of the enactment of this subsection). For purposes of the preceding sentence, any period during which any tax liability which is the subject of such offer-in-compromise is in dispute in any judicial proceeding shall not be taken in to account in determining the expiration of the 24-month period (or 12-month period, if applicable).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to offers-in-compromise submitted on and after the date which is 60 days after the date of the enactment of this Act.

SEC. 1735. JOINT TASK FORCE ON OFFERS-IN-COMPROMISE.

(a) IN GENERAL.—The Secretary of the Treasury shall establish a joint task force—

(1) to review the Internal Revenue Service's determinations with respect to offers-in-compromise, including offers which raise equitable, public policy, or economic hardship grounds for compromise of a tax liability under section 7122 of the Internal Revenue Code of 1986,

(2) to review the extent to which the Internal Revenue Service has used its authority to resolve longstanding cases by forgoing penalties and interest which have accumulated as a result of delay in determining the taxpayer's liability,

(3) to provide recommendations as to whether the Internal Revenue Service's evaluation of offers-in-compromise should include—

(A) the taxpayer's compliance history,

(B) errors by the Internal Revenue Service with respect to the underlying tax, and

(C) wrongful acts by a third party which gave rise to the liability, and

(4) to annually report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives (beginning in 2006) regarding such review and recommendations.

(b) MEMBERS OF JOINT TASK FORCE.—The membership of the joint task force under subsection (a) shall consist of 1 representative each from the Department of the Treasury, the Internal Revenue Service Oversight Board, the Office of the Chief Counsel for the Internal Revenue Service, the Office of the Taxpayer Advocate, the Office of Appeals, and the division of the Internal Revenue Service charged with operating the offer-in-compromise program.

(c) REPORT OF NATIONAL TAXPAYER ADVOCATE.—

(1) IN GENERAL.—Clause (ii) of section 7803(c)(2)(B) (relating to annual reports) is amended by striking ''and'' at the end of subclause (X), by redesignating subclause (XI) as

subclause (XII), and by inserting after subclause (X) the following new subclause:

''(XI) include a list of the factors taxpayers have raised to support their claims for offers-in-compromise relief, the number of such offers submitted, accepted, and rejected, the number of such offers appealed, the period during which review of such offers have remained pending, and the efforts the Internal Revenue Service has made to correctly identify such offers, including the training of employees in identifying and evaluating such offers.''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to reports in calendar year 2006 and thereafter.

SA 931. Mr. LEVIN (for himself and Mr. BAYH) submitted an amendment intended to be proposed by him to the bill H.R. 6, To ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the end add the following:

TITLE XVII—TAX INCENTIVES FOR ALTERNATIVE MOTOR VEHICLES AND FUELS

SEC. 1700. AMENDMENT OF 1986 CODE.

Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

Subtitle A—Tax Incentives

SEC. 1701. ALTERNATIVE MOTOR VEHICLE CREDIT.

(a) IN GENERAL.—Subpart B of part IV of subchapter A of chapter 1 (relating to foreign tax credit, etc.) is amended by adding at the end the following:

''SEC. 30B. ALTERNATIVE MOTOR VEHICLE CREDIT.

''(a) ALLOWANCE OF CREDIT.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the sum of—

''(1) the new qualified fuel cell motor vehicle credit determined under subsection (b),

''(2) the new advanced lean burn technology motor vehicle credit determined under subsection (c),

''(3) the new qualified hybrid motor vehicle credit determined under subsection (d), and

''(4) the new qualified alternative fuel motor vehicle credit determined under subsection (e).

''(b) NEW QUALIFIED FUEL CELL MOTOR VEHICLE CREDIT.—

''(1) IN GENERAL.—For purposes of subsection (a), the new qualified fuel cell motor vehicle credit determined under this subsection with respect to a new qualified fuel cell motor vehicle placed in service by the taxpayer during the taxable year is—

''(A) $8,000 if such vehicle has a gross vehicle weight rating of not more than 8,500 pounds,

''(B) $10,000, if such vehicle has a gross vehicle weight rating of more than 8,500 pounds but not more than 14,000 pounds,

''(C) $20,000, if such vehicle has a gross vehicle weight rating of more than 14,000 pounds but not more than 26,000 pounds, and

''(D) $40,000, if such vehicle has a gross vehicle weight rating of more than 26,000 pounds.

''(2) INCREASE FOR FUEL EFFICIENCY.—

''(A) IN GENERAL.—The amount determined under paragraph (1)(A) with respect to a new qualified fuel cell motor vehicle which is a passenger automobile or light truck shall be increased by—

''(i) $1,000, if such vehicle achieves at least 150 percent but less than 175 percent of the 2002 model year city fuel economy,

''(ii) $1,500, if such vehicle achieves at least 175 percent but less than 200 percent of the 2002 model year city fuel economy,

''(iii) $2,000, if such vehicle achieves at least 200 percent but less than 225 percent of the 2002 model year city fuel economy,

''(iv) $2,500, if such vehicle achieves at least 225 percent but less than 250 percent of the 2002 model year city fuel economy,

''(v) $3,000, if such vehicle achieves at least 250 percent but less than 275 percent of the 2002 model year city fuel economy,

''(vi) $3,500, if such vehicle achieves at least 275 percent but less than 300 percent of the 2002 model year city fuel economy, and

''(vii) $4,000, if such vehicle achieves at least 300 percent of the 2002 model year city fuel economy.

''(B) 2002 MODEL YEAR CITY FUEL ECONOMY.—For purposes of subparagraph (A), the 2002 model year city fuel economy with respect to a vehicle shall be determined in accordance with the following tables:

''(i) In the case of a passenger automobile:

''If vehicle inertia weight class is:	**The 2002 model year city fuel economy is:**
1,500 or 1,750 lbs	45.2 mpg
2,000 lbs	39.6 mpg
2,250 lbs	35.2 mpg
2,500 lbs	31.7 mpg
2,750 lbs	28.8 mpg
3,000 lbs	26.4 mpg
3,500 lbs	22.6 mpg
4,000 lbs	19.8 mpg
4,500 lbs	17.6 mpg
5,000 lbs	15.9 mpg
5,500 lbs	14.4 mpg
6,000 lbs	13.2 mpg
6,500 lbs	12.2 mpg
7,000 to 8,500 lbs	11.3 mpg.

''(ii) In the case of a light truck:

''If vehicle inertia weight class is:	**The 2002 model year city fuel economy is:**
1,500 or 1,750 lbs	39.4 mpg
2,000 lbs	35.2 mpg
2,250 lbs	31.8 mpg
2,500 lbs	29.0 mpg
2,750 lbs	26.8 mpg
3,000 lbs	24.9 mpg
3,500 lbs	21.8 mpg
4,000 lbs	19.4 mpg
4,500 lbs	17.6 mpg
5,000 lbs	16.1 mpg
5,500 lbs	14.8 mpg
6,000 lbs	13.7 mpg
6,500 lbs	12.8 mpg
7,000 to 8,500 lbs	12.1 mpg.

''(C) VEHICLE INERTIA WEIGHT CLASS.—For purposes of subparagraph (B), the term 'vehicle inertia weight class' has the same meaning as when defined in regulations prescribed by the Administrator of the Environmental Protection Agency for purposes of the administration of title II of the Clean Air Act (42 U.S.C. 7521 et seq.).

''(3) NEW QUALIFIED FUEL CELL MOTOR VEHICLE.—For purposes of this subsection, the term 'new qualified fuel cell motor vehicle' means a motor vehicle—

''(A) which is propelled by power derived from 1 or more cells which convert chemical energy directly into electricity by combining oxygen with hydrogen fuel which is stored on board the vehicle in any form and may or may not require reformation prior to use,

''(B) which, in the case of a passenger automobile or light truck, has received on or after the date of the enactment of this section a certificate that such vehicle meets or exceeds the Bin 5 Tier II emission level established in regulations prescribed by the Administrator of the Environmental Protection Agency under section 202(i) of the Clean Air Act for that make and model year vehicle,

''(C) the original use of which commences with the taxpayer,

''(D) which is acquired for use or lease by the taxpayer and not for resale, and

''(E) which is made by a manufacturer.

''(c) NEW ADVANCED LEAN BURN TECHNOLOGY MOTOR VEHICLE CREDIT.—

''(1) IN GENERAL.—For purposes of subsection (a), the new advanced lean burn technology motor vehicle credit determined under this subsection with respect to a new advanced lean burn technology motor vehicle placed in service by the taxpayer during the taxable year is the credit amount determined under paragraph (2).

''(2) CREDIT AMOUNT.—

''(A) FUEL ECONOMY.—

''(i) IN GENERAL.—The credit amount determined under this paragraph shall be determined in accordance with the following table:

''In the case of a vehicle which achieves a fuel economy (expressed as a percentage of the 2002 model year city fuel economy) of—	**The credit amount is—**
At least 125 percent but less than 150 percent	$600
At least 150 percent but less than 175 percent	$1,100
At least 175 percent but less than 200 percent	$1,600
At least 200 percent but less than 225 percent	$2,100
At least 225 percent but less than 250 percent	$2,600
At least 250 percent	$3,100.

''(ii) 2002 MODEL YEAR CITY FUEL ECONOMY.—For purposes of clause (i), the 2002 model year city fuel economy with respect to a vehicle shall be determined on a gasoline gallon equivalent basis as determined by the Administrator of the Environmental Protection Agency using the tables provided in subsection (b)(2)(B) with respect to such vehicle.

''(B) CONSERVATION CREDIT.—The amount determined under subparagraph (A) with respect to a new advanced lean burn technology motor vehicle shall be increased by the conservation credit amount determined in accordance with the following table:

''In the case of a vehicle which achieves a lifetime fuel savings (expressed in gallons of gasoline) of—	**The conservation credit amountis—**
At least 1,200 but less than 1,800	$700
At least 1,800 but less than 2,400	$1,200
At least 2,400 but less than 3,000	$1,700
At least 3,000	$2,200.

''(C) OPTION TO USE LIKE VEHICLE.—At the option of the vehicle manufacturer, the increase for fuel efficiency and conservation credit may be calculated by comparing the new qualified advanced lean burn technology motor vehicle to a like vehicle.

''(3) NEW ADVANCED LEAN BURN TECHNOLOGY MOTOR VEHICLE.—For purposes of this subsection, the term 'new advanced lean burn technology motor vehicle' means a passenger automobile or a light truck—

''(A) with an internal combustion engine which—

''(i) is designed to operate primarily using more air than is necessary for complete combustion of the fuel,

''(ii) incorporates direct injection,

''(iii) achieves at least 125 percent of the 2002 model year city fuel economy,

''(iv) for 2004 and later model vehicles, has received a certificate that such vehicle meets or exceeds—

''(I) in the case of a vehicle having a gross vehicle weight rating of 6,000 pounds or less,

the Bin 5 Tier II emission standard established in regulations prescribed by the Administrator of the Environmental Protection Agency under section 202(i) of the Clean Air Act for that make and model year vehicle, and

''(II) in the case of a vehicle having a gross vehicle weight rating of more than 6,000 pounds but not more than 8,500 pounds, the Bin 8 Tier II emission standard which is so established.

''(B) the original use of which commences with the taxpayer,

''(C) which is acquired for use or lease by the taxpayer and not for resale, and

''(D) which is made by a manufacturer.

''(4) LIKE VEHICLE.—The term 'like vehicle' for a new qualified advanced lean burn technology motor vehicle derived from a conventional production vehicle produced in the same model year means a model that is equivalent in the following areas:

''(A) Body style (2-door or 4-door),

''(B) Transmission (automatic or manual),

''(C) Acceleration performance (± 0.05 seconds).

''(D) Drivetrain (2-wheel drive or 4-wheel drive).

''(E) Certification by the Administrator of the Environmental Protection Agency.

''(5) LIFETIME FUEL SAVINGS.—For purposes of this subsection, the term 'lifetime fuel savings' means, in the case of any new advanced lean burn technology motor vehicle, an amount equal to the excess (if any) of—

''(A) 120,000 divided by the 2002 model year city fuel economy for the vehicle inertia weight class, over

''(B) 120,000 divided by the city fuel economy for such vehicle.

''(d) NEW QUALIFIED HYBRID MOTOR VEHICLE CREDIT.—

''(1) IN GENERAL.—For purposes of subsection (a), the new qualified hybrid motor vehicle credit determined under this subsection with respect to a new qualified hybrid motor vehicle placed in service by the taxpayer during the taxable year is the credit amount determined under paragraph (2) or (3).

''(2) CREDIT AMOUNT FOR LIGHTER VEHICLES.—In the case of a new qualified hybrid motor vehicle which is a passenger automobile, medium duty passenger vehicle, or light truck, the credit amount determined under this paragraph is equal to the sum of following amounts:

''(A) FUEL ECONOMY.—The amount which would be determined under subsection (c)(2)(A) if such vehicle were a vehicle referred to in such subsection.

''(B) CONSERVATION CREDIT.—The amount which would be determined under subsection (c)(2)(B) if such vehicle were a vehicle referred to in such subsection.

''(iii) OPTION TO USE LIKE VEHICLE.—For purposes of clause (i), at the option of the vehicle manufacturer, the increase for fuel efficiency and conservation credit may be calculated by comparing the new qualified hybrid motor vehicle to a like vehicle (as defined in subsection (c)(4)).

''(3) CREDIT AMOUNT FOR HEAVIER VEHICLES.—

''(A) IN GENERAL.—In the case of a new qualified hybrid motor vehicle which is a heavy duty hybrid motor vehicle, the credit amount determined under this paragraph is an amount equal to the applicable percentage of the incremental cost of such vehicle placed in service by the taxpayer during the taxable year.

''(B) INCREMENTAL COST.—For purposes of this paragraph, the incremental cost of any heavy duty hybrid motor vehicle is equal to the amount of the excess of the manufacturer's suggested retail price for such vehicle over such price for a comparable gasoline or diesel fuel motor vehicle of the same model, to the extent such amount does not exceed—

''(i) $7,500, if such vehicle has a gross vehicle weight rating of more than 8,500 pounds but not more than 14,000 pounds,

''(ii) $15,000, if such vehicle has a gross vehicle weight rating of more than 14,000 pounds but not more than 26,000 pounds, and

''(iii) $30,000, if such vehicle has a gross vehicle weight rating of more than 26,000 pounds.

''(C) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A), the applicable percentage shall be determined in accordance with the following table:

"If percent increase in fuel economy of hybrid over comparable vehicle is:	**The applicable percentage is:**
At least 30 but less than 40 percent	20 percent.
At least 40 but less than 50 percent	30 percent.
At least 50 percent	40 percent.

''(4) NEW QUALIFIED HYBRID MOTOR VEHICLE.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'new qualified hybrid motor vehicle' means a motor vehicle—

''(i) which draws propulsion energy from onboard sources of stored energy which are both—

''(I) an internal combustion or heat engine using consumable fuel, and

''(II) a rechargeable energy storage system,

''(ii) which, in the case of a passenger automobile, medium duty passenger vehicle, or light truck—

''(I) having a gross vehicle weight rating of 6,000 pounds or less, has received a certificate that such vehicle meets or exceeds the Bin 5 Tier II emission level established in regulations prescribed by the Administrator of the Environmental Protection Agency under section 202(i) of the Clean Air Act for that make and model year vehicle,

''(II) having a gross vehicle weight rating of more than 6,000 pounds but not more than 8,500 pounds, has received a certificate that such vehicle meets or exceeds the Bin 8 Tier II emission standard which is so established,

''(III) has received a certificate of conformity under the Clean Air Act and meets or exceeds the equivalent qualifying California low emission vehicle standard under section 243(e)(2) of the Clean Air Act for that make and model year, and

''(IV) has a maximum available power of at least 5 percent,

''(iii) which, in the case of a heavy duty hybrid motor vehicle—

''(I) having a gross vehicle weight rating of more than 8,500 but not more than 14,000 pounds, has a maximum available power of at least 10 percent, and

''(II) having a gross vehicle weight rating of more than 14,000 pounds, has a maximum available power of at least 15 percent,

''(iv) the original use of which commences with the taxpayer,

''(v) which is acquired for use or lease by the taxpayer and not for resale, and

''(vi) which is made by a manufacturer.

''(B) CONSUMABLE FUEL.—For purposes of subparagraph (A)(i)(I), the term 'consumable fuel' means any solid, liquid, or gaseous matter which releases energy when consumed by an auxiliary power unit.

''(C) MAXIMUM AVAILABLE POWER.—

''(i) PASSENGER AUTOMOBILE, MEDIUM DUTY PASSENGER VEHICLE, OR LIGHT TRUCK.—For purposes of subparagraph (A)(ii)(II), the term 'maximum available power' means the maximum power available from the rechargeable energy storage system, during a standard 10 second pulse power or equivalent test, divided by such maximum power and the SAE net power of the heat engine.

''(ii) HEAVY DUTY HYBRID MOTOR VEHICLE.—For purposes of subparagraph (A)(iii), the term 'maximum available power' means the maximum power available from the rechargeable energy storage system, during a standard 10 second pulse power or equivalent test, divided by the vehicle's total traction power. The term 'total traction power' means the sum of the peak power from the rechargeable energy storage system and the heat engine peak power of the vehicle, except that if such storage system is the sole means by which the vehicle can be driven, the total traction power is the peak power of such storage system.

''(4) HEAVY DUTY HYBRID MOTOR VEHICLE.—For purposes of this subsection, the term 'heavy duty hybrid motor vehicle' means a new qualified hybrid motor vehicle which has a gross vehicle weight rating of more than 8,500 pounds. Such term does not include a medium duty passenger vehicle.

''(e) NEW QUALIFIED ALTERNATIVE FUEL MOTOR VEHICLE CREDIT.—

''(1) ALLOWANCE OF CREDIT.—Except as provided in paragraph (5), the new qualified alternative fuel motor vehicle credit determined under this subsection is an amount equal to the applicable percentage of the incremental cost of any new qualified alternative fuel motor vehicle placed in service by the taxpayer during the taxable year.

''(2) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the applicable percentage with respect to any new qualified alternative fuel motor vehicle is—

''(A) 50 percent, plus

''(B) 30 percent, if such vehicle—

''(i) has received a certificate of conformity under the Clean Air Act and meets or exceeds the most stringent standard available for certification under the Clean Air Act for that make and model year vehicle (other than a zero emission standard), or

''(ii) has received an order certifying the vehicle as meeting the same requirements as vehicles which may be sold or leased in California and meets or exceeds the most stringent standard available for certification under the State laws of California (enacted in accordance with a waiver granted under section 209(b) of the Clean Air Act) for that make and model year vehicle (other than a zero emission standard).

For purposes of the preceding sentence, in the case of any new qualified alternative fuel motor vehicle which weighs more than 14,000 pounds gross vehicle weight rating, the most stringent standard available shall be such standard available for certification on the date of the enactment of the Energy Tax Incentives Act.

''(3) INCREMENTAL COST.—For purposes of this subsection, the incremental cost of any new qualified alternative fuel motor vehicle is equal to the amount of the excess of the manufacturer's suggested retail price for such vehicle over such price for a gasoline or diesel fuel motor vehicle of the same model, to the extent such amount does not exceed—

''(A) $5,000, if such vehicle has a gross vehicle weight rating of not more than 8,500 pounds,

''(B) $10,000, if such vehicle has a gross vehicle weight rating of more than 8,500 pounds but not more than 14,000 pounds,

''(C) $25,000, if such vehicle has a gross vehicle weight rating of more than 14,000 pounds but not more than 26,000 pounds, and

''(D) $40,000, if such vehicle has a gross vehicle weight rating of more than 26,000 pounds.

''(4) NEW QUALIFIED ALTERNATIVE FUEL MOTOR VEHICLE.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'new qualified alternative fuel motor vehicle' means any motor vehicle—

''(i) which is only capable of operating on an alternative fuel,

''(ii) the original use of which commences with the taxpayer,

''(iii) which is acquired by the taxpayer for use or lease, but not for resale, and

''(iv) which is made by a manufacturer.

''(B) ALTERNATIVE FUEL.—The term 'alternative fuel' means compressed natural gas, liquefied natural gas, liquefied petroleum gas, hydrogen, and any liquid at least 85 percent of the volume of which consists of methanol.

''(5) CREDIT FOR MIXED-FUEL VEHICLES.—

''(A) IN GENERAL.—In the case of a mixed-fuel vehicle placed in service by the taxpayer during the taxable year, the credit determined under this subsection is an amount equal to—

''(i) in the case of a 75/25 mixed-fuel vehicle, 70 percent of the credit which would have been allowed under this subsection if such vehicle was a qualified alternative fuel motor vehicle, and

''(ii) in the case of a 90/10 mixed-fuel vehicle, 90 percent of the credit which would have been allowed under this subsection if such vehicle was a qualified alternative fuel motor vehicle.

''(B) MIXED-FUEL VEHICLE.—For purposes of this subsection, the term 'mixed-fuel vehicle' means any motor vehicle described in subparagraph (C) or (D) of paragraph (3), which—

''(i) is certified by the manufacturer as being able to perform efficiently in normal operation on a combination of an alternative fuel and a petroleum-based fuel,

''(ii) either—

''(I) has received a certificate of conformity under the Clean Air Act, or

''(II) has received an order certifying the vehicle as meeting the same requirements as vehicles which may be sold or leased in California and meets or exceeds the low emission vehicle standard under section 88.105–94 of title 40, Code of Federal Regulations, for that make and model year vehicle,

''(iii) the original use of which commences with the taxpayer,

''(iv) which is acquired by the taxpayer for use or lease, but not for resale, and

''(v) which is made by a manufacturer.

''(C) 75/25 MIXED-FUEL VEHICLE.—For purposes of this subsection, the term '75/25 mixed-fuel vehicle' means a mixed-fuel vehicle which operates using at least 75 percent alternative fuel and not more than 25 percent petroleum-based fuel.

''(D) 90/10 MIXED-FUEL VEHICLE.—For purposes of this subsection, the term '90/10 mixed-fuel vehicle' means a mixed-fuel vehicle which operates using at least 90 percent alternative fuel and not more than 10 percent petroleum-based fuel.

''(f) LIMITATION ON NUMBER OF NEW QUALIFIED HYBRID AND ADVANCED LEAN-BURN TECHNOLOGY VEHICLES ELIGIBLE FOR CREDIT.—

''(1) IN GENERAL.—In the case of a qualified vehicle sold during the phaseout period, only the applicable percentage of the credit otherwise allowable under subsection (c) or (d) shall be allowed.

''(2) PHASEOUT PERIOD.—For purposes of this subsection, the phaseout period is the period beginning with the second calendar quarter following the calendar quarter which includes the first date on which the number of qualified vehicles manufactured by the manufacturer of the vehicle referred to in paragraph (1) sold for use in the United States after the date of the enactment of this section is at least 80,000.

''(3) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the applicable percentage is—

''(A) 50 percent for the first 2 calendar quarters of the phaseout period,

''(B) 25 percent for the 3d and 4th calendar quarters of the phaseout period, and

''(C) 0 percent for each calendar quarter thereafter.

''(4) CONTROLLED GROUPS.—

''(A) IN GENERAL.—For purposes of this subsection, all persons treated as a single employer under subsection (a) or (b) of section 52 or subsection (m) or (o) of section 414 shall be treated as a single manufacturer.

''(B) INCLUSION OF FOREIGN CORPORATIONS.—For purposes of subparagraph (A), in applying subsections (a) and (b) of section 52 to this section, section 1563 shall be applied without regard to subsection (b)(2)(C) thereof.

''(5) QUALIFIED VEHICLE.—For purposes of this subsection, the term 'qualified vehicle' means any new qualified hybrid motor vehicle and any new advanced lean burn technology motor vehicle.

''(g) APPLICATION WITH OTHER CREDITS.—The credit allowed under subsection (a) for any taxable year shall not exceed the excess (if any) of—

''(1) the regular tax for the taxable year reduced by the sum of the credits allowable under subpart A and sections 27, 29, and 30, over

''(2) the tentative minimum tax for the taxable year.

''(h) OTHER DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

''(1) MOTOR VEHICLE.—The term 'motor vehicle' has the meaning given such term by section 30(c)(2).

''(2) CITY FUEL ECONOMY.—The city fuel economy with respect to any vehicle shall be measured in a manner which is substantially similar to the manner city fuel economy is measured in accordance with procedures under part 600 of subchapter Q of chapter I of title 40, Code of Federal Regulations, as in effect on the date of the enactment of this section.

''(3) OTHER TERMS.—The terms 'automobile', 'passenger automobile', 'medium duty passenger vehicle', 'light truck', and 'manufacturer' have the meanings given such terms in regulations prescribed by the Administrator of the Environmental Protection Agency for purposes of the administration of title II of the Clean Air Act (42 U.S.C. 7521 et seq.).

''(4) REDUCTION IN BASIS.—For purposes of this subtitle, the basis of any property for which a credit is allowable under subsection (a) shall be reduced by the amount of such credit so allowed (determined without regard to subsection (e)).

''(5) NO DOUBLE BENEFIT.—The amount of any deduction or other credit allowable under this chapter—

''(A) for any incremental cost taken into account in computing the amount of the credit determined under subsection (e) shall be reduced by the amount of such credit attributable to such cost, and

''(B) with respect to a vehicle described under subsection (b), (c), or (d) shall be reduced by the amount of credit allowed under subsection (a) for such vehicle for the taxable year.

''(6) PROPERTY USED BY TAX-EXEMPT ENTITY.—In the case of a vehicle whose use is described in paragraph (3) or (4) of section 50(b) and which is not subject to a lease, the person who sold such vehicle to the person or entity using such vehicle shall be treated as the taxpayer that placed such vehicle in service, but only if such person clearly discloses to such person or entity in a document the amount of any credit allowable under subsection (a) with respect to such vehicle (determined without regard to subsection (g)).

''(7) PROPERTY USED OUTSIDE UNITED STATES, ETC., NOT QUALIFIED.—No credit shall be allowable under subsection (a) with respect to any property referred to in section 50(b)(1) or with respect to the portion of the cost of any property taken into account under section 179.

''(8) RECAPTURE.—The Secretary shall, by regulations, provide for recapturing the benefit of any credit allowable under subsection (a) with respect to any property which ceases to be property eligible for such credit (including recapture in the case of a lease period of less than the economic life of a vehicle).

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

''(10) CARRYBACK AND CARRYFORWARD ALLOWED.—

''(A) IN GENERAL.—If the credit allowable under subsection (a) for a taxable year exceeds the amount of the limitation under subsection (g) for such taxable year (in this paragraph referred to as the 'unused credit year'), such excess shall be a credit carryback to each of the 3 taxable years preceding the unused credit year and a credit carryforward to each of the 20 taxable years following the unused credit year, except that no excess may be carried to a taxable year beginning before the date of the enactment of this section. The preceding sentence shall not apply to any credit carryback if such credit carryback is attributable to property for which a deduction for depreciation is not allowable.

''(B) RULES.—Rules similar to the rules of section 39 shall apply with respect to the credit carryback and credit carryforward under subparagraph (A).

''(11) INTERACTION WITH AIR QUALITY AND MOTOR VEHICLE SAFETY STANDARDS.—Unless otherwise provided in this section, a motor vehicle shall not be considered eligible for a credit under this section unless such vehicle is in compliance with—

''(A) the applicable provisions of the Clean Air Act for the applicable make and model year of the vehicle (or applicable air quality provisions of State law in the case of a State which has adopted such provision under a waiver under section 209(b) of the Clean Air Act), and

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

''(g) REGULATIONS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), the Secretary shall promulgate such regulations as necessary to carry out the provisions of this section.

''(2) COORDINATION IN PRESCRIPTION OF CERTAIN REGULATIONS.—The Secretary of the Treasury, in coordination with the Secretary of Transportation and the Administrator of the Environmental Protection Agency, shall prescribe such regulations as necessary to determine whether a motor vehicle meets the requirements to be eligible for a credit under this section.

''(h) TERMINATION.—This section shall not apply to any property purchased after—

''(1) in the case of a new qualified fuel cell motor vehicle (as described in subsection (b)), December 31, 2015,

''(2) in the case of a new advanced lean burn technology motor vehicle (as described in subsection (c)) or a new qualified hybrid motor vehicle (as described in subsection (d)), December 31, 2009, and

''(3) in the case of a new qualified alternative fuel vehicle (as described in subsection (e)), December 31, 2010.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 1016(a), as amended by this Act, is amended by striking ''and'' at the end of paragraph (35), by striking the period at the end of paragraph (36) and inserting '', and'',

and by adding at the end the following new paragraph:

''(37) to the extent provided in section 30B(h)(4).''.

(2) Section 55(c)(2), as amended by this Act, is amended by inserting ''30B(g),'' after ''30(b)(2),''.

(3) Section 6501(m) is amended by inserting ''30B(h)(9),'' after ''30(d)(4),''.

(4) The table of sections for subpart B of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 30A the following new item:

''Sec. 30B. Alternative motor vehicle credit.''.

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

(d) STICKER INFORMATION REQUIRED AT RETAIL SALE.—

(1) IN GENERAL.—The Secretary of the Treasury shall issue regulations under which each qualified vehicle sold at retail shall display a notice—

(A) that such vehicle is a qualified vehicle, and

(B) that the buyer may not benefit from the credit allowed under section 30B of the Internal Revenue Code of 1986 if such buyer has insufficient tax liability.

(2) QUALIFIED VEHICLE.—For purposes of paragraph (1), the term ''qualified vehicle'' means a vehicle with respect to which a credit is allowed under section 30B of the Internal Revenue Code of 1986.

(e) NONAPPLICATION OF SECTION .—Notwithstanding any other provision of this Act, the provisions of, and amendments made by, section 1531 of this Act shall be null and void.

SEC. 1702. CREDIT FOR INSTALLATION OF ALTERNATIVE FUEL REFUELING STATIONS.

(a) IN GENERAL.—Subpart B of part IV of subchapter A of chapter 1 (relating to foreign tax credit, etc.), as amended by this Act, is amended by adding at the end the following new section:

''SEC. 30C. ALTERNATIVE FUEL VEHICLE REFUELING PROPERTY CREDIT.

''(a) CREDIT ALLOWED.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 50 percent of the cost of any qualified alternative fuel vehicle refueling property placed in service by the taxpayer during the taxable year.

''(b) LIMITATION.—The credit allowed under subsection (a) with respect to any alternative fuel vehicle refueling property shall not exceed—

''(1) $50,000 in the case of a property of a character subject to an allowance for depreciation, and

''(2) $1,000 in any other case.

''(c) QUALIFIED ALTERNATIVE FUEL VEHICLE REFUELING PROPERTY.—For purposes of this section—

''(1) IN GENERAL.—Except as provided in paragraph (2), the term 'qualified alternative fuel vehicle refueling property' has the meaning given to such term by section 179A(d), but only with respect to any fuel at least 85 percent of the volume of which consists of ethanol, natural gas, compressed natural gas, liquefied natural gas, liquefied petroleum gas, and hydrogen.

''(2) RESIDENTIAL PROPERTY.—In the case of any property installed on property which is used as the principal residence (within the meaning of section 121) of the taxpayer, paragraph (1) of section 179A(d) shall not apply.

''(d) APPLICATION WITH OTHER CREDITS.—The credit allowed under subsection (a) for any taxable year shall not exceed the excess (if any) of—

''(1) the regular tax for the taxable year reduced by the sum of the credits allowable under subpart A and sections 27, 29, 30, and 30B, over

''(2) the tentative minimum tax for the taxable year.

''(e) CARRYFORWARD ALLOWED.—

''(1) IN GENERAL.—If the credit amount allowable under subsection (a) for a taxable year exceeds the amount of the limitation under subsection (d) for such taxable year, such excess shall be allowed as a credit carryforward for each of the 20 taxable years following the unused credit year.

''(2) RULES.—Rules similar to the rules of section 39 shall apply with respect to the credit carryforward under paragraph (1).

''(f) SPECIAL RULES.—For purposes of this section—

''(1) BASIS REDUCTION.—The basis of any property shall be reduced by the portion of the cost of such property taken into account under subsection (a).

''(2) NO DOUBLE BENEFIT.—No deduction shall be allowed under section 179A with respect to any property with respect to which a credit is allowed under subsection (a).

''(3) PROPERTY USED BY TAX-EXEMPT ENTITY.—In the case of any qualified alternative fuel vehicle refueling property the use of which is described in paragraph (3) or (4) of section 50(b) and which is not subject to a lease, the person who sold such property to the person or entity using such property shall be treated as the taxpayer that placed such property in service, but only if such person clearly discloses to such person or entity in a document the amount of any credit allowable under subsection (a) with respect to such property (determined without regard to subsection (d)).

''(4) PROPERTY USED OUTSIDE UNITED STATES NOT QUALIFIED.—No credit shall be allowable under subsection (a) with respect to any property referred to in section 50(b)(1) or with respect to the portion of the cost of any property taken into account under section 179.

''(5) ELECTION NOT TO TAKE CREDIT.—No credit shall be allowed under subsection (a) for any property if the taxpayer elects not to have this section apply to such property.

''(6) RECAPTURE RULES.—Rules similar to the rules of section 179A(e)(4) shall apply.

''(g) REGULATIONS.—The Secretary shall prescribe such regulations as necessary to carry out the provisions of this section.

''(h) TERMINATION.—This section shall not apply to any property placed in service—

''(1) in the case of property relating to hydrogen, after December 31, 2014, and

''(2) in the case of any other property, after December 31, 2009.''.

(b) MODIFICATIONS TO EXTENSION OF DEDUCTION FOR CERTAIN REFUELING PROPERTY.—

(1) INCREASE IN DEDUCTION FOR HYDROGEN INFRASTRUCTURE.—Section 179A(b)(2)(A)(i) is amended by inserting ''($200,000 in the case of property relating to hydrogen)'' after ''$100,000''.

(2) EXTENSION OF DEDUCTION.—Subsection (f) of section 179A is amended to read as follows:

''(f) TERMINATION.—This section shall not apply to any property placed in service—

''(1) in the case of property relating to hydrogen, after December 31, 2014, and

''(2) in the case of any other property, after December 31, 2009.''.

(c) INCENTIVE FOR PRODUCTION OF HYDROGEN AT QUALIFIED CLEAN-FUEL VEHICLE REFUELING PROPERTY.—Section 179A(d) (defining qualified clean-fuel vehicle refueling property) is amended by adding at the end the following new flush sentence:

''In the case of clean-burning fuel which is hydrogen produced from another clean-burning fuel, paragraph (3)(A) shall be applied by substituting 'production, storage, or dispensing' for 'storage or dispensing' both places it appears.''.

(d) CONFORMING AMENDMENTS.—

(1) Section 1016(a), as amended by this Act, is amended by striking ''and'' at the end of paragraph (36), by striking the period at the end of paragraph (37) and inserting '', and'', and by adding at the end the following new paragraph:

''(38) to the extent provided in section 30C(f).''.

(2) Section 55(c)(2), as amended by this Act, is amended by inserting ''30C(e),'' after ''30B(e),''.

(3) Section 6501(m) is amended by inserting ''30C(f)(5),'' after ''30B(f)(9),''.

(4) The table of sections for subpart B of part IV of subchapter A of chapter 1, as amended by this Act, is amended by inserting after the item relating to section 30B the following new item:

''Sec. 30C. Clean-fuel vehicle refueling property credit.''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after December 31, 2005, in taxable years ending after such date.

(f) NONAPPLICATION OF SECTION.—Notwithstanding any other provision of this Act, the provisions of, and amendments made by, section 1533 of this Act shall be null and void.

SA 932. Mr. LEVIN (for himself and Mr. BAYH) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, afforadable, and reliable energy; which was ordered to lie on the table; as follows:

At the end add the following:

TITLE XVII—TAX INCENTIVES FOR ALTERNATIVE MOTOR VEHICLES AND FUELS

SEC. 1700. AMENDMENT OF 1986 CODE.

Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

Subtitle A—Tax Incentives

SEC. 1703. ADVANCED TECHNOLOGY MOTOR VEHICLES MANUFACTURING CREDIT.

(a) IN GENERAL.—Subpart B of part IV of subchapter A of chapter 1 (relating to foreign tax credit, etc.), as amended by this Act, is amended by adding at the end the following new section:

''SEC. 30D. ADVANCED TECHNOLOGY MOTOR VEHICLES MANUFACTURING CREDIT.

''(a) CREDIT ALLOWED.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 35 percent of so much of the qualified investment of an eligible taxpayer for such taxable year as does not exceed $25,000,000.

''(b) QUALIFIED INVESTMENT.—For purposes of this section—

''(1) IN GENERAL.—The qualified investment for any taxable year is equal to the incremental costs incurred during such taxable year—

''(A) to re-equip or expand any manufacturing facility of the eligible taxpayer to produce advanced technology motor vehicles or to produce eligible components,

''(B) for engineering integration of such vehicles and components as described in subsection (d), and

''(C) for research and development related to advanced technology motor vehicles and eligible components.

''(2) ATTRIBUTION RULES.—In the event a facility of the eligible taxpayer produces both

advanced technology motor vehicles and conventional motor vehicles, or eligible and non-eligible components, only the qualified investment attributable to production of advanced technology motor vehicles and eligible components shall be taken into account.

''(c) ADVANCED TECHNOLOGY MOTOR VEHICLES AND ELIGIBLE COMPONENTS.—For purposes of this section—

''(1) ADVANCED TECHNOLOGY MOTOR VEHICLE.—The term 'advanced technology motor vehicle' means—

''(A) any new advanced lean burn technology motor vehicle (as defined in section 30B(c)(3)), or

''(B) any new qualified hybrid motor vehicle (as defined in section 30B(d)(2)(A) and determined without regard to any gross vehicle weight rating).

''(2) ELIGIBLE COMPONENTS.—The term 'eligible component' means any component inherent to any advanced technology motor vehicle, including—

''(A) with respect to any gasoline or diesel-electric new qualified hybrid motor vehicle—

''(i) electric motor or generator,

''(ii) power split device,

''(iii) power control unit,

''(iv) power controls,

''(v) integrated starter generator, or

''(vi) battery,

''(B) with respect to any hydraulic new qualified hybrid motor vehicle—

''(i) hydraulic accumulator vessel,

''(ii) hydraulic pump, or

''(iii) hydraulic pump-motor assembly,

''(C) with respect to any new advanced lean burn technology motor vehicle—

''(i) diesel engine,

''(ii) turbocharger,

''(iii) fuel injection system, or

''(iv) after-treatment system, such as a particle filter or NOx absorber, and

''(D) with respect to any advanced technology motor vehicle, any other component submitted for approval by the Secretary.

''(d) ENGINEERING INTEGRATION COSTS.—For purposes of subsection (b)(1)(B), costs for engineering integration are costs incurred prior to the market introduction of advanced technology vehicles for engineering tasks related to—

''(1) establishing functional, structural, and performance requirements for component and subsystems to meet overall vehicle objectives for a specific application,

''(2) designing interfaces for components and subsystems with mating systems within a specific vehicle application,

''(3) designing cost effective, efficient, and reliable manufacturing processes to produce components and subsystems for a specific vehicle application, and

''(4) validating functionality and performance of components and subsystems for a specific vehicle application.

''(e) ELIGIBLE TAXPAYER.—For purposes of this section, the term 'eligible taxpayer' means any taxpayer if more than 50 percent of its gross receipts for the taxable year is derived from the manufacture of motor vehicles or any component parts of such vehicles.

''(f) LIMITATION BASED ON AMOUNT OF TAX.—The credit allowed under subsection (a) for the taxable year shall not exceed the excess of—

''(1) the sum of—

''(A) the regular tax liability (as defined in section 26(b)) for such taxable year, plus

''(B) the tax imposed by section 55 for such taxable year and any prior taxable year beginning after 1986 and not taken into account under section 53 for any prior taxable year, over

''(2) the sum of the credits allowable under subpart A and sections 27, 30, and 30B for the taxable year.

''(g) REDUCTION IN BASIS.—For purposes of this subtitle, if a credit is allowed under this section for any expenditure with respect to any property, the increase in the basis of such property which would (but for this paragraph) result from such expenditure shall be reduced by the amount of the credit so allowed.

''(h) NO DOUBLE BENEFIT.—

''(1) COORDINATION WITH OTHER DEDUCTIONS AND CREDITS.—Except as provided in paragraph (2), the amount of any deduction or other credit allowable under this chapter for any cost taken into account in determining the amount of the credit under subsection (a) shall be reduced by the amount of such credit attributable to such cost.

''(2) RESEARCH AND DEVELOPMENT COSTS.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), any amount described in subsection (b)(1)(C) taken into account in determining the amount of the credit under subsection (a) for any taxable year shall not be taken into account for purposes of determining the credit under section 41 for such taxable year.

''(B) COSTS TAKEN INTO ACCOUNT IN DETERMINING BASE PERIOD RESEARCH EXPENSES.—Any amounts described in subsection (b)(1)(C) taken into account in determining the amount of the credit under subsection (a) for any taxable year which are qualified research expenses (within the meaning of section 41(b)) shall be taken into account in determining base period research expenses for purposes of applying section 41 to subsequent taxable years.

''(i) BUSINESS CARRYOVERS ALLOWED.—If the credit allowable under subsection (a) for a taxable year exceeds the limitation under subsection (f) for such taxable year, such excess (to the extent of the credit allowable with respect to property subject to the allowance for depreciation) shall be allowed as a credit carryback and carryforward under rules similar to the rules of section 39.

''(j) SPECIAL RULES.—For purposes of this section, rules similar to the rules of paragraphs (4) and (5) of section 179A(e) and paragraphs (1) and (2) of section 41(f) shall apply

''(k) ELECTION NOT TO TAKE CREDIT.—No credit shall be allowed under subsection (a) for any property if the taxpayer elects not to have this section apply to such property.

''(l) REGULATIONS.—The Secretary shall prescribe such regulations as necessary to carry out the provisions of this section.

''(m) TERMINATION.—This section shall not apply to any qualified investment after December 31, 2010.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 1016(a), as amended by this Act, is amended by striking ''and'' at the end of paragraph (39), by striking the period at the end of paragraph (40) and inserting '', and'', and by adding at the end the following new paragraph:

''(41) to the extent provided in section 30D(g).''.

(2) Section 6501(m), as amended by this Act, is amended by inserting ''30D(k),'' after ''30C(j),''.

(3) The table of sections for subpart B of part IV of subchapter A of chapter 1, as amended by this Act, is amended by inserting after the item relating to section 30C the following new item:

''Sec. 30D. Advanced technology motor vehicles manufacturing credit.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts incurred in taxable years beginning after December 31, 2005.

Subtitle B—Revenue Offset Provisions

PART I—GENERAL PROVISIONS

SEC. 1711. TREATMENT OF CONTINGENT PAYMENT CONVERTIBLE DEBT INSTRUMENTS.

(a) IN GENERAL.—Section 1275(d) (relating to regulation authority) is amended—

(1) by striking ''The Secretary'' and inserting the following:

''(1) IN GENERAL.—The Secretary'', and

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

''(2) TREATMENT OF CONTINGENT PAYMENT CONVERTIBLE DEBT.—

''(A) IN GENERAL.—In the case of a debt instrument which—

''(i) is convertible into stock of the issuing corporation, into stock or debt of a related party (within the meaning of section 267(b) or 707(b)(1)), or into cash or other property in an amount equal to the approximate value of such stock or debt, and

''(ii) provides for contingent payments,

any regulations which require original issue discount to be determined by reference to the comparable yield of a noncontingent fixed-rate debt instrument shall be applied as if the regulations require that such comparable yield be determined by reference to a noncontingent fixed-rate debt instrument which is convertible into stock.

''(B) SPECIAL RULE.—For purposes of subparagraph (A), the comparable yield shall be determined without taking into account the yield resulting from the conversion of a debt instrument into stock.''.

(b) CROSS REFERENCE.—Section 163(e)(6) (relating to cross references) is amended by adding at the end the following:

''For the treatment of contingent payment convertible debt, see section 1275(d)(2).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to debt instruments issued on or after the date of the enactment of this Act.

SEC. 1712. FRIVOLOUS TAX SUBMISSIONS.

(a) CIVIL PENALTIES.—Section 6702 is amended to read as follows:

''SEC. 6702. FRIVOLOUS TAX SUBMISSIONS.

''(a) CIVIL PENALTY FOR FRIVOLOUS TAX RETURNS.—A person shall pay a penalty of $5,000 if—

''(1) such person files what purports to be a return of a tax imposed by this title but which—

''(A) does not contain information on which the substantial correctness of the self-assessment may be judged, or

''(B) contains information that on its face indicates that the self-assessment is substantially incorrect; and

''(2) the conduct referred to in paragraph (1)—

''(A) is based on a position which the Secretary has identified as frivolous under subsection (c), or

''(B) reflects a desire to delay or impede the administration of Federal tax laws.

''(b) CIVIL PENALTY FOR SPECIFIED FRIVOLOUS SUBMISSIONS.—

''(1) IMPOSITION OF PENALTY.—Except as provided in paragraph (3), any person who submits a specified frivolous submission shall pay a penalty of $5,000.

''(2) SPECIFIED FRIVOLOUS SUBMISSION.—For purposes of this section—

''(A) SPECIFIED FRIVOLOUS SUBMISSION.—The term 'specified frivolous submission' means a specified submission if any portion of such submission—

''(i) is based on a position which the Secretary has identified as frivolous under subsection (c), or

''(ii) reflects a desire to delay or impede the administration of Federal tax laws.

''(B) SPECIFIED SUBMISSION.—The term 'specified submission' means—

''(i) a request for a hearing under—

''(I) section 6320 (relating to notice and opportunity for hearing upon filing of notice of lien), or

''(II) section 6330 (relating to notice and opportunity for hearing before levy), and

''(ii) an application under—

''(I) section 6159 (relating to agreements for payment of tax liability in installments),

''(II) section 7122 (relating to compromises), or

''(III) section 7811 (relating to taxpayer assistance orders).

''(3) OPPORTUNITY TO WITHDRAW SUBMISSION.—If the Secretary provides a person with notice that a submission is a specified frivolous submission and such person withdraws such submission within 30 days after such notice, the penalty imposed under paragraph (1) shall not apply with respect to such submission.

''(c) LISTING OF FRIVOLOUS POSITIONS.—The Secretary shall prescribe (and periodically revise) a list of positions which the Secretary has identified as being frivolous for purposes of this subsection. The Secretary shall not include in such list any position that the Secretary determines meets the requirement of section 6662(d)(2)(B)(ii)(II).

''(d) REDUCTION OF PENALTY.—The Secretary may reduce the amount of any penalty imposed under this section if the Secretary determines that such reduction would promote compliance with and administration of the Federal tax laws.

''(e) PENALTIES IN ADDITION TO OTHER PENALTIES.—The penalties imposed by this section shall be in addition to any other penalty provided by law.''.

(b) TREATMENT OF FRIVOLOUS REQUESTS FOR HEARINGS BEFORE LEVY.—

(1) FRIVOLOUS REQUESTS DISREGARDED.—Section 6330 (relating to notice and opportunity for hearing before levy) is amended by adding at the end the following new subsection:

''(g) FRIVOLOUS REQUESTS FOR HEARING, ETC.—Notwithstanding any other provision of this section, if the Secretary determines that any portion of a request for a hearing under this section or section 6320 meets the requirement of clause (i) or (ii) of section 6702(b)(2)(A), then the Secretary may treat such portion as if it were never submitted and such portion shall not be subject to any further administrative or judicial review.''.

(2) PRECLUSION FROM RAISING FRIVOLOUS ISSUES AT HEARING.—Section 6330(c)(4) is amended—

(A) by striking ''(A)'' and inserting ''(A)(i)'';

(B) by striking ''(B)'' and inserting ''(ii)'';

(C) by striking the period at the end of the first sentence and inserting ''; or''; and

(D) by inserting after subparagraph (A)(ii) (as so redesignated) the following:

''(B) the issue meets the requirement of clause (i) or (ii) of section 6702(b)(2)(A).''.

(3) STATEMENT OF GROUNDS.—Section 6330(b)(1) is amended by striking ''under subsection (a)(3)(B)'' and inserting ''in writing under subsection (a)(3)(B) and states the grounds for the requested hearing''.

(c) TREATMENT OF FRIVOLOUS REQUESTS FOR HEARINGS UPON FILING OF NOTICE OF LIEN.—Section 6320 is amended—

(1) in subsection (b)(1), by striking ''under subsection (a)(3)(B)'' and inserting ''in writing under subsection (a)(3)(B) and states the grounds for the requested hearing'', and

(2) in subsection (c), by striking ''and (e)'' and inserting ''(e), and (g)''.

(d) TREATMENT OF FRIVOLOUS APPLICATIONS FOR OFFERS-IN-COMPROMISE AND INSTALLMENT AGREEMENTS.—Section 7122 is amended by adding at the end the following new subsection:

''(e) FRIVOLOUS SUBMISSIONS, ETC.—Notwithstanding any other provision of this section, if the Secretary determines that any portion of an application for an offer-in-compromise or installment agreement submitted under this section or section 6159 meets the requirement of clause (i) or (ii) of section 6702(b)(2)(A), then the Secretary may treat such portion as if it were never submitted and such portion shall not be subject to any further administrative or judicial review.''.

(e) CLERICAL AMENDMENT.—The table of sections for part I of subchapter B of chapter 68 is amended by striking the item relating to section 6702 and inserting the following new item:

''Sec. 6702. Frivolous tax submissions.''.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to submissions made and issues raised after the date on which the Secretary first prescribes a list under section 6702(c) of the Internal Revenue Code of 1986, as amended by subsection (a).

SEC. 1713. INCREASE IN CERTAIN CRIMINAL PENALTIES.

(a) IN GENERAL.—Section 7206 (relating to fraud and false statements) is amended—

(1) by striking ''Any person who—'' and inserting ''(a) IN GENERAL.—Any person who—'', and

(2) by adding at the end the following new subsection:

''(b) INCREASE IN MONETARY LIMITATION FOR UNDERPAYMENT OR OVERPAYMENT OF TAX DUE TO FRAUD.—If any portion of any underpayment (as defined in section 6664(a)) or overpayment (as defined in section 6401(a)) of tax required to be shown on a return is attributable to fraudulent action described in subsection (a), the applicable dollar amount under subsection (a) shall in no event be less than an amount equal to such portion. A rule similar to the rule under section 6663(b) shall apply for purposes of determining the portion so attributable.''.

(b) INCREASE IN PENALTIES.—

(1) ATTEMPT TO EVADE OR DEFEAT TAX.—Section 7201 is amended—

(A) by striking ''$100,000'' and inserting ''$500,000'',

(B) by striking ''$500,000'' and inserting ''$1,000,000'', and

(C) by striking ''5 years'' and inserting ''10 years''.

(2) WILLFUL FAILURE TO FILE RETURN, SUPPLY INFORMATION, OR PAY TAX.—Section 7203 is amended—

(A) in the first sentence—

(i) by striking ''Any person'' and inserting the following:

''(a) IN GENERAL.—Any person'', and

(ii) by striking ''$25,000'' and inserting ''$50,000'',

(B) in the third sentence, by striking ''section'' and inserting ''subsection'', and

(C) by adding at the end the following new subsection:

''(b) AGGRAVATED FAILURE TO FILE.—

''(1) IN GENERAL.—In the case of any failure described in paragraph (2), the first sentence of subsection (a) shall be applied by substituting—

''(A) 'felony' for 'misdemeanor',

''(B) '$500,000 ($1,000,000' for '$25,000 ($100,000', and

''(C) '10 years' for '1 year'.

''(2) FAILURE DESCRIBED.—A failure described in this paragraph is a failure to make a return described in subsection (a) for a period of 3 or more consecutive taxable years and the aggregated tax liability for such period is at least $100,000.''.

(3) FRAUD AND FALSE STATEMENTS.—Section 7206(a) (as redesignated by subsection (a)) is amended—

(A) by striking ''$100,000'' and inserting ''$500,000'',

(B) by striking ''$500,000'' and inserting ''$1,000,000'', and

(C) by striking ''3 years'' and inserting ''5 years''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to actions, and failures to act, occurring after the date of the enactment of this Act.

SEC. 1714. DOUBLING OF CERTAIN PENALTIES, FINES, AND INTEREST ON UNDERPAYMENTS RELATED TO CERTAIN OFFSHORE FINANCIAL ARRANGEMENTS.

(a) DETERMINATION OF PENALTY.—

(1) IN GENERAL.—Notwithstanding any other provision of law, in the case of an applicable taxpayer—

(A) the determination as to whether any interest or applicable penalty is to be imposed with respect to any arrangement described in paragraph (2), or to any underpayment of Federal income tax attributable to items arising in connection with any such arrangement, shall be made without regard to the rules of subsections (b), (c), and (d) of section 6664 of the Internal Revenue Code of 1986, and

(B) if any such interest or applicable penalty is imposed, the amount of such interest or penalty shall be equal to twice that determined without regard to this section.

(2) APPLICABLE TAXPAYER.—For purposes of this subsection—

(A) IN GENERAL.—The term ''applicable taxpayer'' means a taxpayer which—

(i) has underreported its United States income tax liability with respect to any item which directly or indirectly involves—

(I) any financial arrangement which in any manner relies on the use of offshore payment mechanisms (including credit, debit, or charge cards) issued by banks or other entities in foreign jurisdictions, or

(II) any offshore financial arrangement (including any arrangement with foreign banks, financial institutions, corporations, partnerships, trusts, or other entities), and

(ii) has not signed a closing agreement pursuant to the Voluntary Offshore Compliance Initiative established by the Department of the Treasury under Revenue Procedure 2003-11 or voluntarily disclosed its participation in such arrangement by notifying the Internal Revenue Service of such arrangement prior to the issue being raised by the Internal Revenue Service during an examination.

(B) AUTHORITY TO WAIVE.—The Secretary of the Treasury or the Secretary's delegate may waive the application of paragraph (1) to any taxpayer if the Secretary or the Secretary's delegate determines that the use of such offshore payment mechanisms is incidental to the transaction and, in addition, in the case of a trade or business, such use is conducted in the ordinary course of the trade or business of the taxpayer.

(C) ISSUES RAISED.—For purposes of subparagraph (A)(ii), an item shall be treated as an issue raised during an examination if the individual examining the return—

(i) communicates to the taxpayer knowledge about the specific item, or

(ii) has made a request to the taxpayer for information and the taxpayer could not make a complete response to that request without giving the examiner knowledge of the specific item.

(b) DEFINITIONS AND RULES.—For purposes of this section—

(1) APPLICABLE PENALTY.—The term ''applicable penalty'' means any penalty, addition to tax, or fine imposed under chapter 68 of the Internal Revenue Code of 1986.

(2) FEES AND EXPENSES.—The Secretary of the Treasury may retain and use an amount not in excess of 25 percent of all additional interest, penalties, additions to tax, and fines collected under this section to be used for enforcement and collection activities of the Internal Revenue Service. The Secretary

shall keep adequate records regarding amounts so retained and used. The amount credited as paid by any taxpayer shall be determined without regard to this paragraph.

(c) REPORT BY SECRETARY.—The Secretary shall each year conduct a study and report to Congress on the implementation of this section during the preceding year, including statistics on the number of taxpayers affected by such implementation and the amount of interest and applicable penalties asserted, waived, and assessed during such preceding year.

(d) EFFECTIVE DATE.—The provisions of this section shall apply to interest, penalties, additions to tax, and fines with respect to any taxable year if, as of the date of the enactment of this Act, the assessment of any tax, penalty, or interest with respect to such taxable year is not prevented by the operation of any law or rule of law.

SEC. 1715. MODIFICATION OF INTERACTION BETWEEN SUBPART F AND PASSIVE FOREIGN INVESTMENT COMPANY RULES.

(a) LIMITATION ON EXCEPTION FROM PFIC RULES FOR UNITED STATES SHAREHOLDERS OF CONTROLLED FOREIGN CORPORATIONS.—Paragraph (2) of section 1297(e) (relating to passive foreign investment company) is amended by adding at the end the following flush sentence:

''Such term shall not include any period if the earning of subpart F income by such corporation during such period would result in only a remote likelihood of an inclusion in gross income under section 951(a)(1)(A)(i).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years of controlled foreign corporations beginning after March 2, 2005, and to taxable years of United States shareholders with or within which such taxable years of controlled foreign corporations end.

SEC. 1716. DECLARATION BY CHIEF EXECUTIVE OFFICER RELATING TO FEDERAL ANNUAL CORPORATE INCOME TAX RETURN.

(a) IN GENERAL.—The Federal annual tax return of a corporation with respect to income shall also include a declaration signed by the chief executive officer of such corporation (or other such officer of the corporation as the Secretary of the Treasury may designate if the corporation does not have a chief executive officer), under penalties of perjury, that the corporation has in place processes and procedures that ensure that such return complies with the Internal Revenue Code of 1986 and that the chief executive officer was provided reasonable assurance of the accuracy of all material aspects of such return. The preceding sentence shall not apply to any return of a regulated investment company (within the meaning of section 851 of such Code).

(b) EFFECTIVE DATE.—This section shall apply to Federal annual tax returns for taxable years ending after the date of the enactment of this Act.

SEC. 1717. TREASURY REGULATIONS ON FOREIGN TAX CREDIT.

(a) IN GENERAL.—Section 901 (relating to taxes of foreign countries and of possessions of United States) is amended by redesignating subsection (m) as subsection (n) and by inserting after subsection (l) the following new subsection:

''(m) REGULATIONS.—The Secretary may prescribe regulations disallowing a credit under subsection (a) for all or a portion of any foreign tax, or allocating a foreign tax among 2 or more persons, in cases where the foreign tax is imposed on any person in respect of income of another person or in other cases involving the inappropriate separation of the foreign tax from the related foreign income.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to transactions entered into after the date of the enactment of this Act.

SEC. 1718. WHISTLEBLOWER REFORMS.

(a) IN GENERAL.—Section 7623 (relating to expenses of detection of underpayments and fraud, etc.) is amended—

(1) by striking ''The Secretary'' and inserting ''(a) IN GENERAL.—The Secretary'',

(2) by striking ''and'' at the end of paragraph (1) and inserting ''or'',

(3) by striking ''(other than interest)'', and

(4) by adding at the end the following new subsections:

''(b) AWARDS TO WHISTLEBLOWERS.—

''(1) IN GENERAL.—If the Secretary proceeds with any administrative or judicial action described in subsection (a) based on information brought to the Secretary's attention by an individual, such individual shall, subject to paragraph (2), receive as an award at least 15 percent but not more than 30 percent of the collected proceeds (including penalties, interest, additions to tax, and additional amounts) resulting from the action (including any related actions) or from any settlement in response to such action. The determination of the amount of such award by the Whistleblower Office shall depend upon the extent to which the individual substantially contributed to such action.

''(2) AWARD IN CASE OF LESS SUBSTANTIAL CONTRIBUTION.—

''(A) IN GENERAL.—In the event the action described in paragraph (1) is one which the Whistleblower Office determines to be based principally on disclosures of specific allegations (other than information provided by the individual described in paragraph (1)) resulting from a judicial or administrative hearing, from a governmental report, hearing, audit, or investigation, or from the news media, the Whistleblower Office may award such sums as it considers appropriate, but in no case more than 10 percent of the collected proceeds (including penalties, interest, additions to tax, and additional amounts) resulting from the action (including any related actions) or from any settlement in response to such action, taking into account the significance of the individual's information and the role of such individual and any legal representative of such individual in contributing to such action.

''(B) NONAPPLICATION OF PARAGRAPH WHERE INDIVIDUAL IS ORIGINAL SOURCE OF INFORMATION.—Subparagraph (A) shall not apply if the information resulting in the initiation of the action described in paragraph (1) was originally provided by the individual described in paragraph (1).

''(3) REDUCTION IN OR DENIAL OF AWARD.—If the Whistleblower Office determines that the claim for an award under paragraph (1) or (2) is brought by an individual who planned and initiated the actions that led to the underpayment of tax or actions described in subsection (a)(2), then the Whistleblower Office may appropriately reduce such award. If such individual is convicted of criminal conduct arising from the role described in the preceding sentence, the Whistleblower Office shall deny any award.

''(4) APPEAL OF AWARD DETERMINATION.—Any determination regarding an award under paragraph (1), (2), or (3) shall be subject to the filing by the individual described in such paragraph of a petition for review with the Tax Court under rules similar to the rules under section 7463 (without regard to the amount in dispute) and such review shall be subject to the rules under section 7461(b)(1).

''(5) APPLICATION OF THIS SUBSECTION.—This subsection shall apply with respect to any action—

''(A) against any taxpayer, but in the case of any individual, only if such individual's gross income exceeds $200,000 for any taxable year subject to such action, and

''(B) if the tax, penalties, interest, additions to tax, and additional amounts in dispute exceed $20,000.

''(6) ADDITIONAL RULES.—

''(A) NO CONTRACT NECESSARY.—No contract with the Internal Revenue Service is necessary for any individual to receive an award under this subsection.

''(B) REPRESENTATION.—Any individual described in paragraph (1) or (2) may be represented by counsel.

''(C) AWARD NOT SUBJECT TO INDIVIDUAL ALTERNATIVE MINIMUM TAX.—No award received under this subsection shall be included in gross income for purposes of determining alternative minimum taxable income.

''(c) WHISTLEBLOWER OFFICE.—

''(1) IN GENERAL.—There is established in the Internal Revenue Service an office to be known as the 'Whistleblower Office' which—

''(A) shall at all times operate at the direction of the Commissioner and coordinate and consult with other divisions in the Internal Revenue Service as directed by the Commissioner,

''(B) shall analyze information received from any individual described in subsection (b) and either investigate the matter itself or assign it to the appropriate Internal Revenue Service office,

''(C) shall monitor any action taken with respect to such matter,

''(D) shall inform such individual that it has accepted the individual's information for further review,

''(E) may require such individual and any legal representative of such individual to not disclose any information so provided,

''(F) in its sole discretion, may ask for additional assistance from such individual or any legal representative of such individual, and

''(G) shall determine the amount to be awarded to such individual under subsection (b).

''(2) FUNDING FOR OFFICE.—There is authorized to be appropriated $10,000,000 for each fiscal year for the Whistleblower Office. These funds shall be used to maintain the Whistleblower Office and also to reimburse other Internal Revenue Service offices for related costs, such as costs of investigation and collection.

''(3) REQUEST FOR ASSISTANCE.—

''(A) IN GENERAL.—Any assistance requested under paragraph (1)(F) shall be under the direction and control of the Whistleblower Office or the office assigned to investigate the matter under subparagraph (A). To the extent the disclosure of any returns or return information to the individual or legal representative is required for the performance of such assistance, such disclosure shall be pursuant to a contract entered into between the Secretary and the recipients of such disclosure subject to section 6103(n). No individual or legal representative whose assistance is so requested may by reason of such request represent himself or herself as an employee of the Federal Government.

''(B) FUNDING OF ASSISTANCE.—From the amounts available for expenditure under subsection (b), the Whistleblower Office may, with the agreement of the individual described in subsection (b), reimburse the costs incurred by any legal representative of such individual in providing assistance described in subparagraph (A).

''(d) REPORT BY SECRETARY.—The Secretary shall each year conduct a study and report to Congress on the use of this section, including—

''(1) an analysis of the use of this section during the preceding year and the results of such use, and

''(2) any legislative or administrative recommendations regarding the provisions of this section and its application.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to information provided on or after the date of the enactment of this Act.

SEC. 1719. DENIAL OF DEDUCTION FOR CERTAIN FINES, PENALTIES, AND OTHER AMOUNTS.

(a) IN GENERAL.—Subsection (f) of section 162 (relating to trade or business expenses) is amended to read as follows:

''(f) FINES, PENALTIES, AND OTHER AMOUNTS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), no deduction otherwise allowable shall be allowed under this chapter for any amount paid or incurred (whether by suit, agreement, or otherwise) to, or at the direction of, a government or entity described in paragraph (4) in relation to the violation of any law or the investigation or inquiry by such government or entity into the potential violation of any law.

''(2) EXCEPTION FOR AMOUNTS CONSTITUTING RESTITUTION.—Paragraph (1) shall not apply to any amount which—

''(A) the taxpayer establishes constitutes restitution (including remediation of property) for damage or harm caused by or which may be caused by the violation of any law or the potential violation of any law, and

''(B) is identified as restitution in the court order or settlement agreement.

Identification pursuant to subparagraph (B) alone shall not satisfy the requirement under subparagraph (A). This paragraph shall not apply to any amount paid or incurred as reimbursement to the government or entity for the costs of any investigation or litigation.

''(3) EXCEPTION FOR AMOUNTS PAID OR INCURRED AS THE RESULT OF CERTAIN COURT ORDERS.—Paragraph (1) shall not apply to any amount paid or incurred by order of a court in a suit in which no government or entity described in paragraph (4) is a party.

''(4) CERTAIN NONGOVERNMENTAL REGULATORY ENTITIES.—An entity is described in this paragraph if it is—

''(A) a nongovernmental entity which exercises self-regulatory powers (including imposing sanctions) in connection with a qualified board or exchange (as defined in section 1256(g)(7)), or

''(B) to the extent provided in regulations, a nongovernmental entity which exercises self-regulatory powers (including imposing sanctions) as part of performing an essential governmental function.

''(5) EXCEPTION FOR TAXES DUE.—Paragraph (1) shall not apply to any amount paid or incurred as taxes due.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to amounts paid or incurred on or after the date of the enactment of this Act, except that such amendment shall not apply to amounts paid or incurred under any binding order or agreement entered into before such date. Such exception shall not apply to an order or agreement requiring court approval unless the approval was obtained before such date.

SEC. 1720. FREEZE OF INTEREST SUSPENSION RULES WITH RESPECT TO LISTED TRANSACTIONS.

(a) IN GENERAL.—Paragraph (2) of section 903(d) of the American Jobs Creation Act of 2005 is amended to read as follows:

''(2) EXCEPTION FOR REPORTABLE OR LISTED TRANSACTIONS.—

''(A) IN GENERAL.—The amendments made by subsection (c) shall apply with respect to interest accruing after October 3, 2004.

''(B) SPECIAL RULE FOR CERTAIN LISTED TRANSACTIONS.—

''(i) IN GENERAL.—Except as provided in clause (ii) or (iii), in the case of any listed transaction, the amendments made by subsection (c) shall also apply with respect to interest accruing on or before October 3, 2004.

''(ii) PARTICIPANTS IN SETTLEMENT INITIATIVES.—Clause (i) shall not apply to a listed transaction if, as of May 9, 2005—

''(I) the taxpayer is participating in a published settlement initiative which is offered by the Secretary of the Treasury or his delegate to a group of similarly situated taxpayers claiming benefits from the listed transaction, or

''(II) the taxpayer has entered into a settlement agreement pursuant to such an initiative with respect to the tax liability arising in connection with the listed transaction.

Subclause (I) shall not apply to the taxpayer if, after May 9, 2005, the taxpayer withdraws from, or terminates, participation in the initiative or the Secretary or his delegate determines that a settlement agreement will not be reached pursuant to the initiative within a reasonable period of time.

''(iii) CLOSED TRANSACTIONS.—Clause (i) shall not apply to a listed transaction if, as of May 9, 2005—

''(I) the assessment of all Federal income taxes for the taxable year in which the tax liability to which the interest relates arose is prevented by the operation of any law or rule of law, or

''(II) a closing agreement under section 7121 has been entered into with respect to the tax liability arising in connection with the listed transaction.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in the provisions of the American Jobs Creation Act of 2004 to which it relates.

SEC. 1721. MODIFICATIONS OF EFFECTIVE DATES OF LEASING PROVISIONS OF THE AMERICAN JOBS CREATION ACT OF 2004.

(a) REPEAL OF EXCEPTION FOR QUALIFIED TRANSPORTATION PROPERTY.—Section 849(b) of the American Jobs Creation Act of 2004 is amended by striking paragraphs (1) and (2) and by redesignating paragraphs (3) and (4) as paragraphs (1) and (2).

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the enactment of the American Jobs Creation Act of 2004.

SEC. 1722. IMPOSITION OF MARK-TO-MARKET TAX ON INDIVIDUALS WHO EXPATRIATE.

(a) IN GENERAL.—Subpart A of part II of subchapter N of chapter 1 is amended by inserting after section 877 the following new section:

''SEC. 877A. TAX RESPONSIBILITIES OF EXPATRIATION.

''(a) GENERAL RULES.—For purposes of this subtitle—

''(1) MARK TO MARKET.—Except as provided in subsections (d) and (f), all property of a covered expatriate to whom this section applies shall be treated as sold on the day before the expatriation date for its fair market value.

''(2) RECOGNITION OF GAIN OR LOSS.—In the case of any sale under paragraph (1)—

''(A) notwithstanding any other provision of this title, any gain arising from such sale shall be taken into account for the taxable year of the sale, and

''(B) any loss arising from such sale shall be taken into account for the taxable year of the sale to the extent otherwise provided by this title, except that section 1091 shall not apply to any such loss.

Proper adjustment shall be made in the amount of any gain or loss subsequently realized for gain or loss taken into account under the preceding sentence.

''(3) EXCLUSION FOR CERTAIN GAIN.—

''(A) IN GENERAL.—The amount which, but for this paragraph, would be includible in the gross income of any individual by reason of this section shall be reduced (but not below zero) by $600,000. For purposes of this paragraph, allocable expatriation gain taken into account under subsection (f)(2) shall be treated in the same manner as an amount required to be includible in gross income.

''(B) COST-OF-LIVING ADJUSTMENT.—

''(i) IN GENERAL.—In the case of an expatriation date occurring in any calendar year after 2005, the $600,000 amount under subparagraph (A) shall be increased by an amount equal to—

''(I) such dollar amount, multiplied by

''(II) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year, determined by substituting 'calendar year 2004' for 'calendar year 1992' in subparagraph (B) thereof.

''(ii) ROUNDING RULES.—If any amount after adjustment under clause (i) is not a multiple of $1,000, such amount shall be rounded to the next lower multiple of $1,000.

''(4) ELECTION TO CONTINUE TO BE TAXED AS UNITED STATES CITIZEN.—

''(A) IN GENERAL.—If a covered expatriate elects the application of this paragraph—

''(i) this section (other than this paragraph and subsection (i)) shall not apply to the expatriate, but

''(ii) in the case of property to which this section would apply but for such election, the expatriate shall be subject to tax under this title in the same manner as if the individual were a United States citizen.

''(B) REQUIREMENTS.—Subparagraph (A) shall not apply to an individual unless the individual—

''(i) provides security for payment of tax in such form and manner, and in such amount, as the Secretary may require,

''(ii) consents to the waiver of any right of the individual under any treaty of the United States which would preclude assessment or collection of any tax which may be imposed by reason of this paragraph, and

''(iii) complies with such other requirements as the Secretary may prescribe.

''(C) ELECTION.—An election under subparagraph (A) shall apply to all property to which this section would apply but for the election and, once made, shall be irrevocable. Such election shall also apply to property the basis of which is determined in whole or in part by reference to the property with respect to which the election was made.

''(b) ELECTION TO DEFER TAX.—

''(1) IN GENERAL.—If the taxpayer elects the application of this subsection with respect to any property treated as sold by reason of subsection (a), the payment of the additional tax attributable to such property shall be postponed until the due date of the return for the taxable year in which such property is disposed of (or, in the case of property disposed of in a transaction in which gain is not recognized in whole or in part, until such other date as the Secretary may prescribe).

''(2) DETERMINATION OF TAX WITH RESPECT TO PROPERTY.—For purposes of paragraph (1), the additional tax attributable to any property is an amount which bears the same ratio to the additional tax imposed by this chapter for the taxable year solely by reason of subsection (a) as the gain taken into account under subsection (a) with respect to such property bears to the total gain taken into account under subsection (a) with respect to all property to which subsection (a) applies.

''(3) TERMINATION OF POSTPONEMENT.—No tax may be postponed under this subsection later than the due date for the return of tax imposed by this chapter for the taxable year which includes the date of death of the expatriate (or, if earlier, the time that the security provided with respect to the property fails to meet the requirements of paragraph

(4), unless the taxpayer corrects such failure within the time specified by the Secretary).

''(4) SECURITY.—

''(A) IN GENERAL.—No election may be made under paragraph (1) with respect to any property unless adequate security is provided to the Secretary with respect to such property.

''(B) ADEQUATE SECURITY.—For purposes of subparagraph (A), security with respect to any property shall be treated as adequate security if—

''(i) it is a bond in an amount equal to the deferred tax amount under paragraph (2) for the property, or

''(ii) the taxpayer otherwise establishes to the satisfaction of the Secretary that the security is adequate.

''(5) WAIVER OF CERTAIN RIGHTS.—No election may be made under paragraph (1) unless the taxpayer consents to the waiver of any right under any treaty of the United States which would preclude assessment or collection of any tax imposed by reason of this section.

''(6) ELECTIONS.—An election under paragraph (1) shall only apply to property described in the election and, once made, is irrevocable. An election may be made under paragraph (1) with respect to an interest in a trust with respect to which gain is required to be recognized under subsection (f)(1).

''(7) INTEREST.—For purposes of section 6601—

''(A) the last date for the payment of tax shall be determined without regard to the election under this subsection, and

''(B) section 6621(a)(2) shall be applied by substituting '5 percentage points' for '3 percentage points' in subparagraph (B) thereof.

''(c) COVERED EXPATRIATE.—For purposes of this section—

''(1) IN GENERAL.—Except as provided in paragraph (2), the term 'covered expatriate' means an expatriate.

''(2) EXCEPTIONS.—An individual shall not be treated as a covered expatriate if—

''(A) the individual—

''(i) became at birth a citizen of the United States and a citizen of another country and, as of the expatriation date, continues to be a citizen of, and is taxed as a resident of, such other country, and

''(ii) has not been a resident of the United States (as defined in section 7701(b)(1)(A)(ii)) during the 5 taxable years ending with the taxable year during which the expatriation date occurs, or

''(B)(i) the individual's relinquishment of United States citizenship occurs before such individual attains age 18½, and

''(ii) the individual has been a resident of the United States (as so defined) for not more than 5 taxable years before the date of relinquishment.

''(d) EXEMPT PROPERTY; SPECIAL RULES FOR PENSION PLANS.—

''(1) EXEMPT PROPERTY.—This section shall not apply to the following:

''(A) UNITED STATES REAL PROPERTY INTERESTS.—Any United States real property interest (as defined in section 897(c)(1)), other than stock of a United States real property holding corporation which does not, on the day before the expatriation date, meet the requirements of section 897(c)(2).

''(B) SPECIFIED PROPERTY.—Any property or interest in property not described in subparagraph (A) which the Secretary specifies in regulations.

''(2) SPECIAL RULES FOR CERTAIN RETIREMENT PLANS.—

''(A) IN GENERAL.—If a covered expatriate holds on the day before the expatriation date any interest in a retirement plan to which this paragraph applies—

''(i) such interest shall not be treated as sold for purposes of subsection (a)(1), but

''(ii) an amount equal to the present value of the expatriate's nonforfeitable accrued benefit shall be treated as having been received by such individual on such date as a distribution under the plan.

''(B) TREATMENT OF SUBSEQUENT DISTRIBUTIONS.—In the case of any distribution on or after the expatriation date to or on behalf of the covered expatriate from a plan from which the expatriate was treated as receiving a distribution under subparagraph (A), the amount otherwise includible in gross income by reason of the subsequent distribution shall be reduced by the excess of the amount includible in gross income under subparagraph (A) over any portion of such amount to which this subparagraph previously applied.

''(C) TREATMENT OF SUBSEQUENT DISTRIBUTIONS BY PLAN.—For purposes of this title, a retirement plan to which this paragraph applies, and any person acting on the plan's behalf, shall treat any subsequent distribution described in subparagraph (B) in the same manner as such distribution would be treated without regard to this paragraph.

''(D) APPLICABLE PLANS.—This paragraph shall apply to—

''(i) any qualified retirement plan (as defined in section 4974(c)),

''(ii) an eligible deferred compensation plan (as defined in section 457(b)) of an eligible employer described in section 457(e)(1)(A), and

''(iii) to the extent provided in regulations, any foreign pension plan or similar retirement arrangements or programs.

''(e) DEFINITIONS.—For purposes of this section—

''(1) EXPATRIATE.—The term 'expatriate' means—

''(A) any United States citizen who relinquishes citizenship, and

''(B) any long-term resident of the United States who—

''(i) ceases to be a lawful permanent resident of the United States (within the meaning of section 7701(b)(6)), or

''(ii) commences to be treated as a resident of a foreign country under the provisions of a tax treaty between the United States and the foreign country and who does not waive the benefits of such treaty applicable to residents of the foreign country.

''(2) EXPATRIATION DATE.—The term 'expatriation date' means—

''(A) the date an individual relinquishes United States citizenship, or

''(B) in the case of a long-term resident of the United States, the date of the event described in clause (i) or (ii) of paragraph (1)(B).

''(3) RELINQUISHMENT OF CITIZENSHIP.—A citizen shall be treated as relinquishing United States citizenship on the earliest of—

''(A) the date the individual renounces such individual's United States nationality before a diplomatic or consular officer of the United States pursuant to paragraph (5) of section 349(a) of the Immigration and Nationality Act (8 U.S.C. 1481(a)(5)),

''(B) the date the individual furnishes to the United States Department of State a signed statement of voluntary relinquishment of United States nationality confirming the performance of an act of expatriation specified in paragraph (1), (2), (3), or (4) of section 349(a) of the Immigration and Nationality Act (8 U.S.C. 1481(a)(1)–(4)),

''(C) the date the United States Department of State issues to the individual a certificate of loss of nationality, or

''(D) the date a court of the United States cancels a naturalized citizen's certificate of naturalization.

Subparagraph (A) or (B) shall not apply to any individual unless the renunciation or voluntary relinquishment is subsequently approved by the issuance to the individual of a certificate of loss of nationality by the United States Department of State.

''(4) LONG-TERM RESIDENT.—The term 'long-term resident' has the meaning given to such term by section 877(e)(2).

''(f) SPECIAL RULES APPLICABLE TO BENEFICIARIES' INTERESTS IN TRUST.—

''(1) IN GENERAL.—Except as provided in paragraph (2), if an individual is determined under paragraph (3) to hold an interest in a trust on the day before the expatriation date—

''(A) the individual shall not be treated as having sold such interest,

''(B) such interest shall be treated as a separate share in the trust, and

''(C)(i) such separate share shall be treated as a separate trust consisting of the assets allocable to such share,

''(ii) the separate trust shall be treated as having sold its assets on the day before the expatriation date for their fair market value and as having distributed all of its assets to the individual as of such time, and

''(iii) the individual shall be treated as having recontributed the assets to the separate trust.

Subsection (a)(2) shall apply to any income, gain, or loss of the individual arising from a distribution described in subparagraph (C)(ii). In determining the amount of such distribution, proper adjustments shall be made for liabilities of the trust allocable to an individual's share in the trust.

''(2) SPECIAL RULES FOR INTERESTS IN QUALIFIED TRUSTS.—

''(A) IN GENERAL.—If the trust interest described in paragraph (1) is an interest in a qualified trust—

''(i) paragraph (1) and subsection (a) shall not apply, and

''(ii) in addition to any other tax imposed by this title, there is hereby imposed on each distribution with respect to such interest a tax in the amount determined under subparagraph (B).

''(B) AMOUNT OF TAX.—The amount of tax under subparagraph (A)(ii) shall be equal to the lesser of—

''(i) the highest rate of tax imposed by section 1(e) for the taxable year which includes the day before the expatriation date, multiplied by the amount of the distribution, or

''(ii) the balance in the deferred tax account immediately before the distribution determined without regard to any increases under subparagraph (C)(ii) after the 30th day preceding the distribution.

''(C) DEFERRED TAX ACCOUNT.—For purposes of subparagraph (B)(ii)—

''(i) OPENING BALANCE.—The opening balance in a deferred tax account with respect to any trust interest is an amount equal to the tax which would have been imposed on the allocable expatriation gain with respect to the trust interest if such gain had been included in gross income under subsection (a).

''(ii) INCREASE FOR INTEREST.—The balance in the deferred tax account shall be increased by the amount of interest determined (on the balance in the account at the time the interest accrues), for periods after the 90th day after the expatriation date, by using the rates and method applicable under section 6621 for underpayments of tax for such periods, except that section 6621(a)(2) shall be applied by substituting '5 percentage points' for '3 percentage points' in subparagraph (B) thereof.

''(iii) DECREASE FOR TAXES PREVIOUSLY PAID.—The balance in the tax deferred account shall be reduced—

''(I) by the amount of taxes imposed by subparagraph (A) on any distribution to the person holding the trust interest, and

''(II) in the case of a person holding a nonvested interest, to the extent provided in

regulations, by the amount of taxes imposed by subparagraph (A) on distributions from the trust with respect to nonvested interests not held by such person.

''(D) ALLOCABLE EXPATRIATION GAIN.—For purposes of this paragraph, the allocable expatriation gain with respect to any beneficiary's interest in a trust is the amount of gain which would be allocable to such beneficiary's vested and nonvested interests in the trust if the beneficiary held directly all assets allocable to such interests.

''(E) TAX DEDUCTED AND WITHHELD.—

''(i) IN GENERAL.—The tax imposed by subparagraph (A)(ii) shall be deducted and withheld by the trustees from the distribution to which it relates.

''(ii) EXCEPTION WHERE FAILURE TO WAIVE TREATY RIGHTS.—If an amount may not be deducted and withheld under clause (i) by reason of the distributee failing to waive any treaty right with respect to such distribution—

''(I) the tax imposed by subparagraph (A)(ii) shall be imposed on the trust and each trustee shall be personally liable for the amount of such tax, and

''(II) any other beneficiary of the trust shall be entitled to recover from the distributee the amount of such tax imposed on the other beneficiary.

''(F) DISPOSITION.—If a trust ceases to be a qualified trust at any time, a covered expatriate disposes of an interest in a qualified trust, or a covered expatriate holding an interest in a qualified trust dies, then, in lieu of the tax imposed by subparagraph (A)(ii), there is hereby imposed a tax equal to the lesser of—

''(i) the tax determined under paragraph (1) as if the day before the expatriation date were the date of such cessation, disposition, or death, whichever is applicable, or

''(ii) the balance in the tax deferred account immediately before such date.

Such tax shall be imposed on the trust and each trustee shall be personally liable for the amount of such tax and any other beneficiary of the trust shall be entitled to recover from the covered expatriate or the estate the amount of such tax imposed on the other beneficiary.

''(G) DEFINITIONS AND SPECIAL RULES.—For purposes of this paragraph—

''(i) QUALIFIED TRUST.—The term 'qualified trust' means a trust which is described in section 7701(a)(30)(E).

''(ii) VESTED INTEREST.—The term 'vested interest' means any interest which, as of the day before the expatriation date, is vested in the beneficiary.

''(iii) NONVESTED INTEREST.—The term 'nonvested interest' means, with respect to any beneficiary, any interest in a trust which is not a vested interest. Such interest shall be determined by assuming the maximum exercise of discretion in favor of the beneficiary and the occurrence of all contingencies in favor of the beneficiary.

''(iv) ADJUSTMENTS.—The Secretary may provide for such adjustments to the bases of assets in a trust or a deferred tax account, and the timing of such adjustments, in order to ensure that gain is taxed only once.

''(v) COORDINATION WITH RETIREMENT PLAN RULES.—This subsection shall not apply to an interest in a trust which is part of a retirement plan to which subsection (d)(2) applies.

''(3) DETERMINATION OF BENEFICIARIES' INTEREST IN TRUST.—

''(A) DETERMINATIONS UNDER PARAGRAPH (1).—For purposes of paragraph (1), a beneficiary's interest in a trust shall be based upon all relevant facts and circumstances, including the terms of the trust instrument and any letter of wishes or similar document, historical patterns of trust distributions, and the existence of and functions performed by a trust protector or any similar adviser.

''(B) OTHER DETERMINATIONS.—For purposes of this section—

''(i) CONSTRUCTIVE OWNERSHIP.—If a beneficiary of a trust is a corporation, partnership, trust, or estate, the shareholders, partners, or beneficiaries shall be deemed to be the trust beneficiaries for purposes of this section.

''(ii) TAXPAYER RETURN POSITION.—A taxpayer shall clearly indicate on its income tax return—

''(I) the methodology used to determine that taxpayer's trust interest under this section, and

''(II) if the taxpayer knows (or has reason to know) that any other beneficiary of such trust is using a different methodology to determine such beneficiary's trust interest under this section.

''(g) TERMINATION OF DEFERRALS, ETC.—In the case of any covered expatriate, notwithstanding any other provision of this title—

''(1) any period during which recognition of income or gain is deferred shall terminate on the day before the expatriation date, and

''(2) any extension of time for payment of tax shall cease to apply on the day before the expatriation date and the unpaid portion of such tax shall be due and payable at the time and in the manner prescribed by the Secretary.

''(h) IMPOSITION OF TENTATIVE TAX.—

''(1) IN GENERAL.—If an individual is required to include any amount in gross income under subsection (a) for any taxable year, there is hereby imposed, immediately before the expatriation date, a tax in an amount equal to the amount of tax which would be imposed if the taxable year were a short taxable year ending on the expatriation date.

''(2) DUE DATE.—The due date for any tax imposed by paragraph (1) shall be the 90th day after the expatriation date.

''(3) TREATMENT OF TAX.—Any tax paid under paragraph (1) shall be treated as a payment of the tax imposed by this chapter for the taxable year to which subsection (a) applies.

''(4) DEFERRAL OF TAX.—The provisions of subsection (b) shall apply to the tax imposed by this subsection to the extent attributable to gain includible in gross income by reason of this section.

''(i) SPECIAL LIENS FOR DEFERRED TAX AMOUNTS.—

''(1) IMPOSITION OF LIEN.—

''(A) IN GENERAL.—If a covered expatriate makes an election under subsection (a)(4) or (b) which results in the deferral of any tax imposed by reason of subsection (a), the deferred amount (including any interest, additional amount, addition to tax, assessable penalty, and costs attributable to the deferred amount) shall be a lien in favor of the United States on all property of the expatriate located in the United States (without regard to whether this section applies to the property).

''(B) DEFERRED AMOUNT.—For purposes of this subsection, the deferred amount is the amount of the increase in the covered expatriate's income tax which, but for the election under subsection (a)(4) or (b), would have occurred by reason of this section for the taxable year including the expatriation date.

''(2) PERIOD OF LIEN.—The lien imposed by this subsection shall arise on the expatriation date and continue until—

''(A) the liability for tax by reason of this section is satisfied or has become unenforceable by reason of lapse of time, or

''(B) it is established to the satisfaction of the Secretary that no further tax liability may arise by reason of this section.

''(3) CERTAIN RULES APPLY.—The rules set forth in paragraphs (1), (3), and (4) of section 6324A(d) shall apply with respect to the lien imposed by this subsection as if it were a lien imposed by section 6324A.

''(j) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.''.

(b) INCLUSION IN INCOME OF GIFTS AND BEQUESTS RECEIVED BY UNITED STATES CITIZENS AND RESIDENTS FROM EXPATRIATES.—Section 102 (relating to gifts, etc. not included in gross income) is amended by adding at the end the following new subsection:

''(d) GIFTS AND INHERITANCES FROM COVERED EXPATRIATES.—

''(1) IN GENERAL.—Subsection (a) shall not exclude from gross income the value of any property acquired by gift, bequest, devise, or inheritance from a covered expatriate after the expatriation date. For purposes of this subsection, any term used in this subsection which is also used in section 877A shall have the same meaning as when used in section 877A.

''(2) EXCEPTIONS FOR TRANSFERS OTHERWISE SUBJECT TO ESTATE OR GIFT TAX.—Paragraph (1) shall not apply to any property if either—

''(A) the gift, bequest, devise, or inheritance is—

''(i) shown on a timely filed return of tax imposed by chapter 12 as a taxable gift by the covered expatriate, or

''(ii) included in the gross estate of the covered expatriate for purposes of chapter 11 and shown on a timely filed return of tax imposed by chapter 11 of the estate of the covered expatriate, or

''(B) no such return was timely filed but no such return would have been required to be filed even if the covered expatriate were a citizen or long-term resident of the United States.''.

(c) DEFINITION OF TERMINATION OF UNITED STATES CITIZENSHIP.—Section 7701(a) is amended by adding at the end the following new paragraph:

''(49) TERMINATION OF UNITED STATES CITIZENSHIP.—

''(A) IN GENERAL.—An individual shall not cease to be treated as a United States citizen before the date on which the individual's citizenship is treated as relinquished under section 877A(e)(3).

''(B) DUAL CITIZENS.—Under regulations prescribed by the Secretary, subparagraph (A) shall not apply to an individual who became at birth a citizen of the United States and a citizen of another country.''.

(d) INELIGIBILITY FOR VISA OR ADMISSION TO UNITED STATES.—

(1) IN GENERAL.—Section 212(a)(10)(E) of the Immigration and Nationality Act (8 U.S.C. 1182(a)(10)(E)) is amended to read as follows:

''(E) FORMER CITIZENS NOT IN COMPLIANCE WITH EXPATRIATION REVENUE PROVISIONS.—Any alien who is a former citizen of the United States who relinquishes United States citizenship (within the meaning of section 877A(e)(3) of the Internal Revenue Code of 1986) and who is not in compliance with section 877A of such Code (relating to expatriation).''.

(2) AVAILABILITY OF INFORMATION.—

(A) IN GENERAL.—Section 6103(l) (relating to disclosure of returns and return information for purposes other than tax administration) is amended by adding at the end the following new paragraph:

''(21) DISCLOSURE TO DENY VISA OR ADMISSION TO CERTAIN EXPATRIATES.—Upon written request of the Attorney General or the Attorney General's delegate, the Secretary shall disclose whether an individual is in

compliance with section 877A (and if not in compliance, any items of noncompliance) to officers and employees of the Federal agency responsible for administering section 212(a)(10)(E) of the Immigration and Nationality Act solely for the purpose of, and to the extent necessary in, administering such section 212(a)(10)(E).''.

(B) SAFEGUARDS.—Section 6103(p)(4) (relating to safeguards) is amended by striking ''or (20)'' each place it appears and inserting ''(20), or (21)''.

(3) EFFECTIVE DATES.—The amendments made by this subsection shall apply to individuals who relinquish United States citizenship on or after the date of the enactment of this Act.

(e) CONFORMING AMENDMENTS.—

(1) Section 877 is amended by adding at the end the following new subsection:

''(h) APPLICATION.—This section shall not apply to an expatriate (as defined in section 877A(e)) whose expatriation date (as so defined) occurs on or after the date of the enactment of the Safe, Accountable, Flexible, and Efficient Transportation Equity Act of 2005.''.

(2) Section 2107 is amended by adding at the end the following new subsection:

''(f) APPLICATION.—This section shall not apply to any expatriate subject to section 877A.''.

(3) Section 2501(a)(3) is amended by adding at the end the following new subparagraph:

''(C) APPLICATION.—This paragraph shall not apply to any expatriate subject to section 877A.''.

(f) CLERICAL AMENDMENT.—The table of sections for subpart A of part II of subchapter N of chapter 1 is amended by inserting after the item relating to section 877 the following new item:

''Sec. 877A. Tax responsibilities of expatriation.''.

(g) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in this subsection, the amendments made by this section shall apply to expatriates (within the meaning of section 877A(e) of the Internal Revenue Code of 1986, as added by this section) whose expatriation date (as so defined) occurs on or after the date of the enactment of this Act.

(2) GIFTS AND BEQUESTS.—Section 102(d) of the Internal Revenue Code of 1986 (as added by subsection (b)) shall apply to gifts and bequests received on or after the date of the enactment of this Act, from an individual or the estate of an individual whose expatriation date (as so defined) occurs after such date.

(3) DUE DATE FOR TENTATIVE TAX.—The due date under section 877A(h)(2) of the Internal Revenue Code of 1986, as added by this section, shall in no event occur before the 90th day after the date of the enactment of this Act.

SEC. 1723. DISALLOWANCE OF DEDUCTION FOR PUNITIVE DAMAGES.

(a) DISALLOWANCE OF DEDUCTION.—

(1) IN GENERAL.—Section 162(g) (relating to treble damage payments under the antitrust laws) is amended—

(A) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively,

(B) by striking ''If'' and inserting:

''(1) TREBLE DAMAGES.—If'', and

(C) by adding at the end the following new paragraph:

''(2) PUNITIVE DAMAGES.—No deduction shall be allowed under this chapter for any amount paid or incurred for punitive damages in connection with any judgment in, or settlement of, any action. This paragraph shall not apply to punitive damages described in section 104(c).''.

(2) CONFORMING AMENDMENT.—The heading for section 162(g) is amended by inserting ''OR PUNITIVE DAMAGES'' after ''LAWS''.

(b) INCLUSION IN INCOME OF PUNITIVE DAMAGES PAID BY INSURER OR OTHERWISE.—

(1) IN GENERAL.—Part II of subchapter B of chapter 1 (relating to items specifically included in gross income) is amended by adding at the end the following new section:

''SEC. 91. PUNITIVE DAMAGES COMPENSATED BY INSURANCE OR OTHERWISE.

''Gross income shall include any amount paid to or on behalf of a taxpayer as insurance or otherwise by reason of the taxpayer's liability (or agreement) to pay punitive damages.''.

(2) REPORTING REQUIREMENTS.—Section 6041 (relating to information at source) is amended by adding at the end the following new subsection:

''(f) SECTION TO APPLY TO PUNITIVE DAMAGES COMPENSATION.—This section shall apply to payments by a person to or on behalf of another person as insurance or otherwise by reason of the other person's liability (or agreement) to pay punitive damages.''.

(3) CONFORMING AMENDMENT.—The table of sections for part II of subchapter B of chapter 1 is amended by adding at the end the following new item:

''Sec. 91. Punitive damages compensated by insurance or otherwise.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to damages paid or incurred on or after the date of the enactment of this Act.

SEC. 1724. APPLICATION OF EARNINGS STRIPPING RULES TO PARTNERS WHICH ARE C CORPORATIONS.

(a) IN GENERAL.—Section 163(j) (relating to limitation on deduction for interest on certain indebtedness) is amended by redesignating paragraph (8) as paragraph (9) and by inserting after paragraph (7) the following new paragraph:

''(8) ALLOCATIONS TO CERTAIN CORPORATE PARTNERS.—If a C corporation is a partner in a partnership—

''(A) the corporation's allocable share of indebtedness and interest income of the partnership shall be taken into account in applying this subsection to the corporation, and

''(B) if a deduction is not disallowed under this subsection with respect to any interest expense of the partnership, this subsection shall be applied separately in determining whether a deduction is allowable to the corporation with respect to the corporation's allocable share of such interest expense.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning on or after the date of the enactment of this Act.

SEC. 1725. PROHIBITION ON DEFERRAL OF GAIN FROM THE EXERCISE OF STOCK OPTIONS AND RESTRICTED STOCK GAINS THROUGH DEFERRED COMPENSATION ARRANGEMENTS.

(a) IN GENERAL.—Section 83 (relating to property transferred in connection with performance of services) is amending by adding at the end the following new subsection:

''(i) PROHIBITION ON ADDITIONAL DEFERRAL THROUGH DEFERRED COMPENSATION ARRANGEMENTS.—If a taxpayer exchanges—

''(1) an option to purchase employer securities—

''(A) to which subsection (a) applies, or

''(B) which is described in subsection (e)(3), or

''(2) employer securities or any other property based on employer securities transferred to the taxpayer,

for a right to receive future payments, then, notwithstanding any other provision of this title, there shall be included in gross income for the taxable year of the exchange an amount equal to the present value of such right (or such other amount as the Secretary may by regulations specify). For purposes of this subsection, the term 'employer securities' includes any security issued by the employer.''.

(b) CONTROLLED GROUP RULES.—Section 414(t)(2) is amended by inserting ''83(i),'' after ''79,''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to any exchange after the date of the enactment of this Act.

SEC. 1726. LIMITATION OF EMPLOYER DEDUCTION FOR CERTAIN ENTERTAINMENT EXPENSES.

(a) IN GENERAL.—Paragraph (2) of section 274(e) (relating to expenses treated as compensation) is amended to read as follows:

''(2) EXPENSES TREATED AS COMPENSATION.—Expenses for goods, services, and facilities, to the extent that the expenses do not exceed the amount of the expenses which are treated by the taxpayer, with respect to the recipient of the entertainment, amusement, or recreation, as compensation to an employee on the taxpayer's return of tax under this chapter and as wages to such employee for purposes of chapter 24 (relating to withholding of income tax at source on wages).''.

(b) PERSONS NOT EMPLOYEES.—Paragraph (9) of section 274(e) is amended by striking ''to the extent that the expenses are includible in the gross income'' and inserting ''to the extent that the expenses do not exceed the amount of the expenses which are includible in the gross income''.

(c) EFFECTIVE DATE.—The amendment made by this section shall apply to expenses incurred after the date of the enactment of this Act.

SEC. 1727. INCREASE IN PENALTY FOR BAD CHECKS AND MONEY ORDERS.

(a) IN GENERAL.—Section 6657 (relating to bad checks) is amended—

(1) by striking ''$750'' and inserting ''$1,250'', and

(2) by striking ''$15'' and inserting ''$25''.

(b) EFFECTIVE DATE.—The amendments made by this section apply to checks or money orders received after the date of the enactment of this Act.

SEC. 1728. ELIMINATION OF DOUBLE DEDUCTION ON MINING EXPLORATION AND DEVELOPMENT COSTS UNDER THE MINIMUM TAX.

(a) IN GENERAL.—Section 57(a)(1) (relating to depletion) is amended by striking ''for the taxable year)'' and inserting ''for the taxable year and determined without regard to so much of the basis as is attributable to mining exploration and development costs described in section 616 or 617 for which a deduction is allowable for any taxable year under this part).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after the date of the enactment this Act.

PART II—IMPROVEMENTS IN EFFICIENCY AND SAFEGUARDS IN INTERNAL REVENUE SERVICE COLLECTION

SEC. 1731. WAIVER OF USER FEE FOR INSTALLMENT AGREEMENTS USING AUTOMATED WITHDRAWALS.

(a) IN GENERAL.—Section 6159 (relating to agreements for payment of tax liability in installments) is amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following:

''(e) WAIVER OF USER FEES FOR INSTALLMENT AGREEMENTS USING AUTOMATED WITHDRAWALS.—In the case of a taxpayer who enters into an installment agreement in which automated installment payments are agreed to, the Secretary shall waive the fee (if any) for entering into the installment agreement.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to agreements entered into on or after the date which is 180 days after the date of the enactment of this Act.

SEC. 1732. TERMINATION OF INSTALLMENT AGREEMENTS.

(a) IN GENERAL.—Section 6159(b)(4) (relating to failure to pay an installment or any other tax liability when due or to provide requested financial information) is amended by striking ''or'' at the end of subparagraph (B), by redesignating subparagraph (C) as subparagraph (E), and by inserting after subparagraph (B) the following:

''(C) to make a Federal tax deposit under section 6302 at the time such deposit is required to be made,

''(D) to file a return of tax imposed under this title by its due date (including extensions), or''.

(b) CONFORMING AMENDMENT.—The heading for section 6159(b)(4) is amended by striking ''FAILURE TO PAY AN INSTALLMENT OR ANY OTHER TAX LIABILITY WHEN DUE OR TO PROVIDE REQUESTED FINANCIAL INFORMATION'' and inserting ''FAILURE TO MAKE PAYMENTS OR DEPOSITS OR FILE RETURNS WHEN DUE OR TO PROVIDE REQUESTED FINANCIAL INFORMATION''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to failures occurring on or after the date of the enactment of this Act.

SEC. 1733. OFFICE OF CHIEF COUNSEL REVIEW OF OFFERS-IN-COMPROMISE.

(a) IN GENERAL.—Section 7122(b) (relating to record) is amended by striking ''Whenever a compromise'' and all that follows through ''his delegate'' and inserting ''If the Secretary determines that an opinion of the General Counsel for the Department of the Treasury, or the Counsel's delegate, is required with respect to a compromise, there shall be placed on file in the office of the Secretary such opinion''.

(b) CONFORMING AMENDMENTS.—Section 7122(b) is amended by striking the second and third sentences.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to offers-in-compromise submitted or pending on or after the date of the enactment of this Act.

SEC. 1734. PARTIAL PAYMENTS REQUIRED WITH SUBMISSION OF OFFERS-IN-COMPROMISE.

(a) IN GENERAL.—Section 7122 (relating to compromises), as amended by this Act, is amended by redesignating subsections (c), (d), and (e) as subsections (d), (e), and (f), respectively, and by inserting after subsection (b) the following new subsection:

''(c) RULES FOR SUBMISSION OF OFFERS-IN-COMPROMISE.—

''(1) PARTIAL PAYMENT REQUIRED WITH SUBMISSION.—

''(A) LUMP-SUM OFFERS.—

''(i) IN GENERAL.—The submission of any lump-sum offer-in-compromise shall be accompanied by the payment of 20 percent of amount of such offer.

''(ii) LUMP-SUM OFFER-IN-COMPROMISE.—For purposes of this section, the term 'lump-sum offer-in-compromise' means any offer of payments made in 5 or fewer installments.

''(B) PERIODIC PAYMENT OFFERS.—The submission of any periodic payment offer-in-compromise shall be accompanied by the payment of the amount of the first proposed installment and each proposed installment due during the period such offer is being evaluated for acceptance and has not been rejected by the Secretary. Any failure to make a payment required under the preceding sentence shall be deemed a withdrawal of the offer-in-compromise.

''(2) RULES OF APPLICATION.—

''(A) USE OF PAYMENT.—The application of any payment made under this subsection to the assessed tax or other amounts imposed under this title with respect to such tax may be specified by the taxpayer.

''(B) NO USER FEE IMPOSED.—Any user fee which would otherwise be imposed under this section shall not be imposed on any offer-in-compromise accompanied by a payment required under this subsection.''.

(b) ADDITIONAL RULES RELATING TO TREATMENT OF OFFERS.—

(1) UNPROCESSABLE OFFER IF PAYMENT REQUIREMENTS ARE NOT MET.—Paragraph (3) of section 7122(d) (relating to standards for evaluation of offers), as redesignated by subsection (a), is amended by striking ''; and'' at the end of subparagraph (A) and inserting a comma, by striking the period at the end of subparagraph (B) and inserting '', and'', and by adding at the end the following new subparagraph:

''(C) any offer-in-compromise which does not meet the requirements of subsection (c) shall be returned to the taxpayer as unprocessable.''.

(2) DEEMED ACCEPTANCE OF OFFER NOT REJECTED WITHIN CERTAIN PERIOD.—Section 7122, as amended by subsection (a), is amended by adding at the end the following new subsection:

''(g) DEEMED ACCEPTANCE OF OFFER NOT REJECTED WITHIN CERTAIN PERIOD.—Any offer-in-compromise submitted under this section shall be deemed to be accepted by the Secretary if such offer is not rejected by the Secretary before the date which is 24 months after the date of the submission of such offer (12 months for offers-in-compromise submitted after the date which is 5 years after the date of the enactment of this subsection). For purposes of the preceding sentence, any period during which any tax liability which is the subject of such offer-in-compromise is in dispute in any judicial proceeding shall not be taken in to account in determining the expiration of the 24-month period (or 12-month period, if applicable).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to offers-in-compromise submitted on and after the date which is 60 days after the date of the enactment of this Act.

SEC. 1735. JOINT TASK FORCE ON OFFERS-IN-COMPROMISE.

(a) IN GENERAL.—The Secretary of the Treasury shall establish a joint task force—

(1) to review the Internal Revenue Service's determinations with respect to offers-in-compromise, including offers which raise equitable, public policy, or economic hardship grounds for compromise of a tax liability under section 7122 of the Internal Revenue Code of 1986,

(2) to review the extent to which the Internal Revenue Service has used its authority to resolve longstanding cases by forgoing penalties and interest which have accumulated as a result of delay in determining the taxpayer's liability,

(3) to provide recommendations as to whether the Internal Revenue Service's evaluation of offers-in-compromise should include—

(A) the taxpayer's compliance history,

(B) errors by the Internal Revenue Service with respect to the underlying tax, and

(C) wrongful acts by a third party which gave rise to the liability, and

(4) to annually report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives (beginning in 2006) regarding such review and recommendations.

(b) MEMBERS OF JOINT TASK FORCE.—The membership of the joint task force under subsection (a) shall consist of 1 representative each from the Department of the Treasury, the Internal Revenue Service Oversight Board, the Office of the Chief Counsel for the Internal Revenue Service, the Office of the Taxpayer Advocate, the Office of Appeals, and the division of the Internal Revenue Service charged with operating the offer-in-compromise program.

(c) REPORT OF NATIONAL TAXPAYER ADVOCATE.—

(1) IN GENERAL.—Clause (ii) of section 7803(c)(2)(B) (relating to annual reports) is amended by striking ''and'' at the end of subclause (X), by redesignating subclause (XI) as subclause (XII), and by inserting after subclause (X) the following new subclause:

''(XI) include a list of the factors taxpayers have raised to support their claims for offers-in-compromise relief, the number of such offers submitted, accepted, and rejected, the number of such offers appealed, the period during which review of such offers have remained pending, and the efforts the Internal Revenue Service has made to correctly identify such offers, including the training of employees in identifying and evaluating such offers.''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to reports in calendar year 2006 and thereafter.

SA 933. Mr. GRASSLEY (for himself and Mr. BAUCUS) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 1, strike lines 4 and 5 and insert the following:

SEC. 1500. SHORT TITLE; AMENDMENT OF 1986 CODE.

Beginning on page 2, strike line 5 and all that follows through page 3, line 2, and insert the following:

Subtitle A—Electricity Infrastructure

On page 7, lines 6 and 7, strike ''low-head hydroelectric facility or''.

On page 8, lines 10 and 11, strike ''LOW-HEAD HYDROELECTRIC FACILITY OR NONHYDROELECTRIC DAM'' and insert ''NONHYDROELECTRIC DAM''.

On page 8, strike lines 18 through 20 and insert the following:

''(ii) the facility was placed in service before the date of the enactment of this paragraph and did not produce hydroelectric power on the date of the enactment of this paragraph, and

Beginning on page 8, line 24, strike ''the installation'' and all that follows through page 9, line 1 and insert ''there is not any enlargement of the diversion structure, or construction or enlargement of a bypass channel,''.

On page 9, strike lines 5 through 9.

On page 26, strike lines 14 and 15 and insert the following:

(2) Section 1397E(c)(2) is amended by inserting '', and subpart H thereof'' after ''refundable credits''.

On page 68, lines 8 and 9, strike ''the date of the enactment of this Act'' and insert ''December 31, 2004''.

On page 73, line 1, strike ''**PATRONS**'' and insert ''**OWNERS**''.

On page 90, strike lines 4 through 7.

On page 90, line 21, strike ''and, in the case'' and all that follows through line 23.

On page 107, line 17, insert ''a home inspector certified by the Secretary of Energy as trained to perform an energy inspection for purposes of this section,'' after ''(IPIA),''.

On page 110, line 22, strike ''(2)'' and insert ''(3)''.

On page 143, strike lines 1 through 6, and insert the following:

''(1) MAXIMUM CREDIT.—The credit allowed under subsection (a) for any taxable year shall not exceed—

''(A) $2,000 with respect to any qualified solar water heating expenditures,

''(B) $2,000 with respect to any qualified photovoltaic property expenditures, and

''(C) $500 with respect to each kilowatt of capacity of qualified fuel cell property (as defined in section 48(d)(1)) for which qualified fuel cell property expenditures are made,

On page 149, between lines 6 and 7, insert the following:

(1) Section 23(c) is amended by striking ''this section and section 1400C'' and inserting ''this section, section 25D, and section 1400C''.

(2) Section 25(e)(1)(C) is amended by striking ''this section and sections 23 and 1400C'' and inserting ''other than this section, section 23, section 25D, and section 1400C''.

(3) Section 1400C(d) is amended by striking ''this section'' and inserting ''this section and section 25D''.

On page 149, line 7, strike ''(1)'' and insert ''(4)''.

On page 149, line 15, strike ''(2)'' and insert ''(5)''.

On page 149, lined 19 and 20, strike ''Except as provided by paragraph (2), the'' and insert ''The''.

On page 155, lines 2 and 3, strike ''for use in a structure''.

On page 155, line 12, insert ''periods'' before ''before''.

On page 210, between lines 19 and 20, insert the following:

(b) WRITTEN NOTICE OF ELECTION TO ALLOCATE CREDIT TO PATRONS.—Section 40(g)(6)(A)(ii) (relating to form and effect of election) is amended by adding at the end the following new sentence: ''Such election shall not take effect unless the organization designates the apportionment as such in a written notice mailed to its patrons during the payment period described in section 1382(d).''.

On page 210, line 20, strike ''(b)'' and insert ''(c)''.

Beginning on page 228, line 19, strike all through page 229, line 2, and insert the following:

''(B) within 2 years after the date of such first retail sale, such article is resold by the purchaser or such purchaser makes a substantial nonexempt use of such article,

then such sale or use of such article by such purchaser shall be treated as the first retail sale of such article for a price equal to its fair market value at the time of such sale or use.

On page 232, line 21, strike ''and''.

On page 232, between lines 21 and 22, insert the following:

(i) by adding at the end the following new sentence: ''For purposes of this subsection, any removal described in section 4081(a)(3)(A) shall be treated as a removal from a terminal but only if such terminal is located within a secured area of an airport.''.

SA 934. Mr. GREGG submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

Beginning on page 28, strike line 16 and all that follows through page 29, line 2, and insert the following:

SEC. 105. ENERGY SAVINGS PERFORMANCE CONTRACTS.

(a) EXTENSION.—Section 801(c) of the National Energy Conservation Policy Act (42 U.S.C. 8287(c)) is amended by striking ''2006'' and inserting ''2010''.

(b) PAYMENT OF COSTS.—The National Energy Conservation Policy Act is amended by striking section 802 (42 U.S.C. 8287a) and inserting the following:

''SEC. 802. PAYMENT OF COSTS.

''(a) IN GENERAL.—Notwithstanding any other provision of law, on October 1, 2006, and on each October 1 thereafter through October 1, 2009, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary $240,000,000, to remain available until expended.

''(b) USE OF FUNDS.—

''(1) IN GENERAL.—The Secretary shall make available amounts described in subsection (a) to Federal agencies entering into contracts under this title to pay for the costs of the contracts.

''(2) OBLIGATION.—The full cost of a contract described in paragraph (1) shall be recorded as an obligation of the Federal Government on the date on which the contract is entered into.

''(3) LIMITATION.—A Federal agency may not enter into a contract under this title in a case in which all amounts made available under subsection (a) have already been fully obligated.

''(4) NO THIRD-PARTY FINANCING.—A contract under this title shall—

''(A) include no option for third-party financing; and

''(B) use only amounts made available under subsection (a) to cover all costs of the contract.

''(5) FEDERAL AGENCIES.—Any amount paid by a Federal agency under any contract entered into under this title may be paid only from funds made available under subsection (a).''.

''(c) CONFORMING CHANGE.—The National Energy Conservation Policy Act is amended by striking section 801(a)(2)(D)(ii).

SA 935. Mr. BINGAMAN submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 437, after line 22, add the following:

SEC. ___. ANALYSIS OF IMPACTS OF USE OF SPECIAL FUEL FORMULATIONS.

(a) IN GENERAL.—The Administrator of the Environmental Protection Agency, in cooperation with the Secretary, heads of other Federal agencies, and States, shall carry out a study—

(1) to develop a plan to balance the environmental benefits of using special gasoline blends or formulations with the impacts that the use of those blends or formulations has on the supply, demand, and pricing of gasoline and other fuels; and

(2) to identify any statutory or other changes that would be required to achieve that balance.

(b) REPORT.—As soon as practicable after the date of completion of the study under subsection (a), the Administrator of the Environmental Protection Agency shall submit to Congress a report describing the results of the study.

SA 936. Mr. BINGAMAN submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 437, after line 22, add the following:

SEC. ___. IMPACTS OF USE OF SPECIAL FUEL FORMULATIONS.

In determining whether to approve an application by a State for the use of a new gasoline blend or other fuel formulation under the Clean Air Act (42 U.S.C. 7401 et seq.), the Administrator of the Environmental Protection Agency shall take into consideration impacts that the use of the blend or formulation would have on the supply, demand, and pricing of gasoline and other fuels.

SA 937. Mr. BINGAMAN submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ___. 5-YEAR RECOVERY PERIOD FOR QUALIFIED SOLAR INDUSTRIAL FACILITIES.

(a) IN GENERAL.—Section 168(e)(3)(B) of the Internal Revenue Code of 1986 (relating to 5-year property), as amended by this Act, is amended by striking ''and'' at the end of clause (vi), by striking the period at the end of clause (vii) and inserting '', and'', and by adding at the end the following new clause:

''(viii) any qualified solar industrial facility.''

(b) QUALIFIED SOLAR INDUSTRIAL FACILITY.—Section 168(i) of the Internal Revenue Code of 1986, as amended by this Act, is amended by adding at the end the following new paragraph:

''(18) QUALIFIED SOLAR INDUSTRIAL FACILITY.—

''(A) IN GENERAL.—The term 'qualified solar industrial facility' means a facility which is placed in service on or after January 1, 2005, and which uses, as part of an industrial process, solar process energy, but does not include any facility described in section 45(d)(4).

''(B) QUALIFIED EVAPORATION AND EQUIPMENT.—The term 'solar process energy' includes solar energy utilized for qualified evaporation.

''(C) QUALIFIED EVAPORATION.—The term 'qualified evaporation' means the evaporation or transpiration of liquids from a solution as part of a process to concentrate such solution in order to extract products from such solution. Such term includes utilizing evaporation ponds to concentrate solutions as part of a mining process, but does not include evaporation used solely to dispose water or other liquids.

''(D) FACILITY.—The term 'facility' includes an evaporation pond and all equipment and pipelines used to harvest minerals from the pond and transport such minerals to the point of processing.''.

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

SA 938. Mr. CORNYN submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 272, between lines 7 and 8, insert the following:

SEC. 328. KNOWN POTASH LEASING AREA, NEW MEXICO.

(a) APPROVAL OF APPLICATION.—

(1) IN GENERAL.—Notwithstanding any other provision of law, subject to paragraph (2), the Secretary shall approve an application for a drilling permit in the Known Potash Leasing Area near Carlsbad, New Mexico, as soon as practicable after the date on which the applicant satisfies the general requirements for the application under the Mineral Leasing Act (30 U.S.C. 181 et seq.).

(2) EXCEPTION.—The Secretary shall not approve an application described in paragraph (1) if the Secretary affirmatively determines, based on credible scientific and technical information relating to the particular geology of the drilling site involved in the permit application—

(A) that approval of the application would create specific, unreasonable, and immitigable safety risks to potash mining in the immediate vicinity of the oil and gas drilling that is the subject of the application; or

(B)(i) that approval of the application would permanently waste commercially significant volumes of economically-recoverable potash located in the immediate vicinity of the subject application; and

(ii) that the dollar value of the permanent waste exceeds the estimated net present value of the recoverable oil and gas from the requested drilling site.

(b) SITE SPECIFIC INFORMATION.—In any determination to deny an application described in subsection (a)(1) based on reasons described in subsection (a)(2), the Secretary shall specify in writing the site-specific scientific and technical geological information on which the denial is based.

(c) PRESUMPTION.—In any case in which an application for a drilling permit relates to a portion of the Known Potash Leasing Area that is barren of potash, or in which potash is not currently being mined, the Secretary shall review the application with the presumption that approval of the application will not create potential adverse impact on potash mining safety or waste of economically-recoverable potash reserves.

SA 939. Mr. SANTORUM submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ___. CAPITAL IMPROVEMENTS TO EXISTING CLEAN COKE/COGENERATION MANUFACTURING FACILITIES.

(a) IN GENERAL.—Paragraph (2) of section 48C(b)(2) of the Internal Revenue Code of 1986 (as added by this Act) is amended by adding at the end the following flush sentence:

''Such term shall include any capital improvement to any property which is described in the preceding sentence.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect as if included in the amendments made by section 1511.

SA 940. Mr. INHOFE submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

Section 211(K)(1)(B) of the Clean Air Act as added by this Act is amended by striking clause (vi) and inserting the following:

(vi) ''If the Administrator promulgates, by June 1, 2007, final regulations to control hazardous air pollutants from motor vehicles and motor vehicle fuels that achieve greater overall reductions in air toxics from reformulated gasoline than the reductions that would be achieved under subsection (K)(1)(B), then subsections 211(k)(1)(B)(i) through 211(k)(1)(v) shall be null and void and regulations promulgated thereunder shall be rescinded and have no further effect.''

SA 941. Mrs. BOXER submitted an amendment intended to be proposed by her to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ___. MORATORIUM ON OFFSHORE DRILLING NEAR NATIONAL MARINE SANCTUARIES.

Notwithstanding any other provision of this Act or any other law, no offshore drilling shall be permitted in Federal water located within 20 miles of a national marine sanctuary.

SA 942. Mrs. BOXER submitted an amendment intended to be proposed by her to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ___. LIABILITY FOR DAMAGE TO COASTAL NATURAL RESOURCES AND ECOSYSTEMS.

Notwithstanding any other provision of this Act or any other law, a State that permits offshore drilling in Federal water off the coast of the State shall be liable for any damage caused by that drilling, including damage to coastal and marine natural resources and ecosystems, to a State that does not permit offshore drilling in Federal water off the coast of the State.

SA 943. Mrs. BOXER submitted an amendment intended to be proposed by her to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 264, line 6, before the period, insert the following: ''(other than Federal waters that are adjacent to the waters of a State that has a moratorium on oil or gas leasing)''.

SA 944. Mrs. BOXER submitted an amendment intended to be proposed by her to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 264, line 6, before the period, insert the following: ''(other than waters that are within 20 miles of any area located on the outer Continental Shelf that is designated as a marine sanctuary under the Marine Protection, Research, and Sanctuaries Act of 1972 (33 U.S.C. 1401 et seq.))''.

SA 945. Mrs. BOXER submitted an amendment intended to be proposed by her to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ___. PROHIBITION ON OFFSHORE DRILLING.

Notwithstanding any other provision of this Act or any other law, no offshore drilling shall be permitted in Federal water that is adjacent to State water of any State that has in effect a moratorium on offshore drilling.

SA 946. Mr. HATCH submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 407, between lines 11 and 12, insert the following:

SEC. 625. SPENT NUCLEAR FUEL MORATORIUM.

(a) DEFINITIONS.—In this section:

(1) NON-FEDERALLY-OWNED, OFFSITE FACILITY.—The term ''non-Federally-owned, offsite facility'' means a facility for the storage of nuclear waste that is not on the premises of a private nuclear power plant.

(2) SPENT NUCLEAR FUEL.—The term ''spent nuclear fuel'' means a uranium-bearing fuel element that—

(A) has been used at a nuclear reactor; and

(B) no longer produces enough energy to sustain a nuclear reaction.

(b) MORATORIUM.—

(1) IN GENERAL.—Notwithstanding any other provision of law (including regulations, guidelines, and advisories), no spent nuclear fuel or related high level material shall be deposited into, or transported to, a non-Federally-owned, offsite facility.

(2) USE OF FEDERAL FUNDS.—No Federal funds shall be used to study, report, or investigate a deposit or transportation described in paragraph (1).

(c) STUDIES.—

(1) PROMOTION OF SITES.—

(A) IN GENERAL.—As soon as practicable after the date of enactment of this Act, the Secretary shall conduct a study of the feasibility of transporting, maintaining, and storing commercial spent nuclear fuel and related material at facilities of the Department.

(B) INCLUSIONS.—The study under subparagraph (A) shall include an analysis of whether the Federal Government should take ownership of, and liability for storing and maintaining, commercial spent nuclear fuel and related material at—

(i) the facilities described in subparagraph (A); or

(ii) privately-owned nuclear power facilities.

(2) FEASIBILITY OF REPROCESSING.—

(A) IN GENERAL.—As soon as practicable after the date of enactment of this Act, the Secretary shall request that the National Academy of Sciences conduct a study of techniques and technologies available as of the date on which the study is conducted for reprocessing and recycling spent nuclear fuel.

(B) RECYCLING PROGRAM.—

(i) IN GENERAL.—The study under subparagraph (A) shall include an analysis of how the Department can carry out a program under which the Department shall recycle commercial spent nuclear fuel in the United States.

(ii) INCLUSIONS.—The program described in clause (i) shall include—

(I) an integrated spent fuel recycling plan, including the selection of an advanced reprocessing technology to be used to carry out the recycling; and

(II) a competitive process under which the Secretary shall select 1 or more sites at which to develop integrated spent fuel recycling facilities (including facilities for reprocessing, preparation of mixed oxide fuel, vitrification of high-level waste products, and temporary process storage).

(3) FEDERALLY-OWNED FACILITIES.—As soon as practicable after the date of enactment of this Act, the Secretary shall conduct a study of the feasibility of transporting, maintaining, and storing commercial spent nuclear fuel and related material at federally-owned facilities, including facilities controlled by the Department and Department of Defense.

(d) REPORT.—Not later than 180 days after the date of enactment of this Act, the Secretary shall submit to the Committee on Appropriations and the Committee on Energy and Natural Resources of the Senate and the

Committee on Appropriations and the Committee on Energy and Commerce of the House of Representatives a report describing the findings of the Secretary under each study described in subsection (c).

SA 947. Mr. HATCH submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

Beginning on page 290, strike line 6 and all that follows through page 296, line 25, and insert the following:

SEC. 346. OIL SHALE AND TAR SANDS.

(a) DECLARATION OF POLICY.—Congress declares that it is the policy of the United States that—

(1) United States oil shale and tar sands are strategically important domestic resources that should be developed through methods that help reduce the growing dependence of the United States on politically and economically unstable sources of foreign oil imports;

(2) the development of oil shale and tar sands, for research and commercial development, should be conducted in an economically feasible and environmentally sound manner, using practices that minimize impacts; and

(3) development should occur, with an emphasis on sustainability, to benefit the United States while taking into account affected States and communities.

(b) LEASING PROGRAM FOR RESEARCH AND DEVELOPMENT.—

(1) IN GENERAL.—In accordance with section 21 of the Mineral Leasing Act (30 U.S.C. 241) and any other applicable law, except as provided in this section, not later than 1 year after the date of enactment of this Act, from land otherwise available for leasing, the Secretary of the Interior (referred to in this section as the ''Secretary'') shall, for a period determined by the Secretary, make available for leasing such land as the Secretary considers to be necessary to conduct research and development activities with respect to technologies for the recovery of shale oil from oil shale resources on public land.

(2) ADMINISTRATION.—In carrying out this subsection, the Secretary shall provide for—

(A) research and development of oil shale in accordance with the laws applicable to public land;

(B) an adequate bond, surety, or other financial arrangement to ensure reclamation;

(C) appropriate value-for-value oil shale land exchanges that can provide early access to qualified oil shale developers, except that the exchanges shall be favorable to and in the overall best interests of the United States;

(D) consultation with affected State and local governments; and

(E) such requirements as the Secretary determines to be in the public interest.

(c) PROGRAMMATIC ENVIRONMENTAL IMPACT STATEMENT.—Not later than 18 months after the date of enactment of this Act, in accordance with section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)), the Secretary shall complete a programmatic environmental impact statement that analyzes potential leasing for commercial development of oil shale resources on public land.

(d) LEASING PROGRAM.—Not later than 1 year after completion of the 5-year plan required under subsection (e), the Secretary shall establish procedures for conducting a leasing program for the commercial development of oil shale on public land.

(e) OIL SHALE AND TAR SANDS TASK FORCE.—

(1) ESTABLISHMENT.—The Secretary of Energy, in cooperation with the Secretary of the Interior, shall establish an Oil Shale and Tar Sands Task Force to develop a program to coordinate and accelerate the commercial development of oil shale and tar sands in an integrated manner.

(2) COMPOSITION.—The Task Force shall be composed of—

(A) the Secretary of Energy (or the designee of the Secretary of Energy);

(B) the Secretary of the Interior (or the designee of the Secretary of the Interior);

(C) the Secretary of Defense (or the designee of the Secretary of Defense);

(D) the Governors of the affected States; and

(E) representatives of local governments in affected areas.

(3) DEVELOPMENT OF A 5-YEAR PLAN.—

(A) IN GENERAL.—The Task Force shall formulate a 5-year plan to promote the development of oil shale and tar sands.

(B) COMPONENTS.—In formulating the plan, the Task Force shall—

(i) identify public actions that are required to stimulate prudent development of oil shale and tar sands;

(ii) analyze the costs and benefits of those actions;

(iii) make recommendations concerning specific actions that should be taken to stimulate prudent development of oil shale and tar sands, including economic, investment, tax, technology, research and development, infrastructure, environmental, education, and socio-economic actions;

(iv) make recommendations concerning infrastructure (such as roads, utilities, and pipelines) required to support oil shale development in industry and communities;

(v) consult with representatives of industry and other stakeholders;

(vi) provide notice and opportunity for public comment on the plan;

(vii) identify oil shale and tar sands technologies that—

(I) are ready for pilot plant and semiworks development; and

(II) have a high probability of leading to advanced technology for first- or second-generation commercial production; and

(viii) assess the availability of water from the Green River Formation to meet the potential needs of oil shale and tar sands development.

(4) NATIONAL PROGRAM OFFICE.—The Task Force shall analyze and make recommendations regarding the need for a national program office.

(5) PARTNERSHIP.—The Task Force shall make recommendations with respect to initiating a partnership with Alberta, Canada, for purposes of sharing information relating to the development and production of oil from tar sands.

(6) REPORTS.—

(A) INITIAL REPORT.—Not later than 180 days after the date of enactment of this Act, the Task Force shall submit to the President and Congress a report that describes the analysis and recommendations of the Task Force and contains the 5-year plan.

(B) SUBSEQUENT REPORTS.—The Secretary of Energy shall provide an annual report describing the progress in carrying out the plan for each of the 5 years following submission of the report provided for in subparagraph (A).

(f) MINERAL LEASING ACT AMENDMENTS.—Section 21(a) of the Mineral Leasing Act (30 U.S.C. 241(a)) is amended—

(1) by designating the first, second, and third sentences as paragraphs (1), (2), and (3), respectively; and

(2) in paragraph (3) (as designated by paragraph (1))—

(A) by striking ''rate of 50 cents per acre'' and inserting ''rate of $2.00 per acre''; and

(B) in the last proviso—

(i) by striking ''That not more than one lease shall be granted under this section to any'' and inserting ''That no''; and

(ii) by striking ''except that with respect to leases for'' and inserting ''shall acquire or hold more than 50,000 acres of oil shale leases in any 1 State. For''.

(g) COST-SHARED DEMONSTRATION TECHNOLOGIES.—

(1) IDENTIFICATION.—The Secretary of Energy shall identify technologies for the development of oil shale and tar sands that—

(A) are ready for demonstration at a commercially-representative scale; and

(B) have a high probability of leading to commercial production.

(2) ASSISTANCE.—For each technology identified under paragraph (1), the Secretary of Energy may provide—

(A) technical assistance;

(B) assistance in meeting environmental and regulatory requirements; and

(C) cost-sharing assistance in accordance with section 1002.

(h) TECHNICAL ASSISTANCE.—

(1) IN GENERAL.—The Secretary of Energy may provide technical assistance for the purpose of overcoming technical challenges to the development of oil shale and tar sands technologies for application in the United States.

(2) ADMINISTRATION.—The Secretary of Energy may provide technical assistance under this section on a cost-shared basis in accordance with section 1002.

(i) NATIONAL OIL SHALE ASSESSMENT.—

(1) ASSESSMENT.—

(A) IN GENERAL.—The Secretary shall carry out a national assessment of oil shale resources for the purposes of evaluating and mapping oil shale deposits, in the geographic areas described in subparagraph (B).

(B) GEOGRAPHIC AREAS.—The geographic areas referred to in subparagraph (A), listed in the order in which the Secretary shall assign priority, are—

(i) the Green River Region of the States of Colorado, Utah, and Wyoming;

(ii) the Devonian oil shales of the eastern United States; and

(iii) any remaining area in the central and western United States (including the State of Alaska) that contains oil shale, as determined by the Secretary.

(2) USE OF STATE SURVEYS AND UNIVERSITIES.—In carrying out the assessment under paragraph (1), the Secretary may request assistance from any State-administered geological survey or university.

(j) PROCUREMENT OF UNCONVENTIONAL FUEL BY THE DEPARTMENT OF DEFENSE.—

(1) IN GENERAL.—Chapter 141 of title 10, United States Code, is amended by inserting after section 2398 the following:

''§ 2398a. Procurement of fuel derived from coal, oil shale, and tar sands

''(a) USE OF FUEL TO MEET DEPARTMENT OF DEFENSE NEEDS.—The Secretary of Defense shall develop a strategy to use fuel produced from coal, oil shale, and tar sands (referred to in this section as a 'covered fuel') that are extracted by either mining or in-situ methods and refined in the United States in order to assist in meeting the fuel requirements of the Department of Defense.

''(b) AUTHORITY TO PROCURE.—The Secretary of Defense may enter into 1 or more contracts or other agreements (that meet the requirements of this section) to procure a covered fuel to meet 1 or more fuel requirements of the Department of Defense.

''(c) CLEAN FUEL REQUIREMENTS.—A covered fuel may be procured under subsection (b) only if the covered fuel meets such standards for clean fuel produced from domestic

sources as the Secretary of Defense shall establish for purposes of this section in consultation with the Office of Strategic Fuel Analysis of the Department of Energy.

''(d) MULTIYEAR CONTRACT AUTHORITY.—Subject to applicable provisions of appropriations Acts, any contract or other agreement for the procurement of covered fuel under subsection (b) may be for 1 or more years at the election of the Secretary of Defense.

''(e) PRICE LIMITATIONS.—(1) Each contract or other agreement for the procurement of covered fuel under subsection (b) shall set forth the maximum price and minimum price to be paid for a unit of covered fuel under the contract or agreement, which prices shall be established by the Secretary of Defense at the time of entry into the contract or agreement.

''(2) In establishing under paragraph (1) the maximum price and minimum price to be paid for covered fuel under a contract or agreement under subsection (b), the Secretary shall take into account applicable information on world oil markets from the Department of Energy, including—

''(A) global prices for crude oil;

''(B) costs of production of the covered fuel from both conventional and unconventional sources; and

''(C) returns on investment in the production of the covered fuel.

''(f) FUEL SOURCE ANALYSIS.—In order to facilitate the procurement by the Department of Defense of covered fuel under subsection (b), the Secretary of Defense may carry out a comprehensive assessment of current and potential locations in the United States for the supply of covered fuel to the Department.''.

(2) CLERICAL AMENDMENT.—The table of sections for chapter 141 of title 10, United States Code, is amended by inserting after the item relating to section 2398 the following:

''2398a. Procurement of fuel derived from coal, oil shale, and tar sands.''.

(k) STATE WATER RIGHTS.—Nothing in this section preempts or affects any State water law or interstate compact relating to water.

(l) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section.

SA 948. Mr. LIEBERMAN (for himself, Mr. BAYH, and Mr. SALAZAR) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

Beginning on page 120, strike line 21 and all that follows through page 122, line 14, and insert the following:

Subtitle D—Oil Security

SEC. 151. SHORT TITLE; FINDINGS AND PURPOSES.

(a) SHORT TITLE.—This subtitle may be cited as the ''Oil Security Act''.

(b) FINDINGS.—Congress finds that—

(1) the United States is dangerously dependent on oil;

(2) that dependence threatens the national security, weakens the economy, and harms the environment of the United States;

(3) the United States currently imports nearly 60 percent of oil needed in the United States, and that ratio is expected to grow to almost 70 percent by 2025 if no actions are taken;

(4) approximately 2,500,000 barrels of oil per day are imported from countries in the Persian Gulf region;

(5) that dependence on foreign oil undermines the war on terror by financing both sides of the war;

(6) in 2004 alone, the United States sent $103,000,000,000 to undemocratic countries, some of which use revenues to support terrorism and spread ideology hostile to the United States, as documented by the Council on Foreign Relations;

(7) terrorists have identified oil as a strategic vulnerability and have ramped up attacks against oil infrastructure worldwide;

(8) oil imports comprise more than 25 percent of the dangerously high United States trade deficit;

(9) it is feasible to achieve oil savings of more than 2,500,000 barrels per day by 2015 and 10,000,000 barrels per day by 2025;

(10) those goals can be achieved by establishing a set of flexible policies, including—

(A) increasing the gasoline-efficiency of cars, trucks, tires, and oil;

(B) providing economic incentives for companies and consumers to purchase fuel-efficient cars;

(C) encouraging the use of transit and the reduction of truck idling; and

(D) increasing production and commercialization of alternative liquid fuels;

(11) technology available as of the date of enactment of this Act (including popular hybrid-electric vehicle models, the sales of which in the United States increased 136 percent in the first 4 months of 2005 as compared with the same period in 2004) make an oil savings plan eminently achievable; and

(12) it is urgent, essential, and feasible to implement an action plan to achieve oil savings as soon as practicable because any delay in initiating action will—

(A) make achieving necessary oil savings more difficult and expensive; and

(B) increase the risks to the national security, economy, and environment of the United States.

(c) PURPOSES.—The purposes of this subtitle are—

(1) to help instill consumer confidence and acceptable of alternative motor vehicles by lowering the 3 major barriers to confidence and acceptance;

(2) to enable the accelerated introduction into the marketplace of new motor vehicle technologies without adverse emission impact, while retaining a policy of fuel neutrality in order to foster private innovation and commercialization and allow market forces to decide the technologies and fuels that are consumer-friendly, safe, environmentally-sound, and economic;

(3) to provide, for a limited time period, financial incentives to encourage consumers nationwide to purchase or lease new fuel cell, hybrid, battery electric, and alternative fuel motor vehicles;

(4) to increase demand of vehicles described in paragraph (3) so as to make the annual production by manufacturers and retail sale of the vehicles economically and commercially viable for the consumer;

(5) to promote and expand the use of vehicles described in paragraph (3) throughout the United States; and

(6) to promote a nationwide diversity of motor vehicle fuels for advanced and hybrid technology and alternatively fueled motor vehicles.

SEC. 152. MANUFACTURING INCENTIVES FOR ALTERNATIVE FUEL VEHICLES.

(a) ADVANCED TECHNOLOGY MOTOR VEHICLES PROGRAM.—

(1) DEFINITIONS.—In this subsection:

(A) ADVANCED LEAN BURN TECHNOLOGY MOTOR VEHICLE.—The term ''advanced lean burn technology motor vehicle'' means a motor vehicle with an internal combustion engine that—

(i) is designed to operate primarily using more air than is necessary for complete combustion of the fuel;

(ii) incorporates direct injection;

(iii) achieves at least 125 percent of the 2002 model year city fuel economy; and

(iv) that, for 2004 and later model vehicles, has received a certificate that the vehicle meets or exceeds—

(I) in the case of any vehicle having a gross vehicle weight rating of not more than 6,000 pounds, the Bin 5 Tier II emission standard established in regulations prescribed by the Administrator of the Environmental Protection Agency under section 202(i) of the Clean Air Act (42 U.S.C. 7521(i)) for that make and model year vehicle; and

(II) in the case of any vehicle having a gross vehicle weight rating of more than 6,000 pounds but not more than 8,500 pounds, the Bin 8 Tier II emission standard as established in accordance with the regulations described in subclause (I).

(B) ADVANCED TECHNOLOGY MOTOR VEHICLE.—The term ''advanced technology motor vehicle'' means any advanced lean burn technology motor vehicle or any new qualified hybrid motor vehicle as defined in section 30B(c)(3) of the Internal Revenue Code of 1986 (other than a heavy duty hybrid motor vehicle) that is in compliance with any Environmental Protection Agency emission standard for fine particulate matter for the applicable make and model year of the vehicle, eligible for a credit amount under section 30B(c)(2)(B) of the Internal Revenue Code of 1986.

(C) BASE YEAR.—The term ''base year'' means model year 2002.

(D) ELIGIBLE COMPONENT.—The term ''eligible component'' means any component specially designed for any advanced technology motor vehicle and installed for the purpose of meeting the performance requirements for an advanced technology motor vehicle, including—

(i) with respect to any gasoline-electric new qualified hybrid motor vehicle—

(I) an electric motor or generator;

(II) a power split device;

(III) a power control unit;

(IV) power controls;

(V) an integrated starter generator; or

(VI) a battery;

(i) with respect to any advanced lean burn technology motor vehicle—

(I) a diesel engine;

(II) a turbocharger;

(III) a fuel injection system; or

(IV) an after-treatment system, such as a particle filter or NOx absorber; and

(iii) any other component submitted for approval by the Secretary.

(E) ELIGIBLE ENTITY.—The term ''eligible entity'' means a manufacturer, 25 percent or more of the gross receipts of which are derived from the manufacture of motor vehicles or any component parts of motor vehicles.

(F) ENGINEERING INTEGRATION COSTS.—The term ''engineering integration costs'' means costs incurred prior to the market introduction of advanced technology vehicles for engineering tasks relating to—

(i) incorporating eligible components into the design of advanced technology vehicles; and

(ii) designing new tooling and equipment for production facilities which produce eligible components or advanced technology vehicles.

(G) PROGRAM.—The term ''program'' means the program established under paragraph (2).

(H) QUALIFIED INVESTMENT.—

(i) IN GENERAL.—The term ''qualified investment'' means—

(I) the incremental costs incurred to reequip or expand a manufacturing facility of

the eligible taxpayer to produce advanced technology motor vehicles or to produce eligible components; and

(II) any engineering integration costs associated with the advanced technology motor vehicles or eligible components.

(2) ESTABLISHMENT.—The Secretary shall establish a program to provide grants, loans, and loan guarantees to eligible entities for qualified investments.

(3) REQUIREMENTS.—For an automobile manufacturer to be eligible for a grant, loan, or loan guarantee under the program, the adjusted average fuel economy of the manufacturer for light duty vehicles for the most recent year for which data is available may not be less than the base year average fuel economy of the manufacturer for all of the light duty motor vehicles of the manufacturer.

(4) LIMITATION.—The total amounts of grants, loans, and loan guarantees that may be provided to any 1 qualified investment under the program shall be not more than $200,000,000.

(5) REGULATIONS.—The Secretary shall issue regulations establishing procedures for providing grants, loans, and loan guarantees under the program.

(6) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this subsection.

(b) FUEL ECONOMY CALCULATIONS.—

(1) IN GENERAL.—Section 32905 of title 49, United States Code, is amended—

(A) in subsections (b) and (d),

(i) by amending paragraph (1) of each subsection to read as follows:

''(1) the number determined by—

''(A) subtracting from 1.0 the alternative fuel use factor for the model; and

''(B) dividing the difference calculated under subparagraph (A) by the fuel economy measured under section 32904(c) when operating the model on gasoline or diesel fuel; and''; and

(ii) by amending paragraph (2) of each subsection to read as follows:

''(2) the number determined by dividing the alternative fuel use factor for the model by the fuel economy measured under subsection (a) when operating the model on alternative fuel.''; and

(B) by adding at the end the following:

''(h) DETERMINATION OF ALTERNATIVE FUEL USE FACTOR.—

''(1) For purposes of subsections (b) and (d), the term 'alternative fuel use factor' means, for a model of automobile, the factor determined by the Administrator under paragraph (3).

''(2) At the beginning of each calendar year, the Secretary of Transportation shall estimate, by model, the aggregate amount of fuel and the aggregate amount of alternative fuel used to operate all dual fuel automobiles during the most recent 12-month period.

''(3) The Administrator shall determine, by regulation, the alternative fuel use factor for each model of dual fueled automobile, on an energy equivalent basis, by calculating the ratio that the amount of alternative fuel used by such model bears to the amount of fuel used by such model.''.

(2) APPLICABILITY OF EXISTING STANDARDS.—The amendments made by this subsection shall not affect the application of section 32901 of title 49, United States Code, to automobiles manufactured before model year 2007.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall take effect on January 1, 2007.

SEC. 153. CELLULOSE BIOMASS-TO-FUEL EARLY DEPLOYMENT AND COMMERCIALIZATION INITIATIVES.

(a) GENERAL REQUIREMENTS.—

(1) DEFINITIONS.—In this section:

(A) CELLULOSE BIOMASS-TO-FUEL.—The term ''cellulose biomass-to-fuel'' means any fuel that is produced from at least 80 percent cellulosic biomass.

(B) COMMERCIAL-SCALE PLANT.—The term ''commercial-scale plant'' means a plant that—

(i) has a production capacity of greater than 7,000,000 gallons per year of cellulose biomass-to-fuel and related products, as measured by energy content; and

(ii) uses technology that has been successfully tested in a pilot or demonstration project that produced at least 1,000,000 gallons per year of cellulose biomass-to-fuel and related products, as measured by energy content.

(C) COMMITTEE.—The term ''Committee'' means the Cellulosic Biomass-to-Fuel Review Committee established under paragraph (4).

(D) PRE-COMMERCIAL SCALE PLANT.—The term ''pre-commercial scale plant'' means—

(i) a plant that has a production capacity of less than 7,000,000 gallons per year of cellulose biomass-to-fuel and related products, as measured by energy content; or

(ii) an existing industrial facility—

(I) that adds equipment to conduct research, development, or demonstration to overcome the recalcitrance of biomass, feedstock development, or co-products development; and

(II) at which the addition of the equipment increases the production capacity of the facility by less than 7,000,000 gallons per year of cellulose biomass-to-fuel and related products, as measured by energy content.

(E) PRODUCTION CAPACITY.—For purposes of this section, the production capacity of a plant shall be measured—

(i) assuming maximum potential output, 24 hours a day, 365 days per year; and

(ii) in terms of gallons of ethanol equivalent, with other fuels converted to this unit of measurement, based on the energy content of the fuels.

(2) PURPOSE.—The purpose of this section is to—

(A) accelerate deployment and commercialization of cellulosic biomass to fuel;

(B) reduce the oil dependence of the United States; and

(C) enhance the ability of the United States to produce alternative fuels.

(3) ESTABLISHMENT.—The Secretary, in consultation with the Secretary of the Treasury, shall establish a cellulose biomass-to-fuels incentives program under subsection (b).

(4) CELLULOSE BIOMASS-TO-FUEL REVIEW COMMITTEE.—The Secretary shall request that the National Academy of Science establish an independent Cellulose Biomass-to-Fuel Review Committee, of which at least ½ of the members shall be experts external to the Department of Agriculture and the Department of Energy.

(5) SOLICITATION PROCESS.—

(A) IN GENERAL.—The Secretary, in consultation with the Committee, shall establish an open and competitive solicitation process to select projects for participation in the cellulose biomass-to-fuel early deployment and commercialization initiative.

(B) ELIGIBILITY DETERMINATIONS.—Eligibility determinations shall be established based on expert peer review of the proposals by the Committee.

(C) CONSISTENCY.—The solicitation shall be consistent from year to year.

(D) REQUIREMENTS.—At a minimum, eligible plants shall—

(i) be located in the United States;

(ii) meet all applicable Federal and State permitting requirements; and

(iii) convert cellulose biomass to fuel.

(E) FINANCIAL CRITERIA.—The Secretary may establish such additional financial criteria as the Secretary considers to be appropriate.

(F) PRIORITIZATION.—In selecting projects, the Committee shall prioritize the following goals in the following order:

(i) Projects demonstrating the potential for significant advances in biomass processing.

(ii) Projects demonstrating the potential to substantially further scale-sensitive national objectives, including—

(I) sustainable resource supply;

(II) reduced greenhouse gas emissions;

(III) healthier rural economies; and

(IV) improved strategic security and trade balances.

(iii) Projects located in local markets that have the greatest need for the facility because of—

(I) a high level of demand for fuel ethanol or other commercial byproducts of the facility; or

(II) availability of sufficient quantities of cellulosic biomass.

(6) REPORTING.—Not later than 180 days after the date of enactment of this Act, the Secretary, in consultation with the Committee, shall submit to Congress a report that includes a 10-year plan containing—

(A) a detailed assessment of whether the aggregate funding levels provided under subsection (b) are appropriate;

(B) a detailed description of how proposals will be solicited and evaluated, including a list of all activities expected to be carried out; and

(C) a detailed list of milestones for each biomass and related technology that will be pursued.

(7) PERIODIC UPDATES.—Until all incentives committed under subsection (b) have been used, the Secretary, in conjunction with the Secretary of the Treasury, shall annually submit to Congress a report on the activities of the Secretary and the Secretary of the Treasury under this section.

(b) CELLULOSIC BIOMASS FUELS INCENTIVE PROGRAM.—

(1) IN GENERAL.—

(A) ESTABLISHMENT OF PROGRAM.—The Secretary, in consultation with the Secretary of the Treasury, shall establish a program for providing incentives to commercial scale cellulose biomass-to-fuels producers.

(B) IN GENERAL.—The Secretary may provide loan guarantees and performance incentives to merchant producers of cellulose biomass-to-fuel in the United States to assist the producers—

(i) to build eligible commercial-ready production facilities; and

(ii) to produce cellulose biomass-to-fuel in accordance with paragraphs (2) and (3).

(C) TOTAL VALUE OF INCENTIVES.—

(i) IN GENERAL.—Except as provided in clause (ii), cellulose biomass-to-fuel facilities selected by the Secretary may receive all of the incentives offered under this subsection.

(ii) TOTAL VALUE.—The total value to the facility of all incentives offered under this subsection shall not exceed the values presented in the following table, in which the ''Facility on line'' dates are expressed in years from the date of enactment of this Act.

Facility on line:	Total Value of Incentives Over the Life of a Facility: The lesser of:		
	Per million gallons capacity	Percent of total capital cost	Total dollar amount
Year 4	$4,600,000	46%	$80,000,000
Year 6	$3,500,000	35%	$60,000,000
Year 10	$1,500,000	15%	$25,000,000

(D) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary such sums as are necessary to carry out this subsection.

(E) TERMINATION OF AUTHORITY.—The authority of the Secretary and the Secretary of the Treasury to commit to new incentives under paragraphs (2), (3), and (4) shall terminate on the date that is 10 years after the date of enactment of this Act.

(2) CELLULOSIC BIOMASS FUEL LOAN GUARANTEES.—

(A) ESTABLISHMENT OF PROGRAM.—The Secretary shall establish a program to provide guarantees of loans by private institutions for the construction of facilities to process and convert cellulosic biomass into fuel and other commercial byproducts.

(B) LIMITATION.—The total amount of all loans guaranteed under this paragraph shall not exceed $2,000,000,000 at any time during the program.

(C) REQUIREMENTS.—The Secretary may provide a loan guarantee under this paragraph to an applicant if—

(i) the prospective earning power of the applicant and the character and value of the security pledged provide a reasonable assurance of repayment of the loan to be guaranteed in accordance with the terms of the loan; and

(ii) the loan bears interest at a rate determined by the Secretary to be reasonable, taking into account—

(I) the current average yield on outstanding obligations of the United States with remaining periods of maturity comparable to the loan; and

(II) the risk profile of the loan.

(D) TERMS AND CONDITIONS.—The loan agreement for a loan guarantee under this paragraph shall provide that—

(i) no provision of the loan agreement may be amended or waived without the consent of the Secretary;

(ii) the loan guarantee shall have a maturity of not more than 20 years; and

(iii) the recipient of a loan guarantee under this paragraph shall pay the Secretary an amount determined by the Secretary to be sufficient to cover the administrative costs of the Secretary relating to the loan guarantee.

(E) ELIGIBILITY AND LIMITATIONS.—

(i) IN GENERAL.—In addition to the overall limitation established under paragraph (1)(C)(ii), the maximum loan guarantee that any project that is begun not later than 4 years after the date of establishment of the program under this paragraph may receive shall be the lesser of—

(I) $5,600,000 per million gallons of capacity;

(II) 80 percent of the total project debt; or

(III) $100,000,000 per facility.

(ii) SCHEDULE.—The Secretary shall establish a schedule of limitations that decrease throughout the period that begins on the date that is 4 year after the date of establishment of the program under this paragraph and ends on the date that is 10 years after the date of establishment of the program.

(F) FULL FAITH AND CREDIT.—

(i) IN GENERAL.—The full faith and credit of the United States is pledged to the payment of all guarantees issued under this paragraph with respect to principal and interest.

(ii) CONCLUSIVE EVIDENCE.—Any guarantee made by the Secretary under this paragraph shall be conclusive evidence of the eligibility of the loan for the guarantee with respect to principal and interest.

(iii) INCONTESTABLE VALIDITY.—The validity of the guarantee shall be incontestable in the hands of a holder of the guaranteed loan.

(G) ALLOWED USES OF FUNDS.—In the event of a performance shortfall, the loan guarantee funds may be used to either pay senior debt or make fixes to increase output or efficiency.

(3) CELLULOSIC BIOMASS FUELS PERFORMANCE INCENTIVES PROGRAM.—

(A) ESTABLISHMENT OF PROGRAM.—The Secretary shall establish a program to make available to commercial scale cellulose biomass-to-fuel producers performance incentives on a per gallon basis of cellulose biomass-to-fuel from eligible facilities.

(B) INCENTIVES.—

(i) IN GENERAL.—The program established under subparagraph (A) shall consist of 2 phases.

(ii) FIRST PHASE.—

(I) IN GENERAL.—During the period that begins on the date of establishment of the program under this paragraph and ends on the date that is 6 years after the date of establishment of the program, performance payments shall be available to all projects participating in the program, subject to the limits established in paragraph (1)(C)(ii).

(II) PAYMENTS.—During the period described in subclause (I), payments shall be made per gallon produced and sold by the facility during the first 6 years of operation.

(iii) SECOND PHASE.—

(I) IN GENERAL.—During the period that begins on the date that is 7 years after the date of establishment of the program under this paragraph and ends on the date that is 10 years after the date of establishment of the program, performance incentives shall be made available through not less than 2 reverse auctions as described in subclauses (II) through (V).

(II) AMOUNT OF FUNDS.—The Secretary, in coordination with the Secretary of the Treasury, shall establish the amount of funds available for use as performance payments after taking into account other existing and expected liabilities under this subsection.

(III) DESIRED AMOUNT.—For each reverse auction conducted under this clause, each eligible facility shall request a desired amount of performance incentive on a per gallon basis.

(IV) SELECTION OF FACILITIES.—The Secretary shall select facilities beginning with the facility that requests the lowest amount of performance incentive on a per gallon basis and continuing until the funds available under subclause (II) for the reverse auction are committed.

(V) INCENTIVES RECEIVED.—A facility selected by the Secretary shall receive the amount of performance incentive requested by the facility in the auction for each gallon produced and sold by the facility during the first 6 years of operation.

(C) LIMITATIONS.—

(i) IN GENERAL.—In addition to the overall limitation established in paragraph (1)(C)(ii), the value of incentives paid under this subsection for projects that are begun not later than 4 years after the date of establishment of the program under this paragraph shall be limited to the lesser of—

(I) $0.75 per gallon;

(II) $4,000,000 per million gallons of capacity; or

(III) 40 percent of the total capacity cost of the project.

(ii) SCHEDULE.—The Secretary shall establish a schedule of limitations that decrease throughout the period that begins on the date that is 4 year after the date of establishment of the program under this paragraph and ends on the date that is 10 years after the date of establishment of the program.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section.

SEC. 154. NEAR-TERM VEHICLE TECHNOLOGY PROGRAM.

(a) PURPOSES.—The purposes of this section are—

(1) to enable and promote comprehensive development, demonstration, and commercialization of a wide range of electric drive components, systems, and vehicles—

(A) in partnership with industry; and

(B) for a wide range of electric drive components, systems, and vehicles in a wide range of applications using diverse electric drive transportation technologies;

(2) to make critical public investments in building strong links to private industry, institutions of higher education, National Laboratories, and research institutions to expand innovation, industrial growth, and jobs in the United States;

(3) to take greater advantage of the existing electric infrastructure for transportation and other on-road and non-road mobile sources of emissions—

(A) that are reported to be over 3,000,000 units today, including electric forklifts, golf carts, and similar non-road vehicles; and

(B) because existing and emerging technologies that connect to the grid greatly enhance the energy security of the United States, reduce dependence on imported oil, and reduce emissions;

(4) to more quickly advance the widespread commercialization of all types of hybrid electric vehicle technology into all sizes and applications of vehicles leading to commercialization of plug-in hybrid electric vehicles, plug-in hybrid fuel cell vehicles, and eventually to fuel cell vehicles and use of batteries and electric vehicles to provide services back to the grid; and

(5) to improve the energy efficiency of and reduce the petroleum use of transportation.

(b) DEFINITIONS.—In this section:

(1) BATTERY.—The term ''battery'' means an energy story device used in an on-road or non-road vehicle powered in whole or in part using an off-board or on-board source of electricity.

(2) ELECTRIC DRIVE TRANSPORTATION TECHNOLOGY.—The term ''electric drive transportation technology'' means—

(A) on-road or non-road vehicles that use an electric motor for all or part of their motive power and that may or may not use off-board electricity, including battery electric vehicles, fuel cell vehicles, engine dominant hybrid electric vehicles, plug-in hybrid electric vehicles, plug-in hybrid fuel cell vehicles, and electric rail; or

(B) equipment related to transportation or mobile sources of air pollution that use an electric motor to replace an internal combustion engine for all or part of the work of the equipment, including corded electric equipment linked to transportation or mobile sources of air pollution.

(3) ENGINE DOMINANT HYBRID ELECTRIC VEHICLE.—The term ''engine dominant hybrid electric vehicle'' means an on-road or non-road vehicle propelled by an internal combustion engine or heat engine using—

(A) any combustible fuel;

(B) an on-board, rechargeable storage device; and

(C) no means of using an off-board source of electricity.

(4) FUEL CELL VEHICLE.—The term ''fuel cell vehicle'' means an on-road or non-road vehicle that uses a fuel cell (as defined in section 3 of the Spark M. Matsunaga Hydrogen Research, Development, and Demonstration Act of 1990).

(5) ON-ROAD OR NON-ROAD VEHICLE.—The term ''on-road or non-road vehicle'' means—

(A) a light-duty, medium-duty, or heavy-duty motor vehicle; or

(B) a vehicle or propelled piece of equipment that is primarily intended for use on private or public property other than publicly-owned highways, freeways, streets, and roads.

(6) PLUG-IN HYBRID ELECTRIC VEHICLE.—The term ''plug-in hybrid electric vehicle'' means an on-road or non-road vehicle that is propelled by an internal combustion engine or heat engine using—

(A) any combustible fuel;

(B) an on-board, rechargeable storage device; and

(C) a means of using an off-board source of electricity.

(7) PLUG-IN HYBRID FUEL CELL VEHICLE.—The term ''plug-in hybrid fuel cell vehicle'' means a fuel cell vehicle that also can use a battery supplied by an off-board source of electricity.

(c) PROGRAM.—The Secretary shall conduct a program of research, development, demonstration, and commercial application for electric drive transportation technology, including—

(1) high capacity, high efficiency lithium and nickel metal hybrid batteries for plug-in hybrid electric vehicles and plug-in hybrid fuel cell vehicles;

(2) high efficiency on-board and off-board charging components;

(3) high power drive train systems for passenger and commercial vehicles and for non-road equipment;

(4) control system development and power train development and integration for plug-in hybrid electric vehicles, plug-in hybrid fuel cell vehicles, and engine dominant hybrid electric vehicles, including—

(A) development of efficient cooling systems;

(B) analysis and development of control systems that minimize the emissions profile when clean diesel engines are part of a plug-in hybrid drive system; and

(C) development of different control systems that optimize for different goals, including—

(i) battery life;

(ii) reduction of petroleum consumption;

(iii) green house gas reduction; and

(iv) understanding consumer preference for many different control systems will assist or deter widespread applications of the vehicles;

(5) nanomaterial technology applied to both battery and fuel cell systems;

(6) large-scale demonstrations, testing, and evaluation of plug-in hybrid electric vehicles in different applications with different batteries and control systems, including—

(A) military applications;

(B) paratransit applications;

(C) mass market passenger and light-duty truck applications;

(D) private fleet applications; and

(E) medium- and heavy-duty applications;

(7) a nationwide education strategy for electric drive transportation technologies providing secondary and high school teaching materials and support for university education focused on electric drive system and component engineering;

(8) introduction strategies for plug-in hybrid electric vehicles and plug-in hybrid fuel cell vehicles, including—

(A) examining how best to link the technology to low carbon or renewable energy;

(B) an improved understanding of potential markets, driving patterns, charging behavior, and consumer acceptance and benefits; and

(C) working with the Administrator of the Environmental Protection Agency to develop procedures for testing and certification of criteria pollutants, fuel economy, and petroleum use for light-, medium- and heavy-duty vehicle applications, including considering—

(i) the vehicle and fuel as a system, not just an engine; and

(ii) nightly off-board charging; and

(9) advancement of battery and corded electric transportation technologies in mobile source applications by—

(A) improvement in battery, drive train, and control system technologies; and

(B) working with industry and the Administrator of the Environmental Protection Agency to—

(i) understand and inventory markets; and

(ii) identify and implement methods of removing barriers for existing and emerging applications.

(d) GOALS.—The goals of the electric drive transportation technology program established under subsection (c) shall be to develop, in partnership with industry and institutions of higher education, projects that focus on—

(1) innovative electric drive technology developed in the United States;

(2) growth of job opportunities for electric drive design and manufacturing;

(3) validation of the plug-in hybrid potential through fleet demonstrations; and

(4) enabling the fuel cell revolution by establishing a mature electric drive technology system that is an integral part of the fuel cell vehicle system.

(E) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section.

SEC. 155. TIRE EFFICIENCY PROGRAM.

(a) STANDARDS FOR TIRES MANUFACTURED FOR INTERSTATE COMMERCE.—Section 30123 of title 49, United States Code, is amended—

(1) in subsection (b)—

(A) in the first sentence, by striking ''The Secretary'' and inserting the following:

''(1) UNIFORM QUALITY GRADING SYSTEM.—

''(A) IN GENERAL.—The Secretary'';

(B) in the second sentence, by striking ''The Secretary'' and inserting the following:

''(2) NOMENCLATURE AND MARKETING PRACTICES.—The Secretary'';

(C) in the third sentence, by striking ''A tire standard'' and inserting the following:

''(3) EFFECT OF STANDARDS AND REGULATIONS.—A tire standard''; and

(D) in paragraph (1), as designated by subparagraph (A), by adding at the end the following:

''(B) INCLUSION.—The grading system shall include standards for rating the fuel efficiency of tires designed for use on passenger cars and light trucks.''; and

(2) by adding at the end the following:

''(d) NATIONAL TIRE EFFICIENCY PROGRAM.—

''(1) DEFINITION.—In this subsection, the term 'fuel economy', with respect to a tire, means the extent to which the tire contributes to the fuel economy of the motor vehicle on which the tire is mounted.

''(2) PROGRAM.—The Secretary shall develop and carry out a national tire fuel efficiency program for tires designed for use on passenger cars and light trucks.

''(3) REQUIREMENTS.—Not later than March 31, 2008, the Secretary shall implement—

''(A) policies and procedures for testing and labeling tires for fuel economy to enable tire buyers to make informed purchasing decisions about the fuel economy of tires;

''(B) policies and procedures to promote the purchase of energy-efficient replacement tires, including purchase incentives, website listings on the Internet, printed fuel economy guide booklets, and mandatory requirements for tire retailers to provide tire buyers with fuel-efficiency information on tires; and

''(C) minimum fuel economy standards for tires, promulgated by the Secretary.

''(4) MINIMUM FUEL ECONOMY STANDARDS.—In promulgating minimum fuel economy standards for tires, the Secretary shall design standards that—

''(A) ensure that the average fuel economy of replacement tires is equal to or better than the average fuel economy of tires sold as original equipment;

''(B) secure the maximum technically feasible and cost-effective fuel savings;

''(C) do not adversely affect tire safety;

''(D) incorporate the results from—

''(i) laboratory testing; and

''(ii) to the extent appropriate and available, on-road fleet testing programs conducted by manufacturers; and

''(E) do not adversely affect efforts to manage scrap tires.

''(5) APPLICABILITY.—The policies, procedures, and standards developed under paragraph (3) shall apply to all tire types and models regulated under the uniform tire quality grading standards in section 575.104 of title 49, Code of Federal Regulations (or a successor regulation).

''(6) REVIEW.—

''(A) IN GENERAL.—Not less than once every 3 years, the Secretary shall—

''(i) review the minimum fuel economy standards in effect for tires under this subsection; and

''(ii) subject to subparagraph (B), revise the standards as necessary to ensure compliance with standards under paragraph (4).

''(B) LIMITATION.—The Secretary may not reduce the average fuel economy standards applicable to replacement tires.

''(7) NO PREEMPTION OF STATE LAW.—Nothing in this section preempts any provision of State law relating to higher fuel economy standards applicable to replacement tires designed for use on passenger cars and light trucks.

''(8) EXCEPTIONS.—Nothing in this section shall apply to—

''(A) a tire or group of tires with the same SKU, plant, and year, for which the volume of tires produced or imported is less than 15,000 annually;

''(B) a deep tread, winter-type snow tire, space-saver tire, or temporary use spare tire;

''(C) a tire with a normal rim diameter of 12 inches or less;

''(D) a motorcycle tire; or

''(E) a tire manufactured specifically for use in an off-road motorized recreational vehicle.''.

(b) CONFORMING AMENDMENT.—Section 30103(b)(1) of title 49, United States Code, is amended by striking ''When'' and inserting ''Except as provided in section 30123(d), when''.

(c) TIME FOR IMPLEMENTATION.—Beginning not later than March 31, 2008, the Secretary of Transportation shall administer the national tire fuel efficiency program established under section 30123(d) of title 49, United States Code, in accordance with the policies, procedures, and standards developed under section 30123(d)(2) of such title.

SEC. 156. HEAVY TRUCK IDLING REDUCTION.

(a) DEFINITIONS.—In this section:

(1) HEAVY-DUTY MOTOR VEHICLE.—The term ''heavy-duty motor vehicle'' means a vehicle of greater than 10,000 pounds gross vehicle weight that is driven or drawn by mechanical power and manufactured primarily for use on public streets, roads, and highways, but does not include a vehicle operated only on a rail line.

(2) IDLING REDUCTION SYSTEM.—The term ''idling reduction system'' means a device or system of devices used to reduce long duration idling of a main drive engine in a vehicle.

(3) LONG DURATION IDLING.—The term ''long duration idling'' means the operation of a main drive engine of a heavy-duty motor vehicle for a period of more than 5 consecutive minutes when the main drive engine is not engaged in gear, except that such term does not include idling as a result of traffic congestion or other impediments to the movement of a heavy-duty motor vehicle.

(b) REGULATIONS.—Not later than 1 year after the date of enactment of this Act, the Administrator of the Environmental Protection Agency shall, in consultation with the Secretary of Transportation, prescribe regulations that ensure the maximum feasible and cost effective reductions in fuel consumption during long duration idling of heavy-duty motor vehicles. The Administrator shall review the regulations not less frequently than every 3 years and revise the regulations as necessary to ensure the regulations reflect the maximum feasible and cost effective reductions in fuel consumption during long duration idling.

(c) AIR QUALITY.—Not later than 1 year after the date of enactment of this Act, the Administrator of the Environmental Protection Agency shall prescribe regulations that prevent degradation in air quality resulting from the use of idling reduction systems.

(d) AGREEMENTS WITH STATES.—Section 111 of title 23, United States Code, is amended by adding at the end the following:

''(d) IDLING REDUCTION FACILITIES IN INTERSTATE RIGHTS-OF-WAY.—

''(1) IN GENERAL.—Notwithstanding subsection (a), a State may—

''(A) permit electrification or other idling reduction facilities and equipment, for use by motor vehicles used for commercial purposes, to be placed in rest and recreation areas, and in safety rest areas, constructed or located on rights-of-way of the Interstate System in the State, if the idling reduction measures do not—

''(i) reduce the existing number of designated truck parking spaces at any given rest or recreation area; or

''(ii) preclude the use of the spaces by trucks employing alternative idle reduction technologies; and

''(B) charge a fee, or permit the charging of a fee, for the use of a parking space that provides electrification or other idling reduction facilities and equipment.

''(2) PURPOSE OF FACILITIES.—The exclusive purpose of the electrification or other idling reduction facilities described in paragraph (1) (or similar technologies) shall be to enable operators of motor vehicles used for commercial purposes—

''(A) to reduce idling of a truck while parked in the rest or recreation area; and

''(B) to use equipment specifically designed to reduce idling of a truck, or provide alternative power for supporting driver comfort, while parked.''.

SEC. 157. FUEL EFFICIENCY FOR HEAVY DUTY TRUCKS.

Part C of subtitle VI of title 49, United States Code, is amended by inserting after chapter 329 the following:

''CHAPTER 330—HEAVY DUTY VEHICLE FUEL ECONOMY STANDARDS

''§ 33001. Purpose and policy

''The purpose of this chapter is to reduce petroleum consumption by heavy duty motor vehicles.

''§ 33002. Definitions

''In this chapter, 'heavy duty motor vehicle'—

''(1) means a vehicle of greater than 10,000 pounds gross vehicle weight that is driven or drawn by mechanical power and manufactured primarily for use on public streets, roads, and highways; and

''(2) does not include a vehicle operated only on a rail line.

''§ 33003. Standards

''(a) GENERAL REQUIREMENTS.—The Secretary of Transportation shall prescribe heavy duty motor vehicle fuel economy standards. Each standard shall be practicable, meet the need for heavy duty motor vehicle fuel consumption reduction, and be stated in objective terms.

''(b) CONSIDERATIONS AND CONSULTATION.—When prescribing a heavy duty motor vehicle fuel economy standard under this chapter, the Secretary shall—

''(1) consider relevant available heavy duty motor vehicle fuel consumption information;

''(2) consider whether a proposed standard is reasonable, practicable, and appropriate for the particular type of heavy duty motor vehicle for which it is prescribed; and

''(3) consider the extent to which the standard will carry out section 33001.

''(c) COOPERATION.—The Secretary may advise, assist, and cooperate with departments, agencies, and instrumentalities of the United States Government, States, and other public and private agencies in developing fuel economy standards for heavy duty motor vehicles.

''(d) EFFECTIVE DATES OF STANDARDS.—The Secretary shall specify the effective date and model years of a heavy duty motor vehicle fuel economy standard prescribed under this chapter.

''(e) 5-YEAR PLAN FOR TESTING STANDARDS.—The Secretary shall establish, periodically review, and continually update a 5-year plan for testing heavy duty motor vehicle fuel economy standards prescribed under this chapter. In developing the plan and establishing testing priorities, the Secretary shall consider factors the Secretary considers appropriate, consistent with section 33001 and the Secretary's other duties and powers under this chapter.''.

SEC. 158. FLEXIBLE FUEL VEHICLE STANDARDS.

(a) DEFINITIONS.—In this section:

(1) ALTERNATIVE FUEL; ALTERNATIVE FUEL AUTOMOBILE.—The terms ''alternative fuel'' and ''alternative fuel automobile'' have the meanings given such terms in section 32901 of title 49, United States Code.

(2) ALTERNATIVE FUEL REFUELING RETAIL OUTLET.—The term ''alternative fuel refueling retail outlet'' means an establishment—

(A) equipped to dispense alternative fuel into motor vehicles; and

(B) at which alternative fuel is sold or offered for sale to the general public for use in motor vehicles without the need to establish an account.

(3) FLEXIBLE FUEL VEHICLES.—The term ''flexible fuel vehicle'' means an alternative fuel vehicle capable of operating using gasoline and 1 or more alternative fuels, including—

(A) ethanol and methanol in blends up to 85 percent alternative fuel by volume; and

(B) electricity from an external charging source sufficient to power the vehicle for at least 20 miles of driving.

(4) OWNER OR LESSOR.—The term ''owner or lessor'' means—

(A) a franchisor who owns, leases, or controls a retail gasoline outlet at which the franchisee is authorized or permitted, under the franchise agreement, to sell alternative fuel;

(B) a refiner or distributor who owns, leases, or controls a retail gasoline outlet

(b) INCREASING PERCENTAGE OF LIGHT DUTY VEHICLES THAT ARE ALTERNATIVE OR FLEXIBLE FUEL VEHICLES.—

(1) IN GENERAL.—Of the new light duty vehicles sold in the United States—

(A) not less than 10 percent manufactured for model year 2009 shall be alternative fuel automobiles or flexible fuel vehicles;

(B) not less than 20 percent manufactured for model year 2010 shall be alternative fuel automobiles or flexible fuel vehicles;

(C) not less than 35 percent manufactured for model year 2011 shall be alternative fuel automobiles or flexible fuel vehicles; and

(D) not less than 50 percent manufactured for model year 2012, and each year thereafter, shall be alternative fuel automobiles or flexible fuel vehicles.

(2) RULEMAKING.—Not later than 1 year after the date of enactment of this Act, the Secretary of Transportation shall issue regulations to carry out the provisions of this subsection.

(c) ALTERNATIVE FUEL RETAIL OUTLETS.—

(1) REQUIREMENT.—Beginning in the year in which 10 percent or more of the registered vehicles in a county are capable of using a designated alternative fuel, each owner or lessor of a retail gasoline outlet with 10 or more vehicle fuel pumps in that county shall offer such designated alternative fuel at not less than 10 percent of such pumps.

(2) COMPLIANCE.—An owner or lessor is in compliance with the requirement under paragraph (1) if the owner or lessor—

(A) provides alternative fuel at vehicle pumps owned or controlled by the owner or lessor; or

(B) purchases credits from another owner or lessor who operates more than the minimum required number of alternative fuel pumps.

(3) PROJECTIONS.—Not later than July 1st of each year, the Secretary of Energy shall—

(A) identify the counties in which at least 10 percent of the registered vehicles are expected to be capable of using a designated alternative fuel within the following 18-month period; and

(B) notify owners and lessors with retail gasoline outlets in the counties identified under subparagraph (A) of the alternative fuel pump requirement under this subsection.

(4) RULEMAKING.—The Secretary of Energy shall issue regulations to carry out the provisions of this subsection.

SEC. 159. OIL SAVINGS STUDIES.

(a) IN GENERAL.—The Secretary of Transportation shall develop and implement pilot projects the purpose of which is to reduce vehicle miles traveled.

(b) HIGHWAY CONGESTION TOLLING EVALUATION STUDY.—The Secretary of Transportation shall carry out a national evaluation study to determine how technology can best be applied to assess—

(1) mileage-based road user charges on major highways at peak-commuting times for the purposes of—

(A) reducing oil usage;

(B) lessening highway congestion; and

(C) expanding travel alternatives; and

(2) the economic impact on users.

(c) PARKING CASH-OUT EVALUATION PROJECT.—The Secretary of Transportation shall carry out a national evaluation pilot project to assess how offering commuters the option to receive the cash value of their workplace parking place instead of free parking can—

(1) reduce oil usage;

(2) lessen highway congestion; and

(3) promote economic development.

(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $8,000,000 for each of fiscal years 2006 through 2015.

SEC. 159A. NATIONWIDE MEDIA CAMPAIGN TO DECREASE OIL CONSUMPTION.

(a) IN GENERAL.—The Secretary of Energy, acting through the Assistant Secretary for Energy Efficiency and Renewable Energy (referred to in this section as the ''Secretary''), shall develop and conduct a national media campaign for the purpose of decreasing oil consumption in the United States over the next decade.

(b) CONTRACT WITH ENTITY.—The Secretary shall carry out subsection (a) directly or through—

(1) contracts with 1 or more nationally recognized media firms for the development and distribution of monthly television, radio, and newspaper public service announcements; or

(2) collective agreements with 1 or more nationally recognized institutes, businesses, or nonprofit organizations for the funding, development, and distribution of monthly television, radio, and newspaper public service announcements.

(c) USE OF FUNDS.—

(1) IN GENERAL.—Amounts made available to carry out this section shall be used for the following:

(A) ADVERTISING COSTS.—

(i) The purchase of media time and space.

(ii) Creative and talent costs.

(iii) Testing and evaluation of advertising.

(iv) Evaluation of the effectiveness of the media campaign.

(v) The negotiated fees for the winning bidder on requests from proposals issued either by the Secretary for purposes otherwise authorized in this section.

(vi) Entertainment industry outreach, interactive outreach, media projects and activities, public information, news media outreach, and corporate sponsorship and participation.

(B) ADMINISTRATIVE COSTS.—Operational and management expenses.

(2) LIMITATIONS.—In carrying out this section, the Secretary shall allocate not less than 85 percent of funds made available under subsection (e) for each fiscal year for the advertising functions specified under paragraph (1)(A).

(d) REPORTS.—The Secretary shall annually submit to Congress a report that describes—

(1) the strategy of the national media campaign and whether specific objectives of the campaign were accomplished, including—

(A) determinations concerning the rate of change of oil consumption, in both absolute and per capita terms; and

(B) an evaluation that enables consideration whether the media campaign contributed to reduction of oil consumption;

(2) steps taken to ensure that the national media campaign operates in an effective and efficient manner consistent with the overall strategy and focus of the campaign;

(3) plans to purchase advertising time and space;

(4) policies and practices implemented to ensure that Federal funds are used responsibly to purchase advertising time and space and eliminate the potential for waste, fraud, and abuse; and

(5) all contracts or cooperative agreements entered into with a corporation, partnership, or individual working on behalf of the national media campaign.

(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $100,000,000 for each of fiscal years 2006 through 2010.

SEC. 159B. OIL SAVINGS TARGET AND ACTION PLAN.

Not later than 270 days after the date of enactment of this Act, the Director of the Office of Management and Budget (referred to in this section as the ''Director'') shall publish in the Federal Register an action plan consisting of—

(1) a list of requirements proposed pursuant to section 159C that are authorized to be issued under law in effect on the date of enactment of this Act, and this subtitle, that will be sufficient, when taken together, to save from the baseline determined under section 159F, at least—

(A) 1,000,000 barrels of oil per day during calendar year 2015; and

(B) 2,500,000 barrels per day during calendar year 2020; and

(2) a Federal Government-wide analysis that analyzes—

(A) the expected oil savings from the baseline to be accomplished by each requirement; and

(B) whether all such requirements, taken together, will achieve the oil savings specified in this section.

SEC. 159C. STANDARDS AND REQUIREMENTS.

(a) SECRETARY OF ENERGY.—On or before the date of publication of the action plan under section 159B, the Secretary shall propose regulations establishing each standard or other requirement listed in the action plan that is under the jurisdiction of the Secretary.

(b) SECRETARY OF TRANSPORTATION.—On or before the date of publication of the action plan under section 159B, the Secretary of Transportation shall propose regulations establishing each standard or other requirement listed in the action plan that is under the jurisdiction of the Secretary of Transportation.

(c) ADMINISTRATOR.—On or before the date of publication of the action plan under section 159B, the Administrator shall propose regulations establishing each standard or other requirement listed in the action plan that is under the jurisdiction of the Administrator.

(d) FINAL REGULATIONS.—Not later than 18 months after the date of enactment of this Act, the Secretary, the Secretary of Transportation, and the Administrator shall promulgate final regulations described in subsections (a), (b), and (c), respectively.

(e) AGENCY ANALYSES.—Each proposed and final regulation promulgated under this section shall—

(1) be accompanied by an agency analysis of the oil savings from the baseline determined under section 159F that the regulation will achieve; and

(2) achieve at least the oil savings required as a result of the regulation under the action plan published under section 159B.

SEC. 159D. INITIAL EVALUATION.

(a) IN GENERAL.—Not later than 2 years after the date of enactment of this Act, the Director of the Office of Management and Budget (referred to in this section as the ''Director'') shall publish in the Federal Register a Federal Government-wide analysis of the oil savings achieved from the baseline established under section 159F.

(b) INADEQUATE OIL SAVINGS.—If the oil savings are less than the targets established under section 159B, simultaneously with the analysis required under subsection (a)—

(1) the Director shall publish a revised action plan that is adequate to achieve the targets; and

(2) the Secretary of Energy, the Secretary of Transportation, and the Administrator shall propose new or revised regulations under subsections (a), (b), and (c), respectively, of section 159C.

(c) FINAL REGULATIONS.—Not later than 180 days after the date on which regulations are proposed under subsection (b)(2), the Secretary of Energy, the Secretary of Transportation, and the Administrator shall promulgate final versions of those regulations.

SEC. 159E. REVIEW AND UPDATE OF ACTION PLAN.

(a) REVIEW.—Not later than January 1, 2010, and every 3 years thereafter, the Director of the Office of Management and Budget (referred to in this section as the ''Director'') shall publish a report that—

(1) evaluates the progress achieved in implementing the oil savings targets established under section 159B;

(2) analyzes the expected oil savings under the standards and requirements established under this subtitle and the amendments made by this subtitle; and

(3)(A) analyzes the potential to achieve oil savings that are in addition to the savings required by section 159B; and

(B) if the President determines that it is in the national interest, establishes a higher oil savings target for calendar year 2016 or any subsequent calendar year.

(b) INADEQUATE OIL SAVINGS.—If the oil savings are less than the targets established under section 159B, simultaneously with the report required under subsection (a)—

(1) the Director shall publish a revised action plan that is adequate to achieve the targets; and

(2) the Secretary of Energy, the Secretary of Transportation, and the Administrator shall propose new or revised regulations under subsections (a), (b), and (c), respectively, of section 159C.

(c) FINAL REGULATIONS.—Not later than 180 days after the date on which regulations are proposed under subsection (b)(2), the Secretary of Energy, the Secretary of Transportation, and the Administrator shall promulgate final versions of those regulations.

SEC. 159F. BASELINE AND ANALYSIS REQUIREMENTS.

In performing the analyses and promulgating proposed or final regulations to establish standards and other requirements necessary to achieve the oil savings required by this subtitle, the Director of the Office of Management and Budget, the Secretary of Energy, the Secretary of Transportation, and the Administrator shall—

(1) determine oil savings as the projected reduction in oil consumption from the baseline established by the reference case contained in the report of the Energy Information Administration entitled ''Annual Energy Outlook 2005'';

(2) determine the oil savings projections required on an annual basis for each of calendar years 2008 through 2025; and

(3) account for any overlap among the standards and other requirements to ensure that the projected oil savings from all the promulgated standards and requirements, taken together, are as accurate as practicable.

SA 949. Mr. REED submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 327, after line 21, insert the following:

SEC. 3___. COST-SHARING PLAN.

Section 3 of the Natural Gas Act (15 U.S.C. 717b) (as amended by section 381) is amended by adding at the end the following:

''(f)(1) Before issuing an order authorizing an applicant to site, construct, expand, or operate a liquefied natural gas import facility, the Commission shall require the applicant, in cooperation with the Commandant of the Coast Guard and State and local agencies that provide for the safety and security of the liquefied natural gas import facility and any vessels that serve the facility, to develop a cost-sharing plan.

''(2) A cost-sharing plan developed under paragraph (1) shall include a description of any direct cost reimbursements that the applicant agrees to provide to any State and local agencies with responsibility for security and safety—

''(A) at the liquefied natural gas import facility; and

''(B) in proximity to vessels that serve the facility.''.

SA 950. Mr. REED submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 311, strike lines 19 through 24.

SA 951. Mr. REED submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

Beginning on page 311, strike line 19 and all that follows through page 312, line 25, and insert the following:

''(2)(A) Except as provided in subparagraph (B), the Commission may approve an application for the siting, construction, expansion, or operation of facilities located onshore or in State waters for the import of natural gas from a foreign county or the export of natural gas to a foreign country, in whole or part, with such modifications and upon such terms and conditions as the Commission finds appropriate.

''(B) The Commission shall not—

''(i) deny an application solely on the basis that the applicant proposes to use the liquefied natural gas import facility exclusively or partially for gas that the applicant or an affiliate of the applicant will supply to the facility; or

''(ii) condition an order on—

''(I) a requirement that the liquefied natural gas import facility offer service to customers other than the applicant, or any affiliate of the applicant, securing the order;

''(II) any regulation of the rates, charges, terms, or conditions of service of the liquefied natural gas import facility; or

''(III) a requirement to file with the Commission schedules or contracts related to the rates, charges, terms, or conditions of service of the liquefied natural gas import facility.

''(3) An order issued for a liquefied natural gas import facility that also offers service to customers on an * * *

SA 952. Mr. SHELBY submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 311, after line 24, add the following:

''(3)(A) The Governor of a State in which a facility for the import of natural gas from a foreign country (referred to in this paragraph as a 'LNG facility') is proposed to be located shall designate a lead State agency.

''(B) The Commission shall grant the request of a lead State agency that requests cooperating agency status in accordance with regulations promulgated pursuant to the National Environmental Policy Act (42 U.S.C. 4321 et seq.) with respect to a proposed LNG facility.

''(C) The Commission shall promulgate regulations under the National Environmental Policy Act pre-filing process within 60 days of enactment of this section.

''(D) An applicant seeking Commission approval for an LNG facility shall follow the National Environmental Policy Act pre-filing process to commence at least 7 months prior to the filing of an application for authorization to construct an LNG facility. During this pre-filing process the applicant shall—

''(i) list all the relevant Federal and State agencies with corresponding permitting requirements;

''(ii) include documents establishing that the applicant has notified the relevant Federal and State agencies of the applicant's intent to file an application with the Commission;

''(iii) identify interested persons and organizations that have been contacted about the project; and

''(iv) detail stakeholder outreach efforts to date and provide a public participation plan to facilitate stakeholder communications and outreach efforts.

''(E) Upon completion of the pre-filing process under the National Environmental Policy Act, the applicant may file its application with the Commission.

''(F) A lead State agency may furnish an advisory report to the Commission with respect to an application no later than 30 days after the application was filed with the Commission. An advisory report may address siting issues, access to infrastructure, alternative potential locations, safety and security concerns, and access to emergency responders.

''(G) Before issuing an order authorizing an applicant to site, construct, expand or operate a liquefied natural gas import facility, the Commission shall review and respond specifically to the issues raised by the lead State agency in the advisory report.

''(H) This paragraph shall apply to any application filed after the date of enactment of this paragraph. A lead State agency has 30 days after the date of enactment of this paragraph to file an advisory report related to any applications pending at the Commission as of the date of enactment of this paragraph.

''(4)(A) Before issuing an order authorizing an applicant to site, construct, expand, or operate a liquefied natural gas import facility, the Commission shall require the applicant, in cooperation with the Commandant of the Coast Guard and State and local agencies that provide for the safety and security of the liquefied natural gas import facility and any vessels that serve the facility, to develop a cost-sharing plan.

''(B) A cost-sharing plan developed under subparagraph (A) shall include a description of any direct cost reimbursements that the applicant agrees to provide to any State and local agencies with responsibility for security and safety—

''(i) at the liquefied natural gas import facility; and

''(ii) in proximity to vessels that serve the facility.''.

SA 953. Mr. DOMENICI submitted an amendment intended to be proposed by him to the bill H.R. 6, To ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

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

(O) Savannah River National Laboratory.

On page 11, line 11, strike ''(O)'' and insert ''(P)''.

On page 11, line 12, strike ''(P)'' and insert ''(Q)''.

Beginning on page 47, strike line 11 and all that follows through page 49, line 4, and insert the following:

SEC. 127. STATE BUILDING ENERGY EFFICIENCY CODES INCENTIVES.

Section 304(e) of the Energy Conservation and Production Act (42 U.S.C. 6833(e)) is amended—

(1) in paragraph (1), by inserting before the period at the end of the first sentence the following: '', including increasing and verifying compliance with such codes''; and

(2) by striking paragraph (2) and inserting the following:

''(2) Additional funding shall be provided under this subsection for implementation of a plan to achieve and document at least a 90 percent rate of compliance with residential and commercial building energy efficiency codes, based on energy performance—

''(A) to a State that has adopted and is implementing, on a statewide basis—

''(i) a residential building energy efficiency code that meets or exceeds the requirements of the 2004 International Energy Conservation Code, or any succeeding version of that code that has received an affirmative determination from the Secretary under subsection (a)(5)(A); and

''(ii) a commercial building energy efficiency code that meets or exceeds the requirements of the ASHRAE Standard 90.1–2004, or any succeeding version of that standard that has received an affirmative determination from the Secretary under subsection (b)(2)(A); or

''(B) in a State in which there is no statewide energy code either for residential buildings or for commercial buildings, to a local government that has adopted and is implementing residential and commercial building energy efficiency codes, as described in subparagraph (A).

''(3) Of the amounts made available under this subsection, the Secretary may use $500,000 for each fiscal year to train State and local officials to implement codes described in paragraph (2).

''(4)(A) There are authorized to be appropriated to carry out this subsection—

''(i) $25,000,000 for each of fiscal years 2006 through 2010; and

''(ii) such sums as are necessary for fiscal year 2011 and each fiscal year thereafter.

''(B) Funding provided to States under paragraph (2) for each fiscal year shall not exceed ½ of the excess of funding under this

subsection over $5,000,000 for the fiscal year.''.

On page 76, lines 9 and 10, strike ''January 1, 2006'' and insert ''January 1, 2007''.

On page 234, strike lines 23 through 25, and insert the following:

(20) by striking ''section 104(b) of the Naval Petroleum Reserves Production Act of 1976 (90 Stat. 304; 42 U.S.C. 6504)'' and inserting ''section 104(a)''; and

On page 296, after line 25, add the following:

SEC. 347. FINGER LAKES WITHDRAWAL.

All Federal land within the boundary of Finger Lakes National Forest in the State of New York is withdrawn from—

(1) all forms of entry, appropriation, or disposal under the public land laws; and

(2) disposition under all laws relating to oil and gas leasing.

On page 321, line 18, insert ''by the Commission'' after ''request''.

On page 353, strike lines 19 through 24 and insert the following:

on Indian land;

''(C) provide low-interest loans to Indian tribes and tribal energy resource development organizations for use in the promotion of energy resource development on Indian land and integration of energy resources; and

''(D) provide grants and technical assistance to an appropriate tribal environmental organization, as determined by the Secretary, that represents multiple Indian tribes to establish a national resource center to develop tribal capacity to establish and carry out tribal environmental programs in support of energy-related programs and activities under this title, including—

''(i) training programs for tribal environmental officials, program managers, and other governmental representatives;

''(ii) the development of model environmental policies and tribal laws, including tribal environmental review codes, and the creation and maintenance of a clearinghouse of best environmental management practices; and

''(iii) recommended standards for reviewing the implementation of tribal environmental laws and policies within tribal judicial or other tribal appeals systems.

On page 356, between lines 15 and 16, insert the following:

''(C) In providing a grant under this subsection for an activity to provide, or expand the provision of, electricity on Indian land, the Director shall encourage cooperative arrangements between Indian tribes and utilities that provide service to Indian tribes, as the Director determines to be appropriate.

On page 357, line 6, insert ''(A)'' after ''(2)''.

On page 357, between lines 16 and 17, insert the following:

''(B) In providing a loan guarantee under this subsection for an activity to provide, or expand the provision of, electricity on Indian land, the Secretary of Energy shall encourage cooperative arrangements between Indian tribes and utilities that provide service to Indian tribes, as the Secretary determines to be appropriate.

On page 488, strike lines 5 through 9 and insert the following:

(a) DEFINITION OF LIGNOCELLULOSIC FEEDSTOCK.—In this section, the term ''lignocellulosic feedstock'' means any portion of a plant or coproduct from conversion, including crops, trees, and agricultural and forest residues not specifically grown for food.

On page 489, line 3, strike ''cellulosic feedstocks'' and insert ''lignocellulosic feedstocks''.

On page 489, lines 11 and 12, strike ''cellulosic feedstocks'' and insert ''lignocellulosic feedstocks''.

On page 503, strike lines 22 through 24.

On page 504, line 1, strike ''(2)'' and insert ''(1)''.

On page 504, strike lines 4 through 7 and insert the following:

(2) For activities under section 955—

(A) $337,000,000 for fiscal year 2006;

(B) $364,000,000 for fiscal year 2007; and

(C) $394,000,000 for fiscal year 2008.

(3) For activities under section 956—

(A) $20,000,000 for fiscal year 2006;

(B) $25,000,000 for fiscal year 2007; and

(C) $30,000,000 for fiscal year 2008.

On page 504, line 24, strike ''(b)(2)'' and insert ''(b)(1)''.

Beginning on page 505, strike lines 17 and all that follows through page 506, line 2.

On page 506, line 3, strike ''(c)'' and insert ''(b)''.

On page 506, line 11, strike ''(d)'' and insert ''(c)''.

Beginning on page 519, strike line 9 and all that follows through page 523, line 6, and insert the following:

SEC. 955. COAL AND RELATED TECHNOLOGIES PROGRAM.

(a) IN GENERAL.—In addition to the programs authorized under title IV, the Secretary shall conduct a program of technology research, development, and demonstration and commercial application for coal and power systems, including programs to facilitate production and generation of coal-based power through—

(1) innovations for existing plants (including mercury removal);

(2) gasification systems;

(3) advanced combustion systems;

(4) turbines for synthesis gas derived from coal;

(5) carbon capture and sequestration research and development;

(6) coal-derived chemicals and transportation fuels;

(7) liquid fuels derived from low rank coal water;

(8) solid fuels and feedstocks;

(9) advanced coal-related research;

(10) advanced separation technologies; and

(11) fuel cells for the operation of synthesis gas derived from coal.

(b) COST AND PERFORMANCE GOALS.—

(1) IN GENERAL.—In carrying out programs authorized by this section, the Secretary shall identify cost and performance goals for coal-based technologies that would permit the continued cost-competitive use of coal for the production of electricity, chemical feedstocks, and transportation fuels in 2008, 2010, 2012, and 2016, and each calendar year beginning after September 30, 2021.

(2) ADMINISTRATION.—In establishing the cost and performance goals, the Secretary shall—

(A) consider activities and studies undertaken as of the date of enactment of this Act by industry in cooperation with the Department in support of the identification of the goals;

(B) consult with interested entities, including—

(i) coal producers;

(ii) industries using coal;

(iii) organizations that promote coal and advanced coal technologies;

(iv) environmental organizations;

(v) organizations representing workers; and

(vi) organizations representing consumers;

(C) not later than 120 days after the date of enactment of this Act, publish in the Federal Register proposed draft cost and performance goals for public comments; and

(D) not later than 180 days after the date of enactment of this Act and every 4 years thereafter, submit to Congress a report describing the final cost and performance goals for the technologies that includes—

(i) a list of technical milestones; and

(ii) an explanation of how programs authorized in this section will not duplicate the activities authorized under the Clean Coal Power Initiative authorized under title IV.

(c) POWDER RIVER BASIN AND FORT UNION LIGNITE COAL MERCURY REMOVAL.—

(1) IN GENERAL.—In addition to the programs authorized by subsection (a), the Secretary may establish a program to test and develop technologies to control and remove mercury emissions from subbituminous coal mined in the Powder River Basin, and Fort Union lignite coals, that are used for the generation of electricity.

(2) EFFICACY OF MERCURY REMOVAL TECHNOLOGY.—In carrying out the program under paragraph (1), the Secretary shall examine the efficacy of mercury removal technologies on coals described in that paragraph that are blended with other types of coal.

SEC. 956. CARBON CAPTURE RESEARCH AND DEVELOPMENT PROGRAM.

(a) IN GENERAL.—The Secretary shall carry out a 10-year carbon capture research and development program to develop carbon dioxide capture technologies on combustion-based systems for use—

(1) in new coal utilization facilities; and

(2) on the fleet of coal-based units in existence on the date of enactment of this Act.

(b) OBJECTIVES.—The objectives of the program under subsection (a) shall be—

(1) to develop carbon dioxide capture technologies, including adsorption and absorption techniques and chemical processes, to remove the carbon dioxide from gas streams containing carbon dioxide potentially amenable to sequestration;

(2) to develop technologies that would directly produce concentrated streams of carbon dioxide potentially amenable to sequestration;

(3) to increase the efficiency of the overall system to reduce the quantity of carbon dioxide emissions released from the system per megawatt generated; and

(4) in accordance with the carbon dioxide capture program, to promote a robust carbon sequestration program and continue the work of the Department, in conjunction with the private sector, through regional carbon sequestration partnerships.

On page 522, between lines 8 and 9, insert the following:

(d) FUEL CELLS.—

(1) IN GENERAL.—The Secretary shall conduct a program of research, development, demonstration, and commercial application on fuel cells for low-cost, high-efficiency, fuel-flexible, modular power systems.

(2) DEMONSTRATIONS.—The demonstrations referred to in paragraph (1) shall include solid oxide fuel cell technology for commercial, residential, and transportation applications, and distributed generation systems, using improved manufacturing production and processes.

On page 558, beginning on line 22, strike ''of the Senate'' and all that follows through ''Commerce'' on line 23 and insert ''and the Committee on Foreign Relations of the Senate and the Committee on Energy and Commerce and the Committee on International Relations''.

On page 595, between lines 4 and 5, insert the following:

(2) REPORT ON TRENDS.—Not later than 1 year after the date of enactment of this Act, the Secretary shall submit to Congress a report on current trends under paragraph (1), with recommendations (as appropriate) to meet the future labor requirements for the energy technology industries.

On page 595, line 5, strike ''(2) REPORT.—As'' and insert the following:

(3) REPORT ON SHORTAGE.—As

On page 596, strike line 22 and all that follows through page 597, line 20, and insert the following:

SEC. 1103. EDUCATIONAL PROGRAMS IN SCIENCE AND MATHEMATICS.

(a) SCIENCE EDUCATION ENHANCEMENT FUND.—Section 3164 of the Department of Energy Science Education Enhancement Act (42 U.S.C. 7381a) is amended by adding at the end:

''(c) SCIENCE EDUCATION ENHANCEMENT FUND.—The Secretary shall use not less than 0.2 percent of the amount made available to the Department for fiscal year 2006 and each fiscal year thereafter to carry out activities authorized by this part.''.

(b) AUTHORIZED EDUCATION ACTIVITIES.—Section 3165 of the Department of Energy Science Education Enhancement Act (42 U.S.C. 7381b) is amended by adding at the end the following:

''(14) Support competitive events for students under the supervision of teachers, designed to encourage student interest and knowledge in science and mathematics.

''(15) Support competitively-awarded, peer-reviewed programs to promote professional development for mathematics teachers and science teachers who teach in grades from kindergarten through grade 12 at Department research and development facilities.

''(16) Support summer internships at Department research and development facilities, for mathematics teachers and science teachers who teach in grades from kindergarten through grade 12.

''(17) Sponsor and assist in educational and training activities identified as critical skills needs for future workforce development at Department research and development facilities.''.

(c) EDUCATIONAL PARTNERSHIPS.—Section 3166(b) of the Department of Energy Science Education Enhancement Act (42 U.S.C. 7381c(b)) is amended—

(1) by striking paragraph (1) and inserting the following:

''(1) loaning or transferring equipment to the institution;'';

(2) in paragraph (5), by striking ''and'' at the end;

(3) in paragraph (6), by striking the period at the end and inserting ''; and''; and

(4) by adding at the end the following:

''(7) providing funds to educational institutions to hire personnel to facilitate interactions between local school systems, Department research and development facilities, and corporate and governmental entities.''.

(d) DEFINITION OF DEPARTMENT RESEARCH AND DEVELOPMENT FACILITIES.—Section 3167(3) of the Department of Energy Science Education Enhancement Act (42 U.S.C. 7381d(3)) is amended by striking ''from the Office of Science of the Department of Energy'' and inserting ''by the Department of Energy''.

(e) STUDY.—

(1) IN GENERAL.—The Secretary shall enter into an arrangement with the National Academy of Public Administration to conduct a study of the priorities, quality, local and regional flexibility, and plans for educational programs at Department research and development facilities.

(2) INCLUSION.—The study shall recommend measures that the Secretary may take to improve Department-wide coordination of educational, workforce development, and critical skills development activities.

(3) REPORT.—Not later than 2 years after the date of enactment of this Act, the Secretary shall submit to Congress a report on the results of the study conducted under this subsection.

On page 599, line 15, insert ''(as amended by section 1103(a))'' after ''7381a)''.

On page 599, line 17, strike ''(c)'' and insert ''(d)''.

On page 686, line 3, insert ''by the Commission'' after ''request''.

On page 755, after line 25, add the following:

SEC. 13___. STUDY OF LINK BETWEEN ENERGY SECURITY AND INCREASES IN VEHICLE MILES TRAVELED.

(a) IN GENERAL.—The Secretary shall enter into an arrangement with the National Academy of Sciences under which the Academy shall conduct a study to assess the implications on energy use and efficiency of land development patterns in the United States.

(b) SCOPE.—The study shall consider—

(1) the correlation, if any, between land development patterns and increases in vehicle miles traveled;

(2) whether petroleum use in the transportation sector can be reduced through changes in the design of development patterns;

(3) the potential benefits of—

(A) information and education programs for State and local officials (including planning officials) on the potential for energy savings through planning, design, development, and infrastructure decisions;

(B) incorporation of location efficiency models in transportation infrastructure planning and investments; and

(C) transportation policies and strategies to help transportation planners manage the demand for the number and length of vehicle trips, including trips that increase the viability of other means of travel; and

(4) such other considerations relating to the study topic as the National Academy of Sciences finds appropriate.

(c) REPORT.—Not later than 2 years after the date of enactment of this Act, the National Academy of Sciences shall submit to the Secretary and Congress a report on the study conducted under this section.

SEC. 13___. STUDY OF AVAILABILITY OF SKILLED WORKERS.

(a) IN GENERAL.—The Secretary shall enter into an arrangement with the National Academy of Sciences under which the National Academy of Sciences shall conduct a study of the short-term and long-term availability of skilled workers to meet the energy and mineral security requirements of the United States.

(b) INCLUSIONS.—The study shall include an analysis of—

(1) the need for and availability of workers for the oil, gas, and mineral industries;

(2) the availability of skilled labor at both entry level and more senior levels; and

(3) recommendations for future actions needed to meet future labor requirements.

(c) REPORT.—Not later than 2 years after the date of enactment of this Act, the Secretary shall submit to Congress a report that describes the results of the study.

SA 954. Mr. SESSIONS submitted an amendment intended to be proposed by him to the bill H.R. 6, To ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ___. STATE TAXES ON LIQUIFIED NATURAL GAS.

(a) IN GENERAL.—

(1) IN GENERAL.—A State may impose a tax on the value of any liquified natural gas received by any facility which is authorized by the Federal Energy Regulatory Commission under section 3(d) of the Natural Gas Act (15 U.S.C. 717b(d)) and which is within such State.

(2) AMOUNT OF TAX.—The amount of any tax imposed under paragraph (1) shall not be more than 0.25 percent of the value such gas.

(b) EFFECT ON INTERSTATE COMMERCE.—Any tax imposed under subsection (a) shall—

(1) be considered to be a reasonable regulation of commerce; and

(2) not be considered to impose an undue burden on interstate commerce or to otherwise impair, restrain, or discriminate against interstate commerce.

SA 955. Mr. CORZINE submitted an amendment intended to be proposed by him to the bill H.R. 6, To ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

Beginning on page 1, line 1, strike ''On page'' and all that follows through page 15, line 24, and insert the following:

On page 56, between lines 17 and 18, insert the following:

SEC. 325. OUTER CONTINENTAL SHELF.

Sections 107, 108, and 109 of division E of the Consolidated Appropriations Act, 2005 (Public Law 108–447; 118 Stat. 3063) are amended by striking ''provided in this title'' each place appears and inserting ''made available under this Act or any other Act for any fiscal year''.

SA 956. Mr. CORZINE submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 10, line 5, insert ''and each State in the same OCS planning area with a coastline'' after ''State''.

SA 957. Mr. CORZINE submitted an amendment intended to be proposed by him to the bill H.R. 6, To ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

Beginning on page 1, line 1, strike ''On page'' and all that follows through page 15, line 24, and insert the following:

On page 56, between lines 17 and 18, insert the following:

SEC. 325. OUTER CONTINENTAL SHELF.

Sections 107, 108, and 109 of division E of the Consolidated Appropriations Act, 2005 (Public Law 108–447; 118 Stat. 3063) are amended by striking ''provided in this title'' each place appears and inserting ''made available under this Act or any other Act for any fiscal year''.

SA 958. Mr. LIEBERMAN submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

Beginning on page 120, strike line 21 and all that follows through page 122, line 14, and insert the following:

Subtitle D—Oil Security

SEC. 151. SHORT TITLE; FINDINGS AND PURPOSES.

(a) SHORT TITLE.—This subtitle may be cited as the ''Oil Security Act''.

(b) FINDINGS.—Congress finds that—

(1) the United States is dangerously dependent on oil;

(2) that dependence threatens the national security, weakens the economy, and harms the environment of the United States;

(3) the United States currently imports nearly 60 percent of oil needed in the United

States, and that ratio is expected to grow to almost 70 percent by 2025 if no actions are taken;

(4) approximately 2,500,000 barrels of oil per day are imported from countries in the Persian Gulf region;

(5) that dependence on foreign oil undermines the war on terror by financing both sides of the war;

(6) in 2004 alone, the United States sent $103,000,000,000 to undemocratic countries, some of which use revenues to support terrorism and spread ideology hostile to the United States, as documented by the Council on Foreign Relations;

(7) terrorists have identified oil as a strategic vulnerability and have ramped up attacks against oil infrastructure worldwide;

(8) oil imports comprise more than 25 percent of the dangerously high United States trade deficit;

(9) it is feasible to achieve oil savings of more than 2,500,000 barrels per day by 2015 and 10,000,000 barrels per day by 2025;

(10) those goals can be achieved by establishing a set of flexible policies, including—

(A) increasing the gasoline-efficiency of cars, trucks, tires, and oil;

(B) providing economic incentives for companies and consumers to purchase fuel-efficient cars;

(C) encouraging the use of transit and the reduction of truck idling; and

(D) increasing production and commercialization of alternative liquid fuels;

(11) technology available as of the date of enactment of this Act (including popular hybrid-electric vehicle models, the sales of which in the United States increased 136 percent in the first 4 months of 2005 as compared with the same period in 2004) make an oil savings plan eminently achievable; and

(12) it is urgent, essential, and feasible to implement an action plan to achieve oil savings as soon as practicable because any delay in initiating action will—

(A) make achieving necessary oil savings more difficult and expensive; and

(B) increase the risks to the national security, economy, and environment of the United States.

(c) PURPOSES.—The purposes of this subtitle are—

(1) to help instill consumer confidence and acceptable of alternative motor vehicles by lowering the 3 major barriers to confidence and acceptance;

(2) to enable the accelerated introduction into the marketplace of new motor vehicle technologies without adverse emission impact, while retaining a policy of fuel neutrality in order to foster private innovation and commercialization and allow market forces to decide the technologies and fuels that are consumer-friendly, safe, environmentally-sound, and economic;

(3) to provide, for a limited time period, financial incentives to encourage consumers nationwide to purchase or lease new fuel cell, hybrid, battery electric, and alternative fuel motor vehicles;

(4) to increase demand of vehicles described in paragraph (3) so as to make the annual production by manufacturers and retail sale of the vehicles economically and commercially viable for the consumer;

(5) to promote and expand the use of vehicles described in paragraph (3) throughout the United States; and

(6) to promote a nationwide diversity of motor vehicle fuels for advanced and hybrid technology and alternatively fueled motor vehicles.

SEC. 152. MANUFACTURING INCENTIVES FOR ALTERNATIVE FUEL VEHICLES.

(a) ADVANCED TECHNOLOGY MOTOR VEHICLES MANUFACTURING CREDIT.—

(1) IN GENERAL.—Subpart B of part IV of subchapter A of chapter 1 (relating to foreign tax credit, etc.), as amended by this Act, is amended by adding at the end the following new section:

"SEC. 30D. ADVANCED TECHNOLOGY MOTOR VEHICLES MANUFACTURING CREDIT.

''(a) CREDIT ALLOWED.—

''(1) IN GENERAL.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 33 percent of the qualified investment of an eligible taxpayer for such taxable year.

''(2) LIMITATION.—The credit allowed under subsection (a) for any taxable year shall not exceed $200,000,000.

''(b) ELIGIBLE TAXPAYER.—For purposes of this section, the term 'eligible taxpayer' means any taxpayer if more than 25 percent of its gross receipts for the taxable year is derived from the manufacture of motor vehicles or any component parts of such vehicles.

''(c) QUALIFIED INVESTMENT.—For purposes of this section—

''(1) IN GENERAL.—The qualified investment for any taxable year is equal to the incremental costs incurred during such taxable year—

''(A) to re-equip or expand a manufacturing facility of the eligible taxpayer to produce advanced technology motor vehicles or to produce eligible components, and

''(B) for engineering integration of such vehicles and components as described in subsection (e).

''(2) ATTRIBUTION RULES.—In the event a facility of the taxpayer produces both advanced technology motor vehicles and conventional motor vehicles, or eligible and non-eligible components, only the qualified investment attributable to production of advanced technology motor vehicles and eligible components shall be taken into account.

''(3) SUSTAINED IMPROVEMENT.—

''(A) DEFINITIONS.—For purposes of this paragraph—

''(i) ADJUSTED FUEL ECONOMY.—

''(I) IN GENERAL.—The term 'adjusted fuel economy' means the average fuel economy of a manufacturer for all light duty motor vehicles, adjusted as described in subclause (II).

''(II) ADJUSTMENT.—The fuel economy of each vehicle qualifying for the credit shall be deemed to be equal to the base year average fuel economy for the weight class of the vehicle.

''(ii) BASE YEAR.—The term 'base year' means model year 2002.

''(B) ELIGIBILITY.—For an automobile manufacturer to be eligible for an award under this subsection in a year, the adjusted average fuel economy of the manufacturer for light duty vehicles for the most recent year for which data is available may not be less than the base year average fuel economy of the manufacturer for all of the light duty motor vehicles of the manufacturer.

''(d) ADVANCED TECHNOLOGY MOTOR VEHICLES AND ELIGIBLE COMPONENTS.—For purposes of this section—

''(1) ADVANCED TECHNOLOGY MOTOR VEHICLE.—The term 'advanced technology motor vehicle' means—

''(A) any advanced lean burn technology motor vehicle, or

''(B) any new qualified hybrid motor vehicle as defined in section 30B(c)(3) (other than a heavy duty hybrid motor vehicle), eligible for a credit amount under section 30B(c)(2)(B),

which is in compliance with any Environmental Protection Agency emission standard for fine particulate matter for the applicable make and model year of the vehicle.

''(2) ADVANCED LEAN BURN TECHNOLOGY MOTOR VEHICLE.—The term 'advanced lean burn technology motor vehicle' means a motor vehicle with an internal combustion engine—

''(A) which is designed to operate primarily using more air than is necessary for complete combustion of the fuel,

''(B) which incorporates direct injection,

''(C) which achieves at least 125 percent of the 2002 model year city fuel economy, and

''(D) which, for 2004 and later model vehicles, has received a certificate that such vehicle meets or exceeds—

''(i) in the case of any vehicle having a gross vehicle weight rating of not more than 6,000 pounds, the Bin 5 Tier II emission standard established in regulations prescribed by the Administrator of the Environmental Protection Agency under section 202(i) of the Clean Air Act for that make and model year vehicle, and

''(ii) in the case of any vehicle having a gross vehicle weight rating of more than 6,000 pounds but not more than 8,500 pounds, the Bin 8 Tier II emission standard as so established.

''(3) ELIGIBLE COMPONENTS.—The term 'eligible component' means any component specially designed for any advanced technology motor vehicle and installed for the purpose of meeting the performance requirements for such vehicle, including—

''(A) with respect to any gasoline-electric new qualified hybrid motor vehicle—

''(i) electric motor or generator,

''(ii) power split device,

''(iii) power control unit,

''(iv) power controls,

''(v) integrated starter generator, or

''(vi) battery,

''(B) with respect to any advanced lean burn technology motor vehicle—

''(i) diesel engine,

''(ii) turbocharger,

''(iii) fuel injection system, or

''(iv) after-treatment system, such as a particle filter or NO_x absorber, and

''(C) any other component submitted for approval by the Secretary.

''(e) ENGINEERING INTEGRATION COSTS.—For purposes of subsection (c)(1)(B), costs for engineering integration are costs incurred prior to the market introduction of advanced technology vehicles for engineering tasks related to—

''(1) incorporating eligible components into the design of advanced technology vehicles, and

''(2) designing new tooling and equipment for production facilities which produce eligible components or advanced technology vehicles.

''(f) LIMITATION BASED ON AMOUNT OF TAX.—The credit allowed under subsection (a) for the taxable year shall not exceed the excess of—

''(1) the sum of—

''(A) the regular tax liability (as defined in section 26(b)) for such taxable year, plus

''(B) the tax imposed by section 55 for such taxable year, over

''(2) the sum of the credits allowable under subpart A and sections 27, 30, 30B, and 30C for the taxable year.

''(g) REDUCTION IN BASIS.—For purposes of this subtitle, if a credit is allowed under this section for any expenditure with respect to any property, the increase in the basis of such property which would (but for this paragraph) result from such expenditure shall be reduced by the amount of the credit so allowed.

''(h) NO DOUBLE BENEFIT.—The amount of any deduction or other credit allowable under this chapter for any cost taken into account in determining the amount of the credit under subsection (a) shall be reduced by the amount of such credit attributable to such cost.

''(i) BUSINESS CARRYOVERS ALLOWED.—If the credit allowable under subsection (a) for a taxable year exceeds the limitation under subsection (f) for such taxable year, such excess (to the extent of the credit allowable with respect to property subject to the allowance for depreciation) shall be allowed as a credit carryback and carryforward under rules similar to the rules of section 39.

''(j) SPECIAL RULES.—For purposes of this section, rules similar to the rules of paragraphs (4) and (5) of section 179A(e) and paragraphs (1) and (2) of section 41(f) shall apply

''(k) ELECTION NOT TO TAKE CREDIT.—No credit shall be allowed under subsection (a) for any property if the taxpayer elects not to have this section apply to such property.

''(l) REGULATIONS.—The Secretary shall prescribe such regulations as necessary to carry out the provisions of this section.

''(m) TERMINATION.—This section shall not apply to any qualified investment after December 31, 2015.''.

(2) CONFORMING AMENDMENTS.—

(A) Section 1016(a), as amended by this Act, is amended by striking ''and'' at the end of paragraph (32), by striking the period at the end of paragraph (33) and inserting '', and'', and by adding at the end the following new paragraph:

''(34) to the extent provided in section 30D(g).''.

(B) Section 6501(m), as amended by this Act, is amended by inserting ''30D(k),'' after ''30C(j),''.

(C) The table of sections for subpart B of part IV of subchapter A of chapter 1, as amended by this Act, is amended by inserting after the item relating to section 30C the following new item:

''Sec. 30D. Advanced technology motor vehicles manufacturing credit.''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to amounts incurred in taxable years beginning after December 31, 2004.

(b) FUEL ECONOMY CALCULATIONS.—

(1) IN GENERAL.—Section 32905 of title 49, United States Code, is amended—

(A) in subsections (b) and (d),

(i) by amending paragraph (1) of each subsection to read as follows:

''(1) the number determined by—

''(A) subtracting from 1.0 the alternative fuel use factor for the model; and

''(B) dividing the difference calculated under subparagraph (A) by the fuel economy measured under section 32904(c) when operating the model on gasoline or diesel fuel; and''; and

(ii) by amending paragraph (2) of each subsection to read as follows:

''(2) the number determined by dividing the alternative fuel use factor for the model by the fuel economy measured under subsection (a) when operating the model on alternative fuel.''; and

(B) by adding at the end the following:

''(h) DETERMINATION OF ALTERNATIVE FUEL USE FACTOR.—

''(1) For purposes of subsections (b) and (d), the term 'alternative fuel use factor' means, for a model of automobile, the factor determined by the Administrator under paragraph (3).

''(2) At the beginning of each calendar year, the Secretary of Transportation shall estimate, by model, the aggregate amount of fuel and the aggregate amount of alternative fuel used to operate all dual fuel automobiles during the most recent 12-month period.

''(3) The Administrator shall determine, by regulation, the alternative fuel use factor for each model of dual fueled automobile, on an energy equivalent basis, by calculating the ratio that the amount of alternative fuel used by such model bears to the amount of fuel used by such model.''.

(2) APPLICABILITY OF EXISTING STANDARDS.—The amendments made by this subsection shall not affect the application of section 32901 of title 49, United States Code, to automobiles manufactured before model year 2007.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall take effect on January 1, 2007.

SEC. 153. CELLULOSE BIOMASS-TO-FUEL EARLY DEPLOYMENT AND COMMERCIALIZATION INITIATIVES.

(a) GENERAL REQUIREMENTS.—

(1) DEFINITIONS.—In this section:

(A) CELLULOSE BIOMASS-TO-FUEL.—The term ''cellulose biomass-to-fuel'' means any fuel that is produced from at least 80 percent cellulosic biomass.

(B) COMMERCIAL-SCALE PLANT.—The term ''commercial-scale plant'' means a plant that—

(i) has a production capacity of greater than 7,000,000 gallons per year of cellulose biomass-to-fuel and related products, as measured by energy content; and

(ii) uses technology that has been successfully tested in a pilot or demonstration project that produced at least 1,000,000 gallons per year of cellulose biomass-to-fuel and related products, as measured by energy content.

(C) COMMITTEE.—The term ''Committee'' means the Cellulosic Biomass-to-Fuel Review Committee established under paragraph (4).

(D) PRE-COMMERCIAL SCALE PLANT.—The term ''pre-commercial scale plant'' means—

(i) a plant that has a production capacity of less than 7,000,000 gallons per year of cellulose biomass-to-fuel and related products, as measured by energy content; or

(ii) an existing industrial facility—

(I) that adds equipment to conduct research, development, or demonstration to overcome the recalcitrance of biomass, feedstock development, or co-products development; and

(II) at which the addition of the equipment increases the production capacity of the facility by less than 7,000,000 gallons per year of cellulose biomass-to-fuel and related products, as measured by energy content.

(E) PRODUCTION CAPACITY.—For purposes of this section, the production capacity of a plant shall be measured—

(i) assuming maximum potential output, 24 hours a day, 365 days per year; and

(ii) in terms of gallons of ethanol equivalent, with other fuels converted to this unit of measurement, based on the energy content of the fuels.

(2) PURPOSE.—The purpose of this section is to—

(A) accelerate deployment and commercialization of cellulosic biomass to fuel;

(B) reduce the oil dependence of the United States; and

(C) enhance the ability of the United States to produce alternative fuels.

(3) ESTABLISHMENT.—The Secretary, in consultation with the Secretary of the Treasury, shall establish a cellulose biomass-to-fuels incentives program under subsection (b).

(4) CELLULOSE BIOMASS-TO-FUEL REVIEW COMMITTEE.—The Secretary shall request that the National Academy of Science establish an independent Cellulose Biomass-to-Fuel Review Committee, of which at least ½ of the members shall be experts external to the Department of Agriculture and the Department of Energy.

(5) SOLICITATION PROCESS.—

(A) IN GENERAL.—The Secretary, in consultation with the Committee, shall establish an open and competitive solicitation process to select projects for participation in the cellulose biomass-to-fuel early deployment and commercialization initiative.

(B) ELIGIBILITY DETERMINATIONS.—Eligibility determinations shall be established based on expert peer review of the proposals by the Committee.

(C) CONSISTENCY.—The solicitation shall be consistent from year to year.

(D) REQUIREMENTS.—At a minimum, eligible plants shall—

(i) be located in the United States;

(ii) meet all applicable Federal and State permitting requirements; and

(iii) convert cellulose biomass to fuel.

(E) FINANCIAL CRITERIA.—The Secretary may establish such additional financial criteria as the Secretary considers to be appropriate.

(F) PRIORITIZATION.—In selecting projects, the Committee shall prioritize the following goals in the following order:

(i) Projects demonstrating the potential for significant advances in biomass processing.

(ii) Projects demonstrating the potential to substantially further scale-sensitive national objectives, including—

(I) sustainable resource supply;

(II) reduced greenhouse gas emissions;

(III) healthier rural economies; and

(IV) improved strategic security and trade balances.

(iii) Projects located in local markets that have the greatest need for the facility because of—

(I) a high level of demand for fuel ethanol or other commercial byproducts of the facility; or

(II) availability of sufficient quantities of cellulosic biomass.

(6) REPORTING.—Not later than 180 days after the date of enactment of this Act, the Secretary, in consultation with the Committee, shall submit to Congress a report that includes a 10-year plan containing—

(A) a detailed assessment of whether the aggregate funding levels provided under subsection (b) are appropriate;

(B) a detailed description of how proposals will be solicited and evaluated, including a list of all activities expected to be carried out; and

(C) a detailed list of milestones for each biomass and related technology that will be pursued.

(7) PERIODIC UPDATES.—Until all incentives committed under subsection (b) have been used, the Secretary, in conjunction with the Secretary of the Treasury, shall annually submit to Congress a report on the activities of the Secretary and the Secretary of the Treasury under this section.

(b) CELLULOSIC BIOMASS FUELS INCENTIVE PROGRAM.—

(1) IN GENERAL.—

(A) ESTABLISHMENT OF PROGRAM.—The Secretary, in consultation with the Secretary of the Treasury, shall establish a program for providing incentives to commercial scale cellulose biomass-to-fuels producers.

(B) IN GENERAL.—The Secretary may provide loan guarantees and performance incentives to merchant producers of cellulose biomass-to-fuel in the United States to assist the producers—

(i) to build eligible commercial-ready production facilities; and

(ii) to produce cellulose biomass-to-fuel in accordance with paragraphs (2), (3), and (4).

(C) TOTAL VALUE OF INCENTIVES.—

(i) IN GENERAL.—Except as provided in clause (ii), cellulose biomass-to-fuel facilities selected by the Secretary may receive all of the incentives offered under this subsection.

(ii) TOTAL VALUE.—The total value to the facility of all incentives offered under this

subsection shall not exceed the values presented in the following table, in which the ''Facility on line'' dates are expressed in years from the date of enactment of this Act.

Facility on line:	Total Value of Incentives Over the Life of a Facility: The lesser of:		
	Per million gallons capacity	Percent of total capital cost	Total dollar amount
Year 4	$4,600,000	46%	$80,000,000
Year 6	$3,500,000	35%	$60,000,000
Year 10	$1,500,000	15%	$25,000,000

(D) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary such sums as are necessary to carry out this subsection.

(E) TERMINATION OF AUTHORITY.—The authority of the Secretary and the Secretary of the Treasury to commit to new incentives under paragraphs (2), (3), and (4) shall terminate on the date that is 10 years after the date of enactment of this Act.

(2) CELLULOSIC BIOMASS FUEL LOAN GUARANTEES.—

(A) ESTABLISHMENT OF PROGRAM.—The Secretary shall establish a program to provide guarantees of loans by private institutions for the construction of facilities to process and convert cellulosic biomass into fuel and other commercial byproducts.

(B) LIMITATION.—The total amount of all loans guaranteed under this paragraph shall not exceed $2,000,000,000 at any time during the program.

(C) REQUIREMENTS.—The Secretary may provide a loan guarantee under this paragraph to an applicant if—

(i) the prospective earning power of the applicant and the character and value of the security pledged provide a reasonable assurance of repayment of the loan to be guaranteed in accordance with the terms of the loan; and

(ii) the loan bears interest at a rate determined by the Secretary to be reasonable, taking into account—

(I) the current average yield on outstanding obligations of the United States with remaining periods of maturity comparable to the loan; and

(II) the risk profile of the loan.

(D) TERMS AND CONDITIONS.—The loan agreement for a loan guarantee under this paragraph shall provide that—

(i) no provision of the loan agreement may be amended or waived without the consent of the Secretary;

(ii) the loan guarantee shall have a maturity of not more than 20 years; and

(iii) the recipient of a loan guarantee under this paragraph shall pay the Secretary an amount determined by the Secretary to be sufficient to cover the administrative costs of the Secretary relating to the loan guarantee.

(E) ELIGIBILITY AND LIMITATIONS.—

(i) IN GENERAL.—In addition to the overall limitation established under paragraph (1)(C)(ii), the maximum loan guarantee that any project that is begun not later than 4 years after the date of establishment of the program under this paragraph may receive shall be the lesser of—

(I) $5,600,000 per million gallons of capacity;

(II) 80 percent of the total project debt; or

(III) $100,000,000 per facility.

(ii) SCHEDULE.—The Secretary shall establish a schedule of limitations that decrease throughout the period that begins on the date that is 4 year after the date of establishment of the program under this paragraph and ends on the date that is 10 years after the date of establishment of the program.

(F) FULL FAITH AND CREDIT.—

(i) IN GENERAL.—The full faith and credit of the United States is pledged to the payment of all guarantees issued under this paragraph with respect to principal and interest.

(ii) CONCLUSIVE EVIDENCE.—Any guarantee made by the Secretary under this paragraph shall be conclusive evidence of the eligibility of the loan for the guarantee with respect to principal and interest.

(iii) INCONTESTABLE VALIDITY.—The validity of the guarantee shall be incontestable in the hands of a holder of the guaranteed loan.

(G) ALLOWED USES OF FUNDS.—In the event of a performance shortfall, the loan guarantee funds may be used to either pay senior debt or make fixes to increase output or efficiency.

(3) CELLULOSIC BIOMASS FUEL TAX-EXEMPT FINANCING.—

(A) ESTABLISHMENT OF PROGRAM.—

(i) IN GENERAL.—The Secretary of the Treasury, in coordination with the Secretary, shall establish a tax-exempt financing program specifically for commercial scale cellulose biomass-to-fuel projects.

(ii) PURPOSE.—The program established under clause (i) shall provide tax-exempt financing to construct facilities to process and convert cellulosic biomass into fuel and other commercial byproducts.

(B) TAX CODE AMENDMENTS.—

(i) TREATMENT AS EXEMPT FACILITY BOND.—Subsection (a) of section 142 of the Internal Revenue Code of 1986 (relating to exempt facility bond) is amended by striking ''or'' at the end of paragraph (13), by striking the period at the end of paragraph (14) and inserting '', or'', and by adding at the end the following:

''(15) qualified cellulose biomass-to-fuel facilities.''.

(ii) QUALIFIED CELLULOSE BIOMASS-TO-FUEL FACILITIES.—Section 142 of such Code is amended by adding at the end the following:

''(m) QUALIFIED CELLULOSE BIOMASS-TO-FUEL FACILITIES.—

''(1) IN GENERAL.—For purposes of subsection (a)(15), the term 'qualified cellulose biomass-to-fuel facilities' means any cellulose biomass-to-fuel project approved by the Secretary of Energy, in consultation with the Secretary, under section 1512 of the Energy Policy Act of 2005.

''(2) NATIONAL LIMITATION ON AMOUNT OF TAX-EXEMPT FINANCING FOR FACILITIES.—

''(A) NATIONAL LIMITATION.—There is a national cellulose biomass-to-fuel facilities bond limitation for each calendar year equal to such amount which when added to other incentives offered under section 1512 of such Act to qualified cellulose biomass-to-fuel facilities for such calendar year does not exceed the total value of all such incentives available to all such facilities under section 112(b)(1)(C) of such Act for such calendar year.

''(B) ENFORCEMENT OF NATIONAL LIMITATION.—An issue shall not be treated as an issue described in subsection (a)(15) if the aggregate face amount of bonds issued for any calendar year (when added to the aggregate face amount of bonds previously issued as part of issues described in subsection (a)(15) for such calendar year) exceeds the national cellulose biomass-to-fuel facilities bond limitation for such calendar year.

''(C) ALLOCATION BY SECRETARY OF ENERGY.—The Secretary of Energy, in consultation with the Secretary, shall allocate the amount described in subparagraph (A) among cellulose biomass-to-fuel projects in such manner as the Secretary determines appropriate.''.

(iii) EFFECTIVE DATE.—The amendments made by this subparagraph apply to bonds issued after the date of the enactment of this Act.

(4) CELLULOSIC BIOMASS FUELS PERFORMANCE INCENTIVES PROGRAM.—

(A) ESTABLISHMENT OF PROGRAM.—The Secretary shall establish a program to make available to commercial scale cellulose biomass-to-fuel producers performance incentives on a per gallon basis of cellulose biomass-to-fuel from eligible facilities.

(B) INCENTIVES.—

(i) IN GENERAL.—The program established under subparagraph (A) shall consist of 2 phases.

(ii) FIRST PHASE.—

(I) IN GENERAL.—During the period that begins on the date of establishment of the program under this paragraph and ends on the date that is 6 years after the date of establishment of the program, performance payments shall be available to all projects participating in the program, subject to the limits established in paragraph (1)(C)(ii).

(II) PAYMENTS.—During the period described in subclause (I), payments shall be made per gallon produced and sold by the facility during the first 6 years of operation.

(iii) SECOND PHASE.—

(I) IN GENERAL.—During the period that begins on the date that is 7 years after the date of establishment of the program under this paragraph and ends on the date that is 10 years after the date of establishment of the program, performance incentives shall be made available through not less than 2 reverse auctions as described in subclauses (II) through (V).

(II) AMOUNT OF FUNDS.—The Secretary, in coordination with the Secretary of the Treasury, shall establish the amount of funds available for use as performance payments after taking into account other existing and expected liabilities under this subsection.

(III) DESIRED AMOUNT.—For each reverse auction conducted under this clause, each eligible facility shall request a desired amount of performance incentive on a per gallon basis.

(IV) SELECTION OF FACILITIES.—The Secretary shall select facilities beginning with the facility that requests the lowest amount of performance incentive on a per gallon basis and continuing until the funds available under subclause (II) for the reverse auction are committed.

(V) INCENTIVES RECEIVED.—A facility selected by the Secretary shall receive the amount of performance incentive requested by the facility in the auction for each gallon produced and sold by the facility during the first 6 years of operation.

(C) LIMITATIONS.—

(i) IN GENERAL.—In addition to the overall limitation established in paragraph (1)(C)(ii), the value of incentives paid under this subsection for projects that are begun not later than 4 years after the date of establishment of the program under this paragraph shall be limited to the lesser of—

(I) $0.75 per gallon;

(II) $4,000,000 per million gallons of capacity; or

(III) 40 percent of the total capacity cost of the project.

(ii) SCHEDULE.—The Secretary shall establish a schedule of limitations that decrease throughout the period that begins on the date that is 4 year after the date of establishment of the program under this paragraph and ends on the date that is 10 years after the date of establishment of the program.

SEC. 154. NEAR-TERM VEHICLE TECHNOLOGY PROGRAM.

(a) PURPOSES.—The purposes of this section are—

(1) to enable and promote comprehensive development, demonstration, and commercialization of a wide range of electric drive components, systems, and vehicles—

(A) in partnership with industry; and

(B) for a wide range of electric drive components, systems, and vehicles in a wide range of applications using diverse electric drive transportation technologies;

(2) to make critical public investments in building strong links to private industry, institutions of higher education, National Laboratories, and research institutions to expand innovation, industrial growth, and jobs in the United States;

(3) to take greater advantage of the existing electric infrastructure for transportation and other on-road and non-road mobile sources of emissions—

(A) that are reported to be over 3,000,000 units today, including electric forklifts, golf carts, and similar non-road vehicles; and

(B) because existing and emerging technologies that connect to the grid greatly enhance the energy security of the United States, reduce dependence on imported oil, and reduce emissions;

(4) to more quickly advance the widespread commercialization of all types of hybrid electric vehicle technology into all sizes and applications of vehicles leading to commercialization of plug-in hybrid electric vehicles, plug-in hybrid fuel cell vehicles, and eventually to fuel cell vehicles and use of batteries and electric vehicles to provide services back to the grid; and

(5) to improve the energy efficiency of and reduce the petroleum use of transportation.

(b) DEFINITIONS.—In this section:

(1) BATTERY.—The term ''battery'' means an energy story device used in an on-road or non-road vehicle powered in whole or in part using an off-board or on-board source of electricity.

(2) ELECTRIC DRIVE TRANSPORTATION TECHNOLOGY.—The term ''electric drive transportation technology'' means—

(A) on-road or non-road vehicles that use an electric motor for all or part of their motive power and that may or may not use off-board electricity, including battery electric vehicles, fuel cell vehicles, engine dominant hybrid electric vehicles, plug-in hybrid electric vehicles, plug-in hybrid fuel cell vehicles, and electric rail; or

(B) equipment related to transportation or mobile sources of air pollution that use an electric motor to replace an internal combustion engine for all or part of the work of the equipment, including corded electric equipment linked to transportation or mobile sources of air pollution.

(3) ENGINE DOMINANT HYBRID ELECTRIC VEHICLE.—The term ''engine dominant hybrid electric vehicle'' means an on-road or non-road vehicle propelled by an internal combustion engine or heat engine using—

(A) any combustible fuel;

(B) an on-board, rechargeable storage device; and

(C) no means of using an off-board source of electricity.

(4) FUEL CELL VEHICLE.—The term ''fuel cell vehicle'' means an on-road or non-road vehicle that uses a fuel cell (as defined in section 3 of the Spark M. Matsunaga Hydrogen Research, Development, and Demonstration Act of 1990).

(5) ON-ROAD OR NON-ROAD VEHICLE.—The term ''on-road or non-road vehicle'' means—

(A) a light-duty, medium-duty, or heavy-duty motor vehicle; or

(B) a vehicle or propelled piece of equipment that is primarily intended for use on private or public property other than publicly-owned highways, freeways, streets, and roads.

(6) PLUG-IN HYBRID ELECTRIC VEHICLE.—The term ''plug-in hybrid electric vehicle'' means an on-road or non-road vehicle that is propelled by an internal combustion engine or heat engine using—

(A) any combustible fuel;

(B) an on-board, rechargeable storage device; and

(C) a means of using an off-board source of electricity.

(7) PLUG-IN HYBRID FUEL CELL VEHICLE.—The term ''plug-in hybrid fuel cell vehicle'' means a fuel cell vehicle that also can use a battery supplied by an off-board source of electricity.

(c) PROGRAM.—The Secretary shall conduct a program of research, development, demonstration, and commercial application for electric drive transportation technology, including—

(1) high capacity, high efficiency lithium and nickel metal hybrid batteries for plug-in hybrid electric vehicles and plug-in hybrid fuel cell vehicles;

(2) high efficiency on-board and off-board charging components;

(3) high power drive train systems for passenger and commercial vehicles and for non-road equipment;

(4) control system development and power train development and integration for plug-in hybrid electric vehicles, plug-in hybrid fuel cell vehicles, and engine dominant hybrid electric vehicles, including—

(A) development of efficient cooling systems;

(B) analysis and development of control systems that minimize the emissions profile when clean diesel engines are part of a plug-in hybrid drive system; and

(C) development of different control systems that optimize for different goals, including—

(i) battery life;

(ii) reduction of petroleum consumption;

(iii) green house gas reduction; and

(iv) understanding consumer preference for many different control systems will assist or deter widespread applications of the vehicles;

(5) nanomaterial technology applied to both battery and fuel cell systems;

(6) large-scale demonstrations, testing, and evaluation of plug-in hybrid electric vehicles in different applications with different batteries and control systems, including—

(A) military applications;

(B) paratransit applications;

(C) mass market passenger and light-duty truck applications;

(D) private fleet applications; and

(E) medium- and heavy-duty applications;

(7) a nationwide education strategy for electric drive transportation technologies providing secondary and high school teaching materials and support for university education focused on electric drive system and component engineering;

(8) introduction strategies for plug-in hybrid electric vehicles and plug-in hybrid fuel cell vehicles, including—

(A) examining how best to link the technology to low carbon or renewable energy;

(B) an improved understanding of potential markets, driving patterns, charging behavior, and consumer acceptance and benefits; and

(C) working with the Administrator of the Environmental Protection Agency to develop procedures for testing and certification of criteria pollutants, fuel economy, and petroleum use for light-, medium- and heavy-duty vehicle applications, including considering—

(i) the vehicle and fuel as a system, not just an engine; and

(ii) nightly off-board charging; and

(9) advancement of battery and corded electric transportation technologies in mobile source applications by—

(A) improvement in battery, drive train, and control system technologies; and

(B) working with industry and the Administrator of the Environmental Protection Agency to—

(i) understand and inventory markets; and

(ii) identify and implement methods of removing barriers for existing and emerging applications.

(d) GOALS.—The goals of the electric drive transportation technology program established under subsection (c) shall be to develop, in partnership with industry and institutions of higher education, projects that focus on—

(1) innovative electric drive technology developed in the United States;

(2) growth of job opportunities for electric drive design and manufacturing;

(3) validation of the plug-in hybrid potential through fleet demonstrations; and

(4) enabling the fuel cell revolution by establishing a mature electric drive technology system that is an integral part of the fuel cell vehicle system.

(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section.

SEC. 155. TIRE EFFICIENCY PROGRAM.

(a) STANDARDS FOR TIRES MANUFACTURED FOR INTERSTATE COMMERCE.—Section 30123 of title 49, United States Code, is amended—

(1) in subsection (b)—

(A) in the first sentence, by striking ''The Secretary'' and inserting the following:

''(1) UNIFORM QUALITY GRADING SYSTEM.—

''(A) IN GENERAL.—The Secretary'';

(B) in the second sentence, by striking ''The Secretary'' and inserting the following:

''(2) NOMENCLATURE AND MARKETING PRACTICES.—The Secretary'';

(C) in the third sentence, by striking ''A tire standard'' and inserting the following:

''(3) EFFECT OF STANDARDS AND REGULATIONS.—A tire standard''; and

(D) in paragraph (1), as designated by subparagraph (A), by adding at the end the following:

''(B) INCLUSION.—The grading system shall include standards for rating the fuel efficiency of tires designed for use on passenger cars and light trucks.''; and

(2) by adding at the end the following:

''(d) NATIONAL TIRE EFFICIENCY PROGRAM.—

''(1) DEFINITION.—In this subsection, the term 'fuel economy', with respect to a tire, means the extent to which the tire contributes to the fuel economy of the motor vehicle on which the tire is mounted.

''(2) PROGRAM.—The Secretary shall develop and carry out a national tire fuel efficiency program for tires designed for use on passenger cars and light trucks.

''(3) REQUIREMENTS.—Not later than March 31, 2008, the Secretary shall implement—

''(A) policies and procedures for testing and labeling tires for fuel economy to enable tire buyers to make informed purchasing decisions about the fuel economy of tires;

''(B) policies and procedures to promote the purchase of energy-efficient replacement tires, including purchase incentives, website listings on the Internet, printed fuel economy guide booklets, and mandatory requirements for tire retailers to provide tire buyers with fuel-efficiency information on tires; and

''(C) minimum fuel economy standards for tires, promulgated by the Secretary.

''(4) MINIMUM FUEL ECONOMY STANDARDS.—In promulgating minimum fuel economy standards for tires, the Secretary shall design standards that—

''(A) ensure that the average fuel economy of replacement tires is equal to or better than the average fuel economy of tires sold as original equipment;

''(B) secure the maximum technically feasible and cost-effective fuel savings;

''(C) do not adversely affect tire safety;

''(D) incorporate the results from—

''(i) laboratory testing; and

''(ii) to the extent appropriate and available, on-road fleet testing programs conducted by manufacturers; and

''(E) do not adversely affect efforts to manage scrap tires.

''(5) APPLICABILITY.—The policies, procedures, and standards developed under paragraph (3) shall apply to all tire types and models regulated under the uniform tire quality grading standards in section 575.104 of title 49, Code of Federal Regulations (or a successor regulation).

''(6) REVIEW.—

''(A) IN GENERAL.—Not less than once every 3 years, the Secretary shall—

''(i) review the minimum fuel economy standards in effect for tires under this subsection; and

''(ii) subject to subparagraph (B), revise the standards as necessary to ensure compliance with standards under paragraph (4).

''(B) LIMITATION.—The Secretary may not reduce the average fuel economy standards applicable to replacement tires.

''(7) NO PREEMPTION OF STATE LAW.—Nothing in this section preempts any provision of State law relating to higher fuel economy standards applicable to replacement tires designed for use on passenger cars and light trucks.

''(8) EXCEPTIONS.—Nothing in this section shall apply to—

''(A) a tire or group of tires with the same SKU, plant, and year, for which the volume of tires produced or imported is less than 15,000 annually;

''(B) a deep tread, winter-type snow tire, space-saver tire, or temporary use spare tire;

''(C) a tire with a normal rim diameter of 12 inches or less;

''(D) a motorcycle tire; or

''(E) a tire manufactured specifically for use in an off-road motorized recreational vehicle.''.

(b) CONFORMING AMENDMENT.—Section 30103(b)(1) of title 49, United States Code, is amended by striking ''When'' and inserting ''Except as provided in section 30123(d), when''.

(c) TIME FOR IMPLEMENTATION.—Beginning not later than March 31, 2008, the Secretary of Transportation shall administer the national tire fuel efficiency program established under section 30123(d) of title 49, United States Code, in accordance with the policies, procedures, and standards developed under section 30123(d)(2) of such title.

SEC. 156. HEAVY TRUCK IDLING REDUCTION.

(a) DEFINITIONS.—In this section:

(1) HEAVY-DUTY MOTOR VEHICLE.—The term ''heavy-duty motor vehicle'' means a vehicle of greater than 10,000 pounds gross vehicle weight that is driven or drawn by mechanical power and manufactured primarily for use on public streets, roads, and highways, but does not include a vehicle operated only on a rail line.

(2) IDLING REDUCTION SYSTEM.—The term ''idling reduction system'' means a device or system of devices used to reduce long duration idling of a main drive engine in a vehicle.

(3) LONG DURATION IDLING.—The term ''long duration idling'' means the operation of a main drive engine of a heavy-duty motor vehicle for a period of more than 5 consecutive minutes when the main drive engine is not engaged in gear, except that such term does not include idling as a result of traffic congestion or other impediments to the movement of a heavy-duty motor vehicle.

(b) REGULATIONS.—Not later than 1 year after the date of enactment of this Act, the Administrator of the Environmental Protection Agency shall, in consultation with the Secretary of Transportation, prescribe regulations that ensure the maximum feasible and cost effective reductions in fuel consumption during long duration idling of heavy-duty motor vehicles. The Administrator shall review the regulations not less frequently than every 3 years and revise the regulations as necessary to ensure the regulations reflect the maximum feasible and cost effective reductions in fuel consumption during long duration idling.

(c) AIR QUALITY.—Not later than 1 year after the date of enactment of this Act, the Administrator of the Environmental Protection Agency shall prescribe regulations that prevent degradation in air quality resulting from the use of idling reduction systems.

(d) AGREEMENTS WITH STATES.—Section 111 of title 23, United States Code, is amended by adding at the end the following:

''(d) IDLING REDUCTION FACILITIES IN INTERSTATE RIGHTS-OF-WAY.—

''(1) IN GENERAL.—Notwithstanding subsection (a), a State may—

''(A) permit electrification or other idling reduction facilities and equipment, for use by motor vehicles used for commercial purposes, to be placed in rest and recreation areas, and in safety rest areas, constructed or located on rights-of-way of the Interstate System in the State, if the idling reduction measures do not—

''(i) reduce the existing number of designated truck parking spaces at any given rest or recreation area; or

''(ii) preclude the use of the spaces by trucks employing alternative idle reduction technologies; and

''(B) charge a fee, or permit the charging of a fee, for the use of a parking space that provides electrification or other idling reduction facilities and equipment.

''(2) PURPOSE OF FACILITIES.—The exclusive purpose of the electrification or other idling reduction facilities described in paragraph (1) (or similar technologies) shall be to enable operators of motor vehicles used for commercial purposes—

''(A) to reduce idling of a truck while parked in the rest or recreation area; and

''(B) to use equipment specifically designed to reduce idling of a truck, or provide alternative power for supporting driver comfort, while parked.''.

SEC. 157. FUEL EFFICIENCY FOR HEAVY DUTY TRUCKS.

Part C of subtitle VI of title 49, United States Code, is amended by inserting after chapter 329 the following:

''CHAPTER 330—HEAVY DUTY VEHICLE FUEL ECONOMY STANDARDS

''§ 33001. Purpose and policy

''The purpose of this chapter is to reduce petroleum consumption by heavy duty motor vehicles.

''§ 33002. Definitions

''In this chapter, 'heavy duty motor vehicle'—

''(1) means a vehicle of greater than 10,000 pounds gross vehicle weight that is driven or drawn by mechanical power and manufactured primarily for use on public streets, roads, and highways; and

''(2) does not include a vehicle operated only on a rail line.

''§ 33003. Standards

''(a) GENERAL REQUIREMENTS.—The Secretary of Transportation shall prescribe heavy duty motor vehicle fuel economy standards. Each standard shall be practicable, meet the need for heavy duty motor vehicle fuel consumption reduction, and be stated in objective terms.

''(b) CONSIDERATIONS AND CONSULTATION.—When prescribing a heavy duty motor vehicle fuel economy standard under this chapter, the Secretary shall—

''(1) consider relevant available heavy duty motor vehicle fuel consumption information;

''(2) consider whether a proposed standard is reasonable, practicable, and appropriate for the particular type of heavy duty motor vehicle for which it is prescribed; and

''(3) consider the extent to which the standard will carry out section 33001.

''(c) COOPERATION.—The Secretary may advise, assist, and cooperate with departments, agencies, and instrumentalities of the United States Government, States, and other public and private agencies in developing fuel economy standards for heavy duty motor vehicles.

''(d) EFFECTIVE DATES OF STANDARDS.—The Secretary shall specify the effective date and model years of a heavy duty motor vehicle fuel economy standard prescribed under this chapter.

''(e) 5-YEAR PLAN FOR TESTING STANDARDS.—The Secretary shall establish, periodically review, and continually update a 5-year plan for testing heavy duty motor vehicle fuel economy standards prescribed under this chapter. In developing the plan and establishing testing priorities, the Secretary shall consider factors the Secretary considers appropriate, consistent with section 33001 and the Secretary's other duties and powers under this chapter.''.

SEC. 158. FLEXIBLE FUEL VEHICLE STANDARDS.

(a) DEFINITIONS.—In this section:

(1) ALTERNATIVE FUEL; ALTERNATIVE FUEL AUTOMOBILE.—The terms ''alternative fuel'' and ''alternative fuel automobile'' have the meanings given such terms in section 32901 of title 49, United States Code.

(2) ALTERNATIVE FUEL REFUELING RETAIL OUTLET.—The term ''alternative fuel refueling retail outlet'' means an establishment—

(A) equipped to dispense alternative fuel into motor vehicles; and

(B) at which alternative fuel is sold or offered for sale to the general public for use in motor vehicles without the need to establish an account.

(3) FLEXIBLE FUEL VEHICLES.—The term ''flexible fuel vehicle'' means an alternative fuel vehicle capable of operating using gasoline and 1 or more alternative fuels, including—

(A) ethanol and methanol in blends up to 85 percent alternative fuel by volume; and

(B) electricity from an external charging source sufficient to power the vehicle for at least 20 miles of driving.

(4) OWNER OR LESSOR.—The term ''owner or lessor'' means—

(A) a franchisor who owns, leases, or controls a retail gasoline outlet at which the franchisee is authorized or permitted, under the franchise agreement, to sell alternative fuel;

(B) a refiner or distributor who owns, leases, or controls a retail gasoline outlet

(b) INCREASING PERCENTAGE OF LIGHT DUTY VEHICLES THAT ARE ALTERNATIVE OR FLEXIBLE FUEL VEHICLES.—

(1) IN GENERAL.—Of the new light duty vehicles sold in the United States—

(A) not less than 10 percent manufactured for model year 2009 shall be alternative fuel automobiles or flexible fuel vehicles;

(B) not less than 20 percent manufactured for model year 2010 shall be alternative fuel automobiles or flexible fuel vehicles;

(C) not less than 35 percent manufactured for model year 2011 shall be alternative fuel automobiles or flexible fuel vehicles; and

(D) not less than 50 percent manufactured for model year 2012, and each year thereafter, shall be alternative fuel automobiles or flexible fuel vehicles.

(2) RULEMAKING.—Not later than 1 year after the date of enactment of this Act, the Secretary of Transportation shall issue regulations to carry out the provisions of this subsection.

(c) ALTERNATIVE FUEL RETAIL OUTLETS.—

(1) REQUIREMENT.—Beginning in the year in which 10 percent or more of the registered vehicles in a county are capable of using a designated alternative fuel, each owner or lessor of a retail gasoline outlet with 10 or more vehicle fuel pumps in that county shall offer such designated alternative fuel at not less than 10 percent of such pumps.

(2) COMPLIANCE.—An owner or lessor is in compliance with the requirement under paragraph (1) if the owner or lessor—

(A) provides alternative fuel at vehicle pumps owned or controlled by the owner or lessor; or

(B) purchases credits from another owner or lessor who operates more than the minimum required number of alternative fuel pumps.

(3) PROJECTIONS.—Not later than July 1st of each year, the Secretary of Energy shall—

(A) identify the counties in which at least 10 percent of the registered vehicles are expected to be capable of using a designated alternative fuel within the following 18-month period; and

(B) notify owners and lessors with retail gasoline outlets in the counties identified under subparagraph (A) of the alternative fuel pump requirement under this subsection.

(4) RULEMAKING.—The Secretary of Energy shall issue regulations to carry out the provisions of this subsection.

SEC. 159. OIL SAVINGS STUDIES.

(a) IN GENERAL.—The Secretary of Transportation shall develop and implement pilot projects the purpose of which is to reduce vehicle miles traveled.

(b) HIGHWAY CONGESTION TOLLING EVALUATION STUDY.—The Secretary of Transportation shall carry out a national evaluation study to determine how technology can best be applied to assess—

(1) mileage-based road user charges on major highways at peak-commuting times for the purposes of—

(A) reducing oil usage;

(B) lessening highway congestion; and

(C) expanding travel alternatives; and

(2) the economic impact on users.

(c) PARKING CASH-OUT EVALUATION PROJECT.—The Secretary of Transportation shall carry out a national evaluation pilot project to assess how offering commuters the option to receive the cash value of their workplace parking place instead of free parking can—

(1) reduce oil usage;

(2) lessen highway congestion; and

(3) promote economic development.

(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $8,000,000 for each of fiscal years 2006 through 2015.

SEC. 159A. NATIONWIDE MEDIA CAMPAIGN TO DECREASE OIL CONSUMPTION.

(a) IN GENERAL.—The Secretary of Energy, acting through the Assistant Secretary for Energy Efficiency and Renewable Energy (referred to in this section as the ''Secretary''), shall develop and conduct a national media campaign for the purpose of decreasing oil consumption in the United States over the next decade.

(b) CONTRACT WITH ENTITY.—The Secretary shall carry out subsection (a) directly or through—

(1) contracts with 1 or more nationally recognized media firms for the development and distribution of monthly television, radio, and newspaper public service announcements; or

(2) collective agreements with 1 or more nationally recognized institutes, businesses, or nonprofit organizations for the funding, development, and distribution of monthly television, radio, and newspaper public service announcements.

(c) USE OF FUNDS.—

(1) IN GENERAL.—Amounts made available to carry out this section shall be used for the following:

(A) ADVERTISING COSTS.—

(i) The purchase of media time and space.

(ii) Creative and talent costs.

(iii) Testing and evaluation of advertising.

(iv) Evaluation of the effectiveness of the media campaign.

(v) The negotiated fees for the winning bidder on requests from proposals issued either by the Secretary for purposes otherwise authorized in this section.

(vi) Entertainment industry outreach, interactive outreach, media projects and activities, public information, news media outreach, and corporate sponsorship and participation.

(B) ADMINISTRATIVE COSTS.—Operational and management expenses.

(2) LIMITATIONS.—In carrying out this section, the Secretary shall allocate not less than 85 percent of funds made available under subsection (e) for each fiscal year for the advertising functions specified under paragraph (1)(A).

(d) REPORTS.—The Secretary shall annually submit to Congress a report that describes—

(1) the strategy of the national media campaign and whether specific objectives of the campaign were accomplished, including—

(A) determinations concerning the rate of change of oil consumption, in both absolute and per capita terms; and

(B) an evaluation that enables consideration whether the media campaign contributed to reduction of oil consumption;

(2) steps taken to ensure that the national media campaign operates in an effective and efficient manner consistent with the overall strategy and focus of the campaign;

(3) plans to purchase advertising time and space;

(4) policies and practices implemented to ensure that Federal funds are used responsibly to purchase advertising time and space and eliminate the potential for waste, fraud, and abuse; and

(5) all contracts or cooperative agreements entered into with a corporation, partnership, or individual working on behalf of the national media campaign.

(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $100,000,000 for each of fiscal years 2006 through 2010.

SEC. 159B. OIL SAVINGS TARGET AND ACTION PLAN.

Not later than 270 days after the date of enactment of this Act, the Director of the Office of Management and Budget (referred to in this section as the ''Director'') shall publish in the Federal Register an action plan consisting of—

(1) a list of requirements proposed pursuant to section 159C that are authorized to be issued under law in effect on the date of enactment of this Act, and this subtitle, that will be sufficient, when taken together, to save from the baseline determined under section 159F, at least—

(A) 1,000,000 barrels of oil per day during calendar year 2015; and

(B) 2,500,000 barrels per day during calendar year 2020; and

(2) a Federal Government-wide analysis that analyzes—

(A) the expected oil savings from the baseline to be accomplished by each requirement; and

(B) whether all such requirements, taken together, will achieve the oil savings specified in this section.

SEC. 159C. STANDARDS AND REQUIREMENTS.

(a) SECRETARY OF ENERGY.—On or before the date of publication of the action plan under section 159B, the Secretary shall propose regulations establishing each standard or other requirement listed in the action plan that is under the jurisdiction of the Secretary.

(b) SECRETARY OF TRANSPORTATION.—On or before the date of publication of the action plan under section 159B, the Secretary of Transportation shall propose regulations establishing each standard or other requirement listed in the action plan that is under the jurisdiction of the Secretary of Transportation.

(c) ADMINISTRATOR.—On or before the date of publication of the action plan under section 159B, the Administrator shall propose regulations establishing each standard or other requirement listed in the action plan that is under the jurisdiction of the Administrator.

(d) FINAL REGULATIONS.—Not later than 18 months after the date of enactment of this Act, the Secretary, the Secretary of Transportation, and the Administrator shall promulgate final regulations described in subsections (a), (b), and (c), respectively.

(e) AGENCY ANALYSES.—Each proposed and final regulation promulgated under this section shall—

(1) be accompanied by an agency analysis of the oil savings from the baseline determined under section 159F that the regulation will achieve; and

(2) achieve at least the oil savings required as a result of the regulation under the action plan published under section 159B.

SEC. 159D. INITIAL EVALUATION.

(a) IN GENERAL.—Not later than 2 years after the date of enactment of this Act, the Director of the Office of Management and Budget (referred to in this section as the ''Director'') shall publish in the Federal Register a Federal Government-wide analysis of

the oil savings achieved from the baseline established under section 159F.

(b) INADEQUATE OIL SAVINGS.—If the oil savings are less than the targets established under section 159B, simultaneously with the analysis required under subsection (a)—

(1) the Director shall publish a revised action plan that is adequate to achieve the targets; and

(2) the Secretary of Energy, the Secretary of Transportation, and the Administrator shall propose new or revised regulations under subsections (a), (b), and (c), respectively, of section 159C.

(c) FINAL REGULATIONS.—Not later than 180 days after the date on which regulations are proposed under subsection (b)(2), the Secretary of Energy, the Secretary of Transportation, and the Administrator shall promulgate final versions of those regulations.

SEC. 159E. REVIEW AND UPDATE OF ACTION PLAN.

(a) REVIEW.—Not later than January 1, 2010, and every 3 years thereafter, the Director of the Office of Management and Budget (referred to in this section as the ''Director'') shall publish a report that—

(1) evaluates the progress achieved in implementing the oil savings targets established under section 159B;

(2) analyzes the expected oil savings under the standards and requirements established under this subtitle and the amendments made by this subtitle; and

(3)(A) analyzes the potential to achieve oil savings that are in addition to the savings required by section 159B; and

(B) if the President determines that it is in the national interest, establishes a higher oil savings target for calendar year 2016 or any subsequent calendar year.

(b) INADEQUATE OIL SAVINGS.—If the oil savings are less than the targets established under section 159B, simultaneously with the report required under subsection (a)—

(1) the Director shall publish a revised action plan that is adequate to achieve the targets; and

(2) the Secretary of Energy, the Secretary of Transportation, and the Administrator shall propose new or revised regulations under subsections (a), (b), and (c), respectively, of section 159C.

(c) FINAL REGULATIONS.—Not later than 180 days after the date on which regulations are proposed under subsection (b)(2), the Secretary of Energy, the Secretary of Transportation, and the Administrator shall promulgate final versions of those regulations.

SEC. 159F. BASELINE AND ANALYSIS REQUIREMENTS.

In performing the analyses and promulgating proposed or final regulations to establish standards and other requirements necessary to achieve the oil savings required by this subtitle, the Director of the Office of Management and Budget, the Secretary of Energy, the Secretary of Transportation, and the Administrator shall—

(1) determine oil savings as the projected reduction in oil consumption from the baseline established by the reference case contained in the report of the Energy Information Administration entitled ''Annual Energy Outlook 2005'';

(2) determine the oil savings projections required on an annual basis for each of calendar years 2008 through 2025; and

(3) account for any overlap among the standards and other requirements to ensure that the projected oil savings from all the promulgated standards and requirements, taken together, are as accurate as practicable.

SEC. 160. CLARIFICATION OF ECONOMIC SUBSTANCE DOCTRINE.

(a) IN GENERAL.—Section 7701 is amended by redesignating subsection (o) as subsection (p) and by inserting after subsection (n) the following new subsection:

''(o) CLARIFICATION OF ECONOMIC SUBSTANCE DOCTRINE; ETC.—

''(1) GENERAL RULES.—

''(A) IN GENERAL.—In any case in which a court determines that the economic substance doctrine is relevant for purposes of this title to a transaction (or series of transactions), such transaction (or series of transactions) shall have economic substance only if the requirements of this paragraph are met.

''(B) DEFINITION OF ECONOMIC SUBSTANCE.—For purposes of subparagraph (A)—

''(i) IN GENERAL.—A transaction has economic substance only if—

''(I) the transaction changes in a meaningful way (apart from Federal tax effects) the taxpayer's economic position, and

''(II) the taxpayer has a substantial nontax purpose for entering into such transaction and the transaction is a reasonable means of accomplishing such purpose.

In applying subclause (II), a purpose of achieving a financial accounting benefit shall not be taken into account in determining whether a transaction has a substantial nontax purpose if the origin of such financial accounting benefit is a reduction of income tax.

''(ii) SPECIAL RULE WHERE TAXPAYER RELIES ON PROFIT POTENTIAL.—A transaction shall not be treated as having economic substance by reason of having a potential for profit unless—

''(I) the present value of the reasonably expected pre-tax profit from the transaction is substantial in relation to the present value of the expected net tax benefits that would be allowed if the transaction were respected, and

''(II) the reasonably expected pre-tax profit from the transaction exceeds a risk-free rate of return.

''(C) TREATMENT OF FEES AND FOREIGN TAXES.—Fees and other transaction expenses and foreign taxes shall be taken into account as expenses in determining pre-tax profit under subparagraph (B)(ii).

''(2) SPECIAL RULES FOR TRANSACTIONS WITH TAX-INDIFFERENT PARTIES.—

''(A) SPECIAL RULES FOR FINANCING TRANSACTIONS.—The form of a transaction which is in substance the borrowing of money or the acquisition of financial capital directly or indirectly from a tax-indifferent party shall not be respected if the present value of the deductions to be claimed with respect to the transaction is substantially in excess of the present value of the anticipated economic returns of the person lending the money or providing the financial capital. A public offering shall be treated as a borrowing, or an acquisition of financial capital, from a tax indifferent party if it is reasonably expected that at least 50 percent of the offering will be placed with tax-indifferent parties.

''(B) ARTIFICIAL INCOME SHIFTING AND BASIS ADJUSTMENTS.—The form of a transaction with a tax-indifferent party shall not be respected if—

''(i) it results in an allocation of income or gain to the tax indifferent party in excess of such party's economic income or gain, or

''(ii) it results in a basis adjustment or shifting of basis on account of overstating the income or gain of the tax indifferent party.

''(3) DEFINITIONS AND SPECIAL RULES.—For purposes of this subsection—

''(A) ECONOMIC SUBSTANCE DOCTRINE.—The term 'economic substance doctrine' means the common law doctrine under which tax benefits under subtitle A with respect to a transaction are not allowable if the transaction does not have economic substance or lacks a business purpose.

''(B) TAX-INDIFFERENT PARTY.—The term 'tax-indifferent party' means any person or entity not subject to tax imposed by subtitle A. A person shall be treated as a tax-indifferent party with respect to a transaction if the items taken into account with respect to the transaction have no substantial impact on such person's liability under subtitle A.

''(C) EXCEPTION FOR PERSONAL TRANSACTIONS OF INDIVIDUALS.—In the case of an individual, this subsection shall apply only to transactions entered into in connection with a trade or business or an activity engaged in for the production of income.

''(D) TREATMENT OF LESSORS.—In applying paragraph (1)(B)(ii) to the lessor of tangible property subject to a lease—

''(i) the expected net tax benefits with respect to the leased property shall not include the benefits of—

''(I) depreciation,

''(II) any tax credit, or

''(III) any other deduction as provided in guidance by the Secretary, and

''(ii) subclause (II) of paragraph (1)(B)(ii) shall be disregarded in determining whether any of such benefits are allowable.

''(4) OTHER COMMON LAW DOCTRINES NOT AFFECTED.—Except as specifically provided in this subsection, the provisions of this subsection shall not be construed as altering or supplanting any other rule of law, and the requirements of this subsection shall be construed as being in addition to any such other rule of law.

''(5) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this subsection. Such regulations may include exemptions from the application of this subsection.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to transactions entered into after the date of the enactment of this Act.

SEC. 5522. PENALTY FOR UNDERSTATEMENTS ATTRIBUTABLE TO TRANSACTIONS LACKING ECONOMIC SUBSTANCE, ETC.

(a) IN GENERAL.—Subchapter A of chapter 68 is amended by inserting after section 6662A the following new section:

SEC. 6662B. PENALTY FOR UNDERSTATEMENTS ATTRIBUTABLE TO TRANSACTIONS LACKING ECONOMIC SUBSTANCE, ETC.

''(a) IMPOSITION OF PENALTY.—If a taxpayer has an noneconomic substance transaction understatement for any taxable year, there shall be added to the tax an amount equal to 40 percent of the amount of such understatement.

''(b) REDUCTION OF PENALTY FOR DISCLOSED TRANSACTIONS.—Subsection (a) shall be applied by substituting '20 percent' for '40 percent' with respect to the portion of any noneconomic substance transaction understatement with respect to which the relevant facts affecting the tax treatment of the item are adequately disclosed in the return or a statement attached to the return.

''(c) NONECONOMIC SUBSTANCE TRANSACTION UNDERSTATEMENT.—For purposes of this section—

''(1) IN GENERAL.—The term 'noneconomic substance transaction understatement' means any amount which would be an understatement under section 6662A(b)(1) if section 6662A were applied by taking into account items attributable to noneconomic substance transactions rather than items to which section 6662A would apply without regard to this paragraph.

''(2) NONECONOMIC SUBSTANCE TRANSACTION.—The term 'noneconomic substance transaction' means any transaction if—

''(A) there is a lack of economic substance (within the meaning of section 7701 (0)(1)) for the transaction giving rise to the claimed benefit or the transaction was not respected under section 7701 (0)(2), or

''(B) the transaction fails to meet the requirements of any similar rule of law.

''(d) RULES APPLICABLE TO COMPROMISE OF PENALTY.—

''(1) IN GENERAL.—If the 1st letter of proposed deficiency which allows the taxpayer an opportunity for administrative review in the Internal

Revenue Service Office of Appeals has been sent with respect to a penalty to which this section applies, only the Commissioner of Internal Revenue may compromise all or any portion of such penalty.

''(2) APPLICABLE RULES.—The rules of paragraphs (2) and (3) of section 6707A(d) shall apply for purposes of paragraph (1).

''(e) COORDINATION WITH OTHER PENALTIES.—Except as otherwise provided in this part, the penalty imposed by this section shall be in addition to any other penalty imposed by this title.

''(f) Cross References.—

''(1) For coordination of penalty with understatements under section 6662 and other special rules, see section 6662A(e).

''(2) For reporting of penalty imposed under this section to the Securities and Exchange Commission, see section 6707 A(e).'.

(b) COORDINATION WITH OTHER UNDERSTATEMENTS AND PENALTIES.—

(1) The second sentence of section 6662(d)(2)(A) is amended by inserting ''and without regard to items with respect to which a penalty is imposed by section 6662B'' before the period at the end.

(2) Subsection (e) of section 6662A is amended.—

(A) in paragraph (1), by inserting ''and noneconomic substance transaction understatements'' after ''reportable transaction understatements'' both places it appears,

(B) in paragraph (2)(A), by inserting ''and a noneconomic substance transaction understatement'' after ''reportable transaction understatement'',

(C) in paragraph (2)(B), by inserting ''6662B or'' before ''6663'',

(D) in paragraph (2)(C)(i), by inserting ''or section 6662B'' before the period at the end,

(E) in paragraph (2)(C)(ii), by inserting ''and section 6662B'' after ''This section'',

(F) in paragraph (3), by inserting ''or noneconomic substance transaction understatement'' after ''reportable transaction understatement'', and

(G) by adding at the end the following new paragraph:

''(4) Noneconomic substance transaction understatement.—For purposes of this subsection, the term 'noneconomic substance transaction understatement' has the meaning given such term by section 6662B(c).''.

(3) Subsection (e) of section 6707A is amended.—

(A) by striking ''or'' at the end of subparagraph (B), and

(B) by striking subparagraph (C) and inserting the following new subparagraphs:

''(C) is required to pay a penalty under section 6662B with respect to any noneconomic substance transaction, or

''(D) is required to pay a penalty under section 6662(h) with respect to any transaction and would (but for section 6662A(e)(2)(C)) have been subject to penalty under section 6662A at a rate prescribed under section 6662A(c) or under section 6662B,''.

(c) CLERICAL AMENDMENT.—The table of sections for part II of subchapter A of chapter 68 is amended by inserting after the item relating to section 6662A the following new item:

''SEC. 6662B. Penalty for understatements attributable to transactions lacking economic substance, etc.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to transactions entered into after the date of the enactment of this Act.

SEC. 5523. DENIAL OF DEDUCTION FOR INTEREST ON UNDERPAYMENTS ATTRIBUTABLE TO NONECONOMIC SUBSTANCE TRANSACTIONS.

(a) IN GENERAL.—Section 163(m) (relating to interest on unpaid taxes attributable to nondisclosed reportable transactions) is amended—

(1) by striking ''attributable'' and all that follows and inserting the following: ''attributable to—

''(1) the portion of any reportable transaction understatement (as defined in section 6662A(b)) with respect to which the requirement of section 6664(d)(2)(A) is not met, or

''(2) any noneconomic substance transaction understatement (as defined in section 6662B(c))'', and

(2) by inserting ''AND NONECONOMIC SUBSTANCE TRANSACTIONS'' in the heading thereof after 'TRANSACTIONS' ''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to transactions after the date of the enactment of this Act in taxable years ending after such date.

SA 959. Mr. ROCKEFELLER (for himself, Mr. BUNNING, and Mr. BYRD) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 35 (of title XV as agreed to), strike lines 10 through 16, and insert the following:

''(A) APPLICATION PERIOD.—Each applicant for certification under this paragraph shall submit an application meeting the requirements of subparagraph (B). An applicant may only submit an application during the 3-year period beginning on the date the Secretary establishes the program under paragraph (1).

''(B) REQUIREMENTS FOR APPLICATIONS FOR CERTIFICATION.—An application under subparagraph (A) shall contain such information as the Secretary may require in order to make a determination to accept or reject an application for certification as meeting the requirements under subsection (e)(1). Any information contained in the application shall be protected as provided in section 552(b)(4) of title 5, United States Code.

''(C) TIME TO ACT UPON APPLICATIONS FOR CERTIFICATION.—The Secretary shall issue a determination as to whether an applicant has met the requirements under subsection (e)(1) within 60 days following the date of submittal of the application for certification.

''(D) TIME TO MEET CRITERIA FOR CERTIFICATION.—Each applicant for certification shall have 2 years from the date of acceptance by the Secretary of the application during which to provide to the Secretary evidence that the criteria set forth in subsection (e)(2) have been met.

''(E) PERIOD OF ISSUANCE.—An applicant which receives a certification shall have 5 years from the date of issuance of the certification in order to place the project in service and if such project is not placed in service by that time period then the certification shall no longer be valid.''.

On page 36 (of title XV as agreed to), strike lines 14 through 23.

On page 36 (of title XV as agreed to), line 24, strike ''(6)'' and insert ''(5)''.

On page 37 (of title XV as agreed to), line 16, strike ''commitment''.

On page 37, line 17, strike ''(e)(4)(B)'' and insert ''paragraph (2)''.

On page 37 (of title XV as agreed to), line 19, strike ''(f)(2)(B)(ii)'' and insert ''paragraph (2)(D)''.

On page 37 (of title XV as agreed to), line 20, strike ''commitment''.

On page 37, between lines 22 and 23, insert the following:

''(C) REALLOCATION.—If the Secretary determines that megawatts under clause (i) or (ii) of paragraph (3)(B) are available for reallocation pursuant to the requirements set forth in paragraph (2), the Secretary is authorized to conduct an additional program for applications for certification.''.

On page 38 (of title XV as agreed to), line 7, strike ''or polygeneration''.

On page 38 (of title XV as agreed to), beginning with line 13 strike all through page 39, line 25, and insert the following:

''(C) the project, consisting of one or more electric generation units at one site, will have a total nameplate generating capacity of at least 400 megawatts;

''(D) the applicant demonstrates that there is a letter of intent signed by an officer of an entity willing to purchase the majority of the output of the project or signed by an officer of a utility indicating that the electricity capacity addition is consistent with that utility's integrated resource plan as approved by the regulatory or governing body that oversees electricity capacity allocations of the utility;

''(E) there is evidence of ownership or control of a site of sufficient size to allow the proposed project to be constructed and to operate on a long-term basis; and

''(F) the project will be located in the United States.

''(2) REQUIREMENTS FOR CERTIFICATION.—For the purpose of subsection (d)(2)(D), a project shall be eligible for certification only if the Secretary determines that—

''(A) the applicant for certification has received all Federal and State environmental authorizations or reviews necessary to commence construction of the project; and

''(B) the applicant for certification, except in the case of a retrofit or repower of an existing electric generation unit, has purchased or entered into a binding contract for the purchase of the main steam turbine or turbines for the project, except that such contract may be contingent upon receipt of a certification under subsection (d)(2).''.

On page 40 (of title XV as agreed to), strike ''(2)'' and insert ''(3)''.

On page 40 (of title XV as agreed to), line 4, strike ''subsection (d)(3)(B)(i)'' and insert ''subsection (d)(2)''.

On page 40 (of title XV as agreed to), beginning with line 19, strike all through page 42, line 6.

On page 42 (of title XV as agreed to), line 18, strike ''the vendor warrants that''.

On page 44, after line 25, insert the following:

''(h) APPLICABILITY.—No use of technology (or level of emission reduction solely by reason of the use of the technology), and no achievement of any emission reduction by the demonstration of any technology or performance level, by or at one or more facilities with respect to which a credit is allowed under this section, shall be considered to indicate that the technology or performance level is—

''(1) adequately demonstrated for purposes of section 111 of the Clean Air Act (42 U.S. C. 7411);

''(2) achievable for purposes of section 169 of that Act (42 U.S. C. 7479); or

''(3) achievable in practice for purposes of section 171 of such Act (42 U.S.C. 7501).

SA 960. Mr. ROCKEFELLER submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 134, strike lines 1 through 7, and insert the following:

(2) RENEWABLE ENERGY.—The term ''renewable energy'' means electric energy generated from solar, wind, biomass, landfill gas, ocean (including tidal, wave, current, and thermal), geothermal, municipal solid waste, or new hydroelectric generation capacity achieved from—

(A) hydroelectric facilities installed at existing dams subject to all applicable environmental laws and licensing and regulatory requirements that are placed in service on or after the date of enactment of this Act; or

(B) increased efficiency or addition of new capacity at a hydroelectric project in existence on the date of enactment of this Act.

SA 961. Mr. ALEXANDER (for himself, Mr. WARNER, Ms. LANDRIEU, Mr. MCCAIN, Mr. ALLEN, Mr. VOINOVICH, Mr. BROWNBACK, Mr. BURR, and Mr. BUNNING) proposed an amendment to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; as follows:

On page 697, between lines 6 and 7, insert the following:

SEC. 1270A. LOCAL CONTROL FOR SITING OF WINDMILS.

(a) LOCAL NOTIFICATION.—Prior to the Federal Energy Regulatory Commission issuing to any wind turbine project its Exempt-Wholesale Generator Status, Market-Based Rate Authority, or Qualified Facility rate schedule, the wind project shall complete its Local Notification Process.

(b) LOCAL NOTIFICATION PROCESS.—

(1) In this section, the term ''Local Authorities'' means the governing body, and the senior executive of the body, at the lowest level of government that possesses authority under State law to carry out this Act.

(2) Applicant shall notify in writing the Local Authorities on the day of the filing of such Market-Based Rate application or Federal Energy Regulatory Commission Form number 556 (or a successor form) at the Federal Energy Regulatory Commission. Evidence of such notification shall be submitted to the Federal Energy Regulatory Commission.

(3) The Federal Energy Regulatory Commission shall notify in writing the Local Authorities within 10 days of the filing of such Market-Based Rate application or Federal Energy Regulatory Commission Form number 556 (or a successor form) at the Federal Energy Regulatory Commission.

(4) The Federal Energy Regulatory Commission shall not issue to the project Market-Based Rate Authority, Exempt Wholesaler Generator Status, or Qualified Facility rate schedule, until 180 days after the date on which the Federal Energy Regulatory Commission notifies the Local Authorities under paragraph (3).

(c) HIGHLY SCENIC AREA AND FEDERAL LAND.—

(1)(A) A Highly Scenic Area is—

(i) any area listed as an official United Nations Educational, Scientific, and Cultural Organization World Heritage Site, as supported by the Department of the Interior, the National Park Service, and the International Council on Monuments and Sites;

(ii) land designated as a National Park;

(iii) a National Lakeshore;

(iv) a National Seashore;

(v) a National Wildlife Refuge that is adjacent to an ocean;

(vi) a National Military Park;

(vii) the Flint Hills National Wildlife Reserve;

(viii) the Tallgrass Prairie National Preserve;

(ix) White Mountains National Forest; or

(x) the Flint Hills Tallgrass Prairie Preserve or the Konza Prairie in the State of Kansas.

(B) The term ''Highly Scenic Area'' does not include—

(i) the Pueblo de Taos World Heritage Area;

(ii) any coastal wildlife refuge located in the State of Louisiana; or

(iii) any area in the State of Alaska.

(2) A Qualified Wind Project is any wind-turbine project located—

(A)(i) in a Highly Scenic Area; or

(ii) within 20 miles of the boundaries of an area described in subparagraph (A), (B), (C), (D), or (F) of paragraph (1); or

(B) within 20 miles off the coast of a National Wildlife Refuge that is adjacent to an ocean.

(3) Prior to the Federal Energy Regulatory Commission issuing to a Qualified Wind Project its Exempt-Wholesale Generator Status, Market-Based Rate Authority, or Qualified Facility rate schedule, an environmental impact statement shall be conducted and completed by the lead agency in accordance with the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.). If no lead agency is designated, the lead agency shall be the Department of the Interior.

(4) The environmental impact statement determination shall be issued within 12 months of the date of application.

(5) Such environmental impact statement review shall include a cumulative impacts analysis addressing visual impacts and avian mortality analysis of a Qualified Wind Project.

(6) A Qualified Wind Project shall not be eligible for any Federal tax subsidy.

(d) EFFECTIVE DATE.—

(1) This section shall expire 10 years after the date of enactment of this Act.

(2) Nothing in this section shall prevent or discourage environmental review of any wind projects or any Qualified Wind Project on a State or local level.

(e) EFFECT OF SECTION.—Nothing in this section shall apply to a project that, as of the date of enactment of this Act—

(1) is generating energy; or

(2) has been issued a permit by the Federal Energy Regulatory Commission.

SA 962. Mr. JEFFORDS submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 724, line 12, insert before ''shall enter'' the following: '', in consultation with the Administrator of the Environmental Protection Agency,''.

On page 726, line 5, insert ''and the Administrator of the Environmental Protection Agency'' after ''Interior''.

On page 726, line 10, insert before ''shall report'' the following: ''and the Administrator of the Environmental Protection Agency''; after consulting with states,

On page 726, line 14, strike ''Secretary's agreement or disagreement'' and insert ''agreement or disagreement of the Secretary of the Interior and the Administrator of the Environmental Protection Agency''.

SA 963. Mr. CORZINE submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

1. On page 3, strike Line 18, and insert ''the consent of the Governor and State Legislatures of all other states''

2. On page 7, Line 14, after ''Governor)'' strike ''may'' and insert ''must have the consent of every Governor and State Legislature with a coast that is under the OCS moratoria as of January 1, 2005 in order to''

SA 964. Mr. CORZINE submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 7, Line 14, after ''Governor)'' strike ''may'' and insert ''must have the consent of every Governor and State Legislature with a coast that is under the OCS moratoria as of January 1, 2005 in order to''

SA 965. CORZINE submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

1. On page 14, strike Lines 14 through 17

SA 966. Mr. CORZINE submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

1. On page 14, strike Lines 4–6
2. On page 14, strike lines 9–10
3. On page 14, strike lines 11–17

SA 967. Mr. CORZINE submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

1. On page 14, strike Lines 4 through 17 and insert ''all such funds, to states and to local political subdivisions, shall only be expendable for mitigation measures and environmental restoration projects, fully subject to NEPA review, that specifically repair the adverse impacts of onshore and offshore facilities and operations associated with federal offshore oil and gas leasing, exploration, and development activities''

SA 968. Mr. ROCKEFELLER submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ___. COALMINE GAS.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to business credits), as amended by this Act, is amended by adding at the end the following new section:

''SEC. 45O. CREDIT FOR CAPTURING COALMINE GAS.

''(a) GENERAL RULE.—For purposes of section 38, the coalmine gas capture credit for any taxable year is an amount equal to the product of—

''(1) the credit amount, and

''(2) the qualified credit coalmine gas captured which is attributable to the taxpayer.

''(b) CREDIT AMOUNT.—For purposes of this section, the credit amount is $0.517 per 1,000 cubic feet of qualified coalmine gas captured.

''(c) QUALIFIED COALMINE GAS CAPTURED.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified coalmine gas captured' means any coalmine gas which is—

''(A) captured or extracted by the taxpayer during the period –beginning after September 30, 2005, and ending before January 1, 2008, –and

''(B) utilized as a fuel source or sold by or on behalf of the taxpayer –to an unrelated person during such period.

''(2) SPECIAL RULE FOR ADVANCED EXTRACTION.—In the case of coalmine gas which is captured in advance of coal mining operations, the credit under subsection (a) shall be allowed only after the date the coal extraction occurs in the immediate area where the coalmine gas was removed.

''(3) NONCOMPLIANCE WITH POLLUTION LAWS.—This paragraph shall not apply to the capture or extraction of coalmine gas from coal mining operations with respect to any period in which such coal mining operations are not in compliance with applicable State and Federal pollution prevention, control, and permit requirements.

''(4) DEFINITIONS.—

''(A) COALMINE GAS.—For purposes of this paragraph, the term 'coalmine gas' means any methane gas which is—

''(i) liberated during or as a result of domestic coal mining –operations, or

''(ii) extracted up to 10 years in advance of domestic coal ––mining operations as part of a specific plan to mine a coal ––deposit.''.

(b) CREDIT TREATED AS PART OF GENERAL BUSINESS CREDIT.—Section 38(b) of the Internal Revenue Code of 1986, as amended by this Act, is amended by striking ''plus'' at the end of paragraph (24), by striking the period at the end of paragraph (24) and inserting '', plus'', and by adding at the end the following new paragraph:

''(25) the coalmine gas capture credit determined under section 45O.''.

(c) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1 of such Code, as amended by this Act, is amended by inserting after section 45N the following:

''Sec. 45O. Credit for capturing coalmine gas.''.

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

SA 969. Mr. ROCKEFELLER submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ___. COALMINE GAS.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to business credits), as amended by this Act, is amended by adding at the end the following new section:

''SEC. 45O. CREDIT FOR CAPTURING COALMINE GAS.

''(a) GENERAL RULE.—For purposes of section 38, the coalmine gas capture credit for any taxable year is an amount equal to the product of—

''(1) the credit amount, and

''(2) the qualified credit coalmine gas captured which is attributable to the taxpayer.

''(b) CREDIT AMOUNT.—For purposes of this section, the credit amount is $0.517 per 1,000 cubic feet of qualified coalmine gas captured.

''(c) QUALIFIED COALMINE GAS CAPTURED.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified coalmine gas captured' means any coalmine gas which is—

''(A) captured or extracted by the taxpayer during the period –beginning after September 30, 2005, and ending before January 1, 2008, –and

''(B) utilized as a fuel source or sold by or on behalf of the taxpayer –to an unrelated person during such period.

''(2) SPECIAL RULE FOR ADVANCED EXTRACTION.—In the case of coalmine gas which is captured in advance of coal mining operations, the credit under subsection (a) shall be allowed only after the date the coal extraction occurs in the immediate area where the coalmine gas was removed.

''(3) NONCOMPLIANCE WITH POLLUTION LAWS.—This paragraph shall not apply to the capture or extraction of coalmine gas from coal mining operations with respect to any period in which such coal mining operations are not in compliance with applicable State and Federal pollution prevention, control, and permit requirements.

''(4) DEFINITIONS.—

''(A) COALMINE GAS.—For purposes of this paragraph, the term 'coalmine gas' means any methane gas which is—

''(i) liberated during or as a result of domestic coal mining –operations, or

''(ii) extracted up to 10 years in advance of domestic coal ––mining operations as part of a specific plan to mine a coal ––deposit.''.

(b) CREDIT TREATED AS PART OF GENERAL BUSINESS CREDIT.—Section 38(b) of the Internal Revenue Code of 1986, as amended by this Act, is amended by striking ''plus'' at the end of paragraph (24), by striking the period at the end of paragraph (24) and inserting '', plus'', and by adding at the end the following new paragraph:

''(25) the coalmine gas capture credit determined under section 45O.''.

(c) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1 of such Code, as amended by this Act, is amended by inserting after section 45N the following:

''Sec. 45O. Credit for capturing coalmine gas.''.

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

SA 970. Mr. ROCKEFELLER submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ___. COALMINE GAS.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to business credits), as amended by this Act, is amended by adding at the end the following new section:

''SEC. 45O. CREDIT FOR CAPTURING COALMINE GAS.

''(a) GENERAL RULE.—For purposes of section 38, the coalmine gas capture credit for any taxable year is an amount equal to the product of—

''(1) the credit amount, and

''(2) the qualified credit coalmine gas captured which is attributable to the taxpayer.

''(b) CREDIT AMOUNT.—For purposes of this section, the credit amount is $0.517 per 1,000 cubic feet of qualified coalmine gas captured.

''(c) QUALIFIED COALMINE GAS CAPTURED.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified coalmine gas captured' means any coalmine gas which is—

''(A) captured or extracted by the taxpayer during the period –beginning after September 30, 2005, and ending before January 1, 2008, –and

''(B) utilized as a fuel source or sold by or on behalf of the taxpayer –to an unrelated person during such period.

''(2) SPECIAL RULE FOR ADVANCED EXTRACTION.—In the case of coalmine gas which is captured in advance of coal mining operations, the credit under subsection (a) shall be allowed only after the date the coal extraction occurs in the immediate area where the coalmine gas was removed.

''(3) NONCOMPLIANCE WITH POLLUTION LAWS.—This paragraph shall not apply to the capture or extraction of coalmine gas from coal mining operations with respect to any period in which such coal mining operations are not in compliance with applicable State and Federal pollution prevention, control, and permit requirements.

''(4) DEFINITIONS.—

''(A) COALMINE GAS.—For purposes of this paragraph, the term 'coalmine gas' means any methane gas which is—

''(i) liberated during or as a result of domestic coal mining –operations, or

''(ii) extracted up to 10 years in advance of domestic coal ––mining operations as part of a specific plan to mine a coal ––deposit.''.

(b) CREDIT TREATED AS PART OF GENERAL BUSINESS CREDIT.—Section 38(b) of the Internal Revenue Code of 1986, as amended by this Act, is amended by striking ''plus'' at the end of paragraph (24), by striking the period at the end of paragraph (24) and inserting '', plus'', and by adding at the end the following new paragraph:

''(25) the coalmine gas capture credit determined under section 45O.''.

(c) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1 of such Code, as amended by this Act, is amended by inserting after section 45N the following:

''Sec. 45O. Credit for capturing coalmine gas.''.

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

SA 971. Mr. ROCKEFELLER submitted an amendment intended to be proposed by him to the bill H.R. 6, Reserved; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ___. COALMINE GAS.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to business credits), as amended by this Act, is amended by adding at the end the following new section:

''SEC. 45O. CREDIT FOR CAPTURING COALMINE GAS.

''(a) GENERAL RULE.—For purposes of section 38, the coalmine gas capture credit for any taxable year is an amount equal to the product of—

''(1) the credit amount, and

''(2) the qualified credit coalmine gas captured which is attributable to the taxpayer.

''(b) CREDIT AMOUNT.—For purposes of this section, the credit amount is $0.517 per 1,000 cubic feet of qualified coalmine gas captured.

''(c) QUALIFIED COALMINE GAS CAPTURED.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified coalmine gas captured' means any coalmine gas which is—

''(A) captured or extracted by the taxpayer during the period –beginning after September 30, 2005, and ending before January 1, 2008, –and

''(B) utilized as a fuel source or sold by or on behalf of the taxpayer –to an unrelated person during such period.

''(2) SPECIAL RULE FOR ADVANCED EXTRACTION.—In the case of coalmine gas which is

captured in advance of coal mining operations, the credit under subsection (a) shall be allowed only after the date the coal extraction occurs in the immediate area where the coalmine gas was removed.

''(3) NONCOMPLIANCE WITH POLLUTION LAWS.—This paragraph shall not apply to the capture or extraction of coalmine gas from coal mining operations with respect to any period in which such coal mining operations are not in compliance with applicable State and Federal pollution prevention, control, and permit requirements.

''(4) DEFINITIONS.—

''(A) COALMINE GAS.—For purposes of this paragraph, the term 'coalmine gas' means any methane gas which is—

''(i) liberated during or as a result of domestic coal mining –operations, or

''(ii) extracted up to 10 years in advance of domestic coal ––mining operations as part of a specific plan to mine a coal ––deposit.''.

(b) CREDIT TREATED AS PART OF GENERAL BUSINESS CREDIT.—Section 38(b) of the Internal Revenue Code of 1986, as amended by this Act, is amended by striking ''plus'' at the end of paragraph (24), by striking the period at the end of paragraph (24) and inserting '', plus'', and by adding at the end the following new paragraph:

''(25) the coalmine gas capture credit determined under section 45O.''.

(c) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1 of such Code, as amended by this Act, is amended by inserting after section 45N the following:

''Sec. 45O. Credit for capturing coalmine gas.''.

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

SA 972. Mr. WARNER (for himself, Mr. ALEXANDER, and Mr. VOINOVICH) proposed an amendment to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; as follows:

On page 327, after line 21, add the following:

SEC. 390. GAS-ONLY LEASES; STATE REQUESTS TO EXAMINE ENERGY AREAS.

(a) GAS-ONLY LEASES.—Section 8 of the Outer Continental Shelf Lands Act (43 U.S.C. 1337) (as amended by section 321) is amended by adding at the end the following:

''(q) GAS-ONLY LEASES.—

''(1) IN GENERAL.—The Secretary may issue a lease under this section beginning in the 2007–2012 plan period that authorizes development and production only of gas and associated condensate in accordance with regulations issued under paragraph (2).

''(2) REGULATIONS.—Not later than October 1, 2006, the Secretary shall issue regulations that, for purposes of this section—

''(A) define natural gas so that the definition—

''(i) includes—

''(I) hydrocarbons and other substances in a gaseous state at atmospheric pressure and a temperature of 60 degrees Fahrenheit;

''(II) liquids that condense from natural gas in the process of treatment, dehydration, decompression, or compression prior to the point for measuring volume and quality of the production established by the Minerals Management Service; and

''(III) natural gas liquefied for transportation; and

''(ii) excludes crude oil;

''(B) provide that gas-only leases shall contain the same rights and obligations established for oil and gas leases;

''(C) provide that, in reviewing the adequacy of bids for gas-only leases, the Minerals Management Service shall exclude the value of any crude oil estimated to be discovered within the boundaries of the leasing area;

''(D) provide for cancellation of a gas-only lease, with payment of the fair value of the lease rights canceled, if the Secretary determines that any natural gas discovered within the boundaries of the leasing area cannot be produced without causing an unacceptable waste of crude oil discovered in association with the natural gas; and

''(E) provide that, at the request and with the consent of the Governor of the State adjacent to the lease area, as determined under section 18(i)(2)(B)(i), and with the consent of the lessee, an existing gas-only lease may be converted, without an increase in the rental or royalty rate and without further payment in the nature of a lease bonus, to a lease under subsection (b), in accordance with a process, to be established by the Secretary, that requires—

''(i) consultation by the Secretary with the Governor of the State and the lessee with respect to the operating conditions of the lease, taking into consideration environmental resource conservation and recovery, economic factors, and other factors, as the Secretary determines to be relevant; and

''(ii) compliance with the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.).

''(3) EFFECT OF OTHER LAWS.—Any Federal law (including regulations) that applies to an oil and gas lease on the Outer Continental Shelf shall apply to a gas-only lease issued under this subsection.''.

(b) STATE REQUESTS TO EXAMINE ENERGY AREAS.—Section 18 of the Outer Continental Shelf Lands Act (43 U.S.C. 1344) is amended by adding at the end the following:

''(i) STATE REQUESTS TO EXAMINE ENERGY AREAS.—

''(1) DEFINITIONS.—In this subsection:

''(A) LEASE.—The term 'lease' includes a gas-only lease under section 8(q).

''(B) MORATORIUM AREA.—The term 'moratorium area' means—

''(i) any area withdrawn from disposition by leasing by the memorandum entitled 'Memorandum on Withdrawal of Certain Areas of the United States Outer Continental Shelf from Leasing Disposition' (34 Weekly Comp. Pres. Doc. 1111 (June 12, 1998)); and

''(ii) any area of the outer Continental Shelf as to which Congress has denied the use of appropriated funds or other means for preleasing, leasing, or related activities.

''(2) RESOURCE ESTIMATES.—

''(A) REQUESTS.—At any time, the Governor of an affected State, acting on behalf of the State, may request the Secretary to provide a current estimate of proven and potential gas, or oil and gas, resources in any moratorium area (or any part of the moratorium area the Governor identifies) adjacent to, or lying seaward of the coastline of, that State.

''(B) RESPONSE OF SECRETARY.—Not later than 45 days after the date on which the Governor of a State requests an estimate under subparagraph (A), the Secretary shall provide—

''(i) a delineation of the lateral boundaries between the coastal States, in accordance with—

''(I) any judicial decree or interstate compact delineating lateral offshore boundaries between coastal States:

''(II) any principles of domestic and international law governing the delineation of lateral offshore boundaries; and

''(III) to the maximum extent practicable, existing lease boundaries and block lines based on the official protraction diagrams of the Secretary;

''(ii) a current inventory of proven and potential gas, or oil and gas, resources in any moratorium areas within the area off the shore of a State, in accordance with the lateral boundaries delineated under clause (i), as requested by the Governor; and

''(iii) an explanation of the planning processes that could lead to the leasing, exploration, development, and production of the gas, or oil and gas, resources within the area identified.

''(3) MAKING CERTAIN AREAS AVAILABLE FOR LEASING.—

''(A) PETITION.—

''(i) IN GENERAL.—On consideration of the information received from the Secretary, the Governor (acting on behalf of the State of the Governor) may submit to the Secretary a petition requesting that the Secretary make available for leasing any portion of a moratorium area off the coast of the State, in accordance with the lateral boundaries delineated under paragraph (2)(B)(i).

''(ii) CONTENTS.—In a petition under clause (i), a Governor may request that an area described in that clause be made available for leasing under subsection (b) or (q), or both, of section 8.

''(B) ACTION BY SECRETARY.—Not later than 90 days after the date of receipt of a petition under subparagraph (A), the Secretary shall approve the petition unless the Secretary determines that leasing in the affected area presents a significant likelihood of incidents associated with the development of resources that would cause serious harm or damage to the marine resources of the area or of an adjacent State.

''(C) FAILURE TO ACT.—If the Secretary fails to approve or deny a petition in accordance with subparagraph (B), the petition shall be considered to be approved as of the date that is 90 days after the date of receipt of the petition.

''(D) TREATMENT.—Notwithstanding any other provision of this section, not later than 180 days after the date on which a petition is approved, or considered to be approved, under subparagraph (B) or (C), the Secretary shall—

''(i) treat the petition of the Governor under subparagraph (A) as a proposed revision to a leasing program under this section; and

''(ii) except as provided in subparagraph (E), expedite the revision of the 5-year outer Continental Shelf oil and gas leasing program in effect as of that date to include any lease sale for any area covered by the petition.

''(E) INCLUSION IN SUBSEQUENT PLANS.—

''(i) IN GENERAL.—If there are fewer than 18 months remaining in the 5-year outer Continental Shelf oil and gas leasing program described in subparagraph (D)(ii), the Secretary, without consultation with any State, shall include the areas covered by the petition in lease sales under the subsequent 5-year outer Continental Shelf oil and gas leasing program.

''(ii) ENVIRONMENTAL ASSESSMENT.—Before modifying a 5-Year Outer Continental Shelf Oil and Gas Leasing Program under clause (i), the Secretary shall complete an environmental assessment that describes any anticipated environmental effect of leasing in the area under the petition.

''(F) SPENDING LIMITATIONS.—Any Federal spending limitation with respect to preleasing, leasing, or a related activity in an area made available for leasing under this paragraph shall terminate as of the date on which the petition of the Governor relating to the area is approved, or considered to be approved, under subparagraph (B) or (C).

''(G) COASTAL ZONE MANAGEMENT.—For purposes of title III of the Coastal Zone Management Act of 1972 (16 U.S.C. 1451 et seq.), any activity relating to leasing and subsequent production in an area made available for leasing under this paragraph shall—

''(i) if the leased area is located more than 20 miles offshore of an adjacent State (or the boundaries of the State as delineated under paragraph (2)(B)), be considered by the Secretary of Commerce to be necessary to the interest of national security and be carried out notwithstanding the objection of a State to a consistency certification under that Act; or

''(ii) if the leased area is located not greater than 20 miles offshore of an adjacent State, be subject to section 307(c) of that Act (16 U.S.C. 1456(c)).

''(4) REVENUE SHARING.—

''(A) BONUS BIDS.—If the Governor of a State requests the Secretary to allow gas, or oil or natural gas, leasing in the moratorium area and the Secretary allows that leasing, the State shall, without further appropriation or action, receive 25 percent of any bonus bid paid for leasing rights in the area.

''(B) POST LEASING REVENUES.—In addition to bonus bids under subparagraph (A), a State described in subparagraph (A) shall receive 25 percent of—

''(i) any lease rental minimum royalty;

''(ii) any royalty proceeds from a sale of royalties taken in kind by the Secretary; and

''(iii) any other revenues from a bidding system under section 8.

''(C) CONSERVATION ROYALTIES.—After making distributions in accordance with subparagraphs (A) and (B), and in accordance with section 31, the Secretary, in coordination with the Governor of a State, shall, without further appropriation or action, distribute a conservation royalty of 12.5 percent of Federal royalty revenues in an area leased under this section, not to exceed $1,250,000,000 for any year, to 1 or more of the following:

''(i) The Coastal and Estuary Habitat Restoration Trust Fund.

''(ii) The wildlife restoration fund established under section 3 of the Pittman–Robertson Wildlife Restoration Act (16 U.S.C. 669b).

''(iii) The Land and Water Conservation Fund to provide financial assistance to States under section 6 of that Act (16 U.S.C. 460*l*–8).

''(5) APPLICATION.—This subsection shall not apply to—

''(A) any area designated as a national marine sanctuary or a national wildlife refuge;

''(B) the Lease Sale 181 planning area;

''(C) any area not included in the outer Continental Shelf;

''(D) the Great Lakes, as defined in section 118(a)(3) of the Federal Water Pollution Control Act (33 U.S.C. 1268(a)(3));

''(E) the eastern coast of the State of Florida; OR

''(F) Bristol Bay.''.

(c) GREAT LAKES OIL AND GAS DRILLING BAN.—No Federal or State permit or lease shall be issued for new oil and gas slant, directional, or offshore drilling in or under 1 or more of the Great Lakes (as defined in section 118(a)(3) of the Federal Water Pollution Control Act (33 U.S.C. 1268(a)(3))).

SA 973. Mr. NELSON of Florida submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 12, strike line 16 and insert the following:

''(5) PROHIBITION.—No exploration or production activities under this subsection may be carried out within 100 nautical miles of a national park, national seashore, national military park, national marine sanctuary, location listed on the National Register of Historic Places, or State park facility.

''(6) APPLICATION.—This subsection shall not

SA 974. Mr. NELSON of Florida submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

Beginning on page 11, strike line 3 and all that follows through page 12, line 15 and insert the following:

''(4) USE OF REVENUE.—If the Governor of a State requests the Secretary to allow gas, or oil or natural gas, leasing in the moratorium area, and the Secretary allows that leasing, any additional revenue raised by the leasing shall be deposited in the general fund of the Treasury for purposes of deficit reduction.

SA 975. Mr. NELSON of Florida submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 12, strike line 16 and insert the following:

''(5) PROHIBITION.—No exploration or production activities under this subsection may be carried out within 100 nautical miles of a military training area.

''(6) APPLICATION.—This subsection shall not

SA 976. Mr. NELSON of Florida submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 12, strike line 16 and insert the following:

''(5) LIABILITY.—Any person that conducts exploration or production activities in accordance with a gas, or oil or natural gas, lease under this subsection shall be liable for any environmental or economic damages that result from those activities.

''(6) APPLICATION.—This subsection shall not

SA 977. Mr. SNOWE submitted an amendment intended to be proposed to amendment SA 825 submitted by Mr. KERRY and intended to be proposed to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the end of the amendment, add the following:

(f) AUTHORITY TO PROVIDE DISASTER ASSISTANCE TO AQUACULTURE ENTERPRISES.—Section 18(b)(1) of the Small Business Act (15 U.S.C. 647(b)(1)) is amended—

(1) by striking ''aquaculture,''; and

(2) by inserting before the semicolon at the end '', other than aquaculture''.

SA 978. Mr. FRIST (for Mr. CONRAD (for himself, Mr. DURBIN, and Ms. STABENOW)) proposed an amendment to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; as follows:

On page 767, strike lines 6 through 15, and insert the following:

(D) facilities that—

(i) generate 1 or more hydrogen-rich and carbon monoxide-rich product streams from the gasification of coal or coal waste; and

(ii) use those streams to facilitate the production of ultra clean premium fuels through the Fischer-Tropsch process.

SA 979. Mr. FRIST (for Mr. HATCH (for himself and Mr. SALAZAR)) proposed an amendment to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; as follows:

Beginning on page 290, strike line 6 and all that follows through page 296, line 25, and insert the following:

SEC. 346. OIL SHALE AND TAR SANDS.

(a) DECLARATION OF POLICY.—Congress declares that it is the policy of the United States that—

(1) United States oil shale and tar sands are strategically important domestic resources that should be developed through methods that help reduce the growing dependence of the United States on politically and economically unstable sources of foreign oil imports;

(2) the development of oil shale and tar sands, for research and commercial development, should be conducted in an economically feasible and environmentally sound manner, using practices that minimize impacts;

(3) development should occur at a deliberate pace, with an emphasis on sustainability, to benefit the United States while taking into account affected States and communities; and

(4) the Secretary of the Interior should work toward developing a commercial leasing program for oil shale and tar sands so that such a program can be implemented when production technologies are commercially viable.

(b) LEASING PROGRAM.—

(1) RESEARCH AND DEVELOPMENT.—

(A) IN GENERAL.—In accordance with section 21 of the Mineral Leasing Act (30 U.S.C. 241) and any other applicable law, except as provided in this section, not later than 1 year after the date of enactment of this Act, from land otherwise available for leasing, the Secretary of the Interior (referred to in this section as the ''Secretary'') shall, for a period determined by the Secretary, make available for leasing such land as the Secretary considers to be necessary to conduct research and development activities with respect to innovative technologies for the recovery of shale oil from oil shale resources on public land.

(B) APPLICATION.—The Secretary may offer to lease the land to persons that submit an application for the lease, if the Secretary determines that there is no competitive interest in the land.

(C) ADMINISTRATION.—In carrying out this paragraph, the Secretary shall—

(i) provide for environmentally sound research and development of oil shale;

(ii) provide for an appropriate return to the public, as determined by the Secretary;

(iii) before carrying out any activity that will disturb the surface of land, provide for an adequate bond, surety, or other financial arrangement to ensure reclamation;

(iv) provide for a primary lease term of 10 years, after which the lease term may be extended if the Secretary determines that diligent research and development activities are occurring on the land leased;

(v) require the owner or operator of a project under this subsection, within such period as the Secretary may determine—

(I) to submit a plan of operations;

(II) to develop an environmental protection plan; and

(III) to undertake diligent research and development activities;

(vi) ensure that leases under this section are not larger than necessary to conduct research and development activities under an application under subparagraph (B);

(vii) provide for consultation with affected State and local governments; and

(viii) provide for such requirements as the Secretary determines to be in the public interest.

(2) COMMERCIAL LEASING.—Prior to conducting commercial leasing, the Secretary shall carry out—

(A) the programmatic environmental impact statement required under subsection (c); and

(B) the analysis required under subsection (d).

(3) MONEYS RECEIVED.—Any moneys received from a leasing activity under this subsection shall be paid in accordance with section 35 of the Mineral Leasing Act (30 U.S.C. 191).

(c) PROGRAMMATIC ENVIRONMENTAL IMPACT STATEMENT.—Not later than 18 months after the date of enactment of this Act, in accordance with section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)), the Secretary shall complete a programmatic environmental impact statement that analyzes potential leasing for commercial development of oil shale resources on public land.

(d) ANALYSIS OF POTENTIAL LEASING PROGRAM.—

(1) IN GENERAL.—Not later than 18 months after the date of enactment of this Act, the Secretary shall submit to Congress a report (including recommendations) analyzing a potential leasing program for the commercial development of oil shale on public land.

(2) INCLUSIONS.—The report under paragraph (1) shall include—

(A) an analysis of technologies and research and development programs for the production of oil and other materials from oil shale and tar sands in existence on the date on which the report is prepared;

(B) an analysis of—

(i) whether leases under the program should be issued on a competitive basis;

(ii) the term of the leases;

(iii) the maximum size of the leases;

(iv) the use and distribution of bonus bid lease payments;

(v) the royalty rate to be applied, including whether a sliding scale royalty rate should be used;

(vi) whether an opportunity should be provided to convert research and development leases into leases for commercial development, including the terms and conditions that should apply to the conversion;

(vii) the maximum number of leases and maximum acreage to be leased under the leasing program to an individual; and

(viii) any infrastructure required to support oil shale development in industry and communities;

(C) an identification of events that should serve as a precursor to commercial leasing, including development of environmentally and commercially viable technologies, and the completion of land use planning and environmental reviews; and

(D) an analysis, developed in conjunction with the appropriate State water resource agencies, of the demand for, and availability of, water with respect to the development of oil shale and tar sands.

(3) PUBLIC PARTICIPATION.—In preparing the report under this subsection, the Secretary shall provide notice to, and solicit comment from—

(A) the public;

(B) representatives of local governments;

(C) representatives of industry; and

(D) other interested parties.

(4) PARTICIPATION BY CERTAIN STATES.—In preparing the report under this subsection, the Secretary shall—

(A) provide notice to, and solicit comment from, the Governors of the States of Colorado, Utah, and Wyoming; and

(B) incorporate into the report submitted to Congress under paragraph (1) any response of the Secretary to those comments.

(e) OIL SHALE AND TAR SANDS TASK FORCE.—

(1) ESTABLISHMENT.—The Secretary of Energy, in cooperation with the Secretary of the Interior, shall establish an Oil Shale and Tar Sands Task Force to develop a program to coordinate and accelerate the commercial development of oil shale and tar sands in an integrated manner.

(2) COMPOSITION.—The Task Force shall be composed of—

(A) the Secretary of Energy (or the designee of the Secretary of Energy);

(B) the Secretary of Defense (or the designee of the Secretary of Defense);

(C) the Secretary of the Interior (or the designee of the Secretary of the Interior);

(D) the Governors of the affected States; and

(E) representatives of local governments in affected areas.

(3) DEVELOPMENT OF A 5-YEAR PLAN.—

(A) IN GENERAL.—The Task Force shall formulate a 5-year plan to promote the development of oil shale and tar sands.

(B) COMPONENTS.—In formulating the plan, the Task Force shall—

(i) identify public actions that are required to stimulate prudent development of oil shale and tar sands;

(ii) analyze the costs and benefits of those actions;

(iii) make recommendations concerning specific actions that should be taken to stimulate prudent development of oil shale and tar sands, including economic, investment, tax, technology, research and development, infrastructure, environmental, education, and socio-economic actions;

(iv) consult with representatives of industry and other stakeholders;

(v) provide notice and opportunity for public comment on the plan;

(vi) identify oil shale and tar sands technologies that—

(I) are ready for pilot plant and semiworks development; and

(II) have a high probability of leading to advanced technology for first- or second-generation commercial production; and

(vii) assess the availability of water from the Green River Formation to meet the potential needs of oil shale and tar sands development.

(4) NATIONAL PROGRAM OFFICE.—The Task Force shall analyze and make recommendations regarding the need for a national program office to administer the plan.

(5) PARTNERSHIP.—The Task Force shall recommend whether to initiate a partnership with Alberta, Canada, for purposes of sharing information relating to the development and production of oil from tar sands.

(6) REPORTS.—

(A) INITIAL REPORT.—Not later than 180 days after the date of enactment of this Act, the Task Force shall submit to the President and Congress a report that describes the analysis and recommendations of the Task Force and contains the 5-year plan.

(B) SUBSEQUENT REPORTS.—The Secretary of Energy shall provide an annual report describing the progress in carrying out the plan for each of the 5 years following submission of the report provided for in subparagraph (A).

(f) MINERAL LEASING ACT AMENDMENTS.—Section 21(a) of the Mineral Leasing Act (30 U.S.C. 241(a)) is amended—

(1) by designating the first, second, and third sentences as paragraphs (1), (2), and (3), respectively; and

(2) in paragraph (3) (as designated by paragraph (1))—

(A) by striking ''rate of 50 cents per acre'' and inserting ''rate of $2.00 per acre''; and

(B) in the last proviso—

(i) by striking ''That not more than one lease shall be granted under this section to any'' and inserting ''That no''; and

(ii) by striking ''except that with respect to leases for'' and inserting ''shall acquire or hold more than 25,000 acres of oil shale leases in the United States. For''.

(g) COST-SHARED DEMONSTRATION TECHNOLOGIES.—

(1) IDENTIFICATION.—The Secretary of Energy shall identify technologies for the development of oil shale and tar sands that—

(A) are ready for demonstration at a commercially-representative scale; and

(B) have a high probability of leading to commercial production.

(2) ASSISTANCE.—For each technology identified under paragraph (1), the Secretary of Energy may provide—

(A) technical assistance;

(B) assistance in meeting environmental and regulatory requirements; and

(C) cost-sharing assistance in accordance with section 1002.

(h) TECHNICAL ASSISTANCE.—

(1) IN GENERAL.—The Secretary of Energy may provide technical assistance for the purpose of overcoming technical challenges to the development of oil shale and tar sands technologies for application in the United States.

(2) ADMINISTRATION.—The Secretary of Energy may provide technical assistance under this section on a cost-shared basis in accordance with section 1002.

(i) NATIONAL OIL SHALE ASSESSMENT.—

(1) ASSESSMENT.—

(A) IN GENERAL.—The Secretary shall carry out a national assessment of oil shale resources for the purposes of evaluating and mapping oil shale deposits, in the geographic areas described in subparagraph (B).

(B) GEOGRAPHIC AREAS.—The geographic areas referred to in subparagraph (A), listed in the order in which the Secretary shall assign priority, are—

(i) the Green River Region of the States of Colorado, Utah, and Wyoming;

(ii) the Devonian oil shales of the eastern United States; and

(iii) any remaining area in the central and western United States (including the State of Alaska) that contains oil shale, as determined by the Secretary.

(2) USE OF STATE SURVEYS AND UNIVERSITIES.—In carrying out the assessment under paragraph (1), the Secretary may request assistance from any State-administered geological survey or university.

(j) STATE WATER RIGHTS.—Nothing in this section preempts or affects any State water law or interstate compact relating to water.

(k) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section.

SA 980. Mr. FRIST (for Ms. STABENOW (for herself, Mrs. BOXER, and Mr. DORGAN)) proposed an amendment to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; as follows:

At the appropriate place, insert the following:

SEC. ___. INVESTIGATION OF GASOLINE PRICES.

(a) INVESTIGATION.—Not later than 90 days after the date of enactment of this Act, the Federal Trade Commission shall conduct an investigation to determine if the price of gasoline is being artificially manipulated by reducing refinery capacity or by any other form of market manipulation or price gouging practices.

(b) EVALUATION AND ANALYSIS.—The Secretary shall direct the National Petroleum Council to conduct an evaluation and analysis to determine whether, and to what extent, environmental and other regulations affect new domestic refinery construction and significant expansion of existing refinery capacity.

(c) REPORTS TO CONGRESS.—

(1) INVESTIGATION.—On completion of the investigation under subsection (a), the Federal Trade Commission shall submit to Congress a report that describes—

(A) the results of the investigation; and

(B) any recommendations of the Federal Trade Commission.

(2) EVALUATION AND ANALYSIS.—On completion of the evaluation and analysis under subsection (b), the Secretary shall submit to Congress a report that describes—

(A) the results of the evaluation and analysis; and

(B) any recommendations of the National Petroleum Council.

SA 981. Mr. FRIST (for Mr. KOHL (for himself, Mr. DEWINE, and Mr. LIEBERMAN)) proposed an amendment to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; as follows:

On page 53, strike lines 4 through 8 and insert the following:

Small Business Administration shall make program information available directly to small businesses and through other Federal agencies, including the Federal Emergency Management Agency and the Department of Agriculture, and coordinate assistance with the Secretary of Commerce for manufacturing-related efforts, including the Manufacturing Extension Partnership Program.''.

SA 982. Mr. FRIST (for Mr. ALEXANDER) proposed an amendment to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; as follows:

On page 755, after line 25, add the following:

SEC. 13___. STUDY OF BEST MANAGEMENT PRACTICES FOR ENERGY RESEARCH AND DEVELOPMENT PROGRAMS.

(a) IN GENERAL.—The Secretary shall enter into an arrangement with the National Academy of Public Administration under which the Academy shall conduct a study to assess management practices for research, development, and demonstration programs at the Department.

(b) SCOPE OF THE STUDY.—The study shall consider—

(1) management practices that act as barriers between the Office of Science and offices conducting mission-oriented research;

(2) recommendations for management practices that would improve coordination and bridge the innovation gap between the Office of Science and offices conducting mission-oriented research;

(3) the applicability of the management practices used by the Department of Defense Advanced Research Programs Agency to research programs at the Department;

(4) the advisability of creating an agency within the Department modeled after the Department of Defense Advanced Research Projects Agency;

(5) recommendations for management practices that could best encourage innovative research and efficiency at the Department; and

(6) any other relevant considerations.

(c) REPORT.—Not later than 18 months after the date of enactment of this Act, the Secretary shall submit to Congress a report on the study conducted under this section.

SA 983. Mr. FRIST (for Mr. JEFFORDS) proposed an amendment to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; as follows:

On page 131, line 20, insert ''livestock methane,'' after ''landfill gas,''.

SA 984. Mr. FRIST (for Mr. CORNYN) proposed an amendment to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; as follows:

On page 517, after line 22, insert the following:

SEC. 9___. LOW-VOLUME GAS RESERVOIR RESEARCH PROGRAM.

(a) DEFINITIONS OF GIS.—In this section, the term ''GIS'' means geographic information systems technology that facilitates the organization and management of data with a geographic component.

(b) PROGRAM.—The Secretary shall establish a program of research, development, demonstration, and commercial application to maximize the productive capacity of marginal wells and reservoirs.

(c) DATA COLLECTION.—Under the program, the Secretary shall collect data on—

(1) the status and location of marginal wells and gas reservoirs;

(2) the production capacity of marginal wells and gas reservoirs;

(3) the location of low-pressure gathering facilities and pipelines; and

(4) the quantity of natural gas vented or flared in association with crude oil production.

(d) ANALYSIS.—Under the program, the Secretary shall—

(1) estimate the remaining producible reserves based on variable pipeline pressures; and

(2) recommend measures that will enable the continued production of those resources.

(e) STUDY.—

(1) IN GENERAL.—The Secretary may award a grant to an organization of States that contain significant numbers of marginal oil and natural gas wells to conduct an annual study of low-volume natural gas reservoirs.

(2) ORGANIZATION WITH NO GIS CAPABILITIES.—If an organization receiving a grant under paragraph (1) does not have GIS capabilities, the organization shall contract with an institution of higher education with GIS capabilities.

(3) STATE GEOLOGISTS.—The organization receiving a grant under paragraph (1) shall collaborate with the State geologist of each State being studied.

(f) PUBLIC INFORMATION.—The Secretary may use the data collected and analyzed under this section to produce maps and literature to disseminate to States to promote conservation of natural gas reserves.

(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary to carry out this section—

(1) $1,500,000 for fiscal year 2006; and

(2) $450,000 for each of fiscal years 2007 and 2008.

SA 985. Mr. FRIST (for Mrs. HUTCHISON) proposed an amendment to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; as follows:

On page 767, between lines 21 and 22, insert the following:

(3) PETROLEUM COKE GASIFICATION PROJECTS.—The Secretary is encouraged to make loan guarantees under this title available for petroleum coke gasification projects.

SA 986. Mr. FRIST (for Mr. JEFFORDS) proposed an amendment to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; as follows:

On page 159, after line 23, add the following:

SEC. _____. RURAL AND REMOTE COMMUNITY ELECTRIFICATION GRANTS.

The Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 2601 et seq.) is amended in title VI by adding at the end the following:

''SEC. 609. RURAL AND REMOTE COMMUNITIES ELECTRIFICATION GRANTS.

''(a) DEFINITIONS.—In this section:

''(1) The term 'eligible grantee' means a local government or municipality, peoples' utility district, irrigation district, and cooperative, nonprofit, or limited-dividend association in a rural area.

''(2) The term 'incremental hydropower' means additional generation achieved from increased efficiency after January 1, 2005, at a hydroelectric dam that was placed in service before January 1, 2005.

''(3) The term 'renewable energy' means electricity generated from—

''(A) a renewable energy source; or

''(B) hydrogen, other than hydrogen produced from a fossil fuel, that is produced from a renewable energy source.

''(4) The term 'renewable energy source' means—

''(A) wind;

''(B) ocean waves;

''(C) biomass;

''(D) solar

''(E) landfill gas;

''(F) incremental hydropower;

''(G) livestock methane; or

''(H) geothermal energy.

''(5) The term 'rural area' means a city, town, or unincorporated area that has a population of not more than 10,000 inhabitants.

''(b) GRANTS.—The Secretary, in consultation with the Secretary of Agriculture and the Secretary of the Interior, may provide grants under this section to eligible grantees for the purpose of—

''(1) increasing energy efficiency, siting or upgrading transmission and distribution lines serving rural areas,; or

''(2) providing or modernizing electric generation facilities that serve rural areas.

''(c) GRANT ADMINISTRATION.—(1) The Secretary shall make grants under this section based on a determination of cost-effectiveness and the most effective use of the funds to achieve the purposes described in subsection (b).

''(2) For each fiscal year, the Secretary shall allocate grant funds under this section equally between the purposes described in paragraphs (1) and (2) of subsection (b).

''(3) In making grants for the purposes described in subsection (b)(2), the Secretary

shall give preference to renewable energy facilities.

''(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary to carry out this section $20,000,000 for each of fiscal years 2006 through 2012.''.

SA 987. Mr. FRIST (for Mr. ALEXANDER) proposed an amendment to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; as follows:

On page 755, after line 25, add the following:

SEC. 13___. PASSIVE SOLAR TECHNOLOGIES.

(a) DEFINITION OF PASSIVE SOLAR TECHNOLOGY.—In this section, the term ''passive solar technology'' means a passive solar technology, including daylighting, that—

(1) is used exclusively to avoid electricity use; and

(2) can be metered to determine energy savings.

(b) STUDY.—The Secretary shall conduct a study to determine—

(1) the range of levelized costs of avoided electricity for passive solar technologies;

(2) the quantity of electricity displaced using passive solar technologies in the United States as of the date of enactment of this Act; and

(3) the projected energy savings from passive solar technologies in 5, 10, 15, 20, and 25 years after the date of enactment of this Act if—

(A) incentives comparable to the incentives provided for electricity generation technologies were provided for passive solar technologies; and

(B) no new incentives for passive solar technologies were provided.

(c) REPORT.—Not later than 120 days after the date of enactment of this Act, the Secretary shall submit to Congress a report that describes the results of the study under subsection (b).

SA 988. Mr. FRIST (for Mr. HARKIN) proposed an amendment to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; as follows:

On page 489, between lines 20 and 21, insert the following:

SEC. 9___. HYDROGEN INTERMEDIATE FUELS RESEARCH PROGRAM.

(a) IN GENERAL.—The Secretary, in coordination with the Secretary of Agriculture, shall carry out a 3-year program of research, development, and demonstration on the use of ethanol and other low-cost transportable renewable feedstocks as intermediate fuels for the safe, energy efficient, and cost-effective transportation of hydrogen.

(b) GOALS.—The goals of the program shall include—

(1) demonstrating the cost-effective conversion of ethanol or other low-cost transportable renewable feedstocks to pure hydrogen suitable for eventual use in fuel cells;

(2) using existing commercial reforming technology or modest modifications of existing technology to reform ethanol or other low-cost transportable renewable feedstocks into hydrogen;

(3) converting at least 1 commercially available internal combustion engine hybrid electric passenger vehicle to operate on hydrogen;

(4) not later than 1 year after the date on which the program begins, installing and operating an ethanol reformer, or reformer for another low-cost transportable renewable feedstock (including onsite hydrogen compression, storage, and dispensing), at the facilities of a fleet operator;

(5) operating the 1 or more vehicles described in paragraph (3) for a period of at least 2 years; and

(6) collecting emissions and fuel economy data on the 1 or more vehicles described in paragraph (3) in various operating and environmental conditions.

(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $5,000,000.

SA 989. Mr. FRIST (for Mr. DOMENICI) proposed an amendment to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; as follows:

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

(O) Savannah River National Laboratory.

On page 11, line 11, strike ''(O)'' and insert ''(P)''.

On page 11, line 12, strike ''(P)'' and insert ''(Q)''.

Beginning on page 47, strike line 11 and all that follows through page 49, line 4, and insert the following:

SEC. 127. STATE BUILDING ENERGY EFFICIENCY CODES INCENTIVES.

Section 304(e) of the Energy Conservation and Production Act (42 U.S.C. 6833(e)) is amended—

(1) in paragraph (1), by inserting before the period at the end of the first sentence the following: '', including increasing and verifying compliance with such codes''; and

(2) by striking paragraph (2) and inserting the following:

''(2) Additional funding shall be provided under this subsection for implementation of a plan to achieve and document at least a 90 percent rate of compliance with residential and commercial building energy efficiency codes, based on energy performance—

''(A) to a State that has adopted and is implementing, on a statewide basis—

''(i) a residential building energy efficiency code that meets or exceeds the requirements of the 2004 International Energy Conservation Code, or any succeeding version of that code that has received an affirmative determination from the Secretary under subsection (a)(5)(A); and

''(ii) a commercial building energy efficiency code that meets or exceeds the requirements of the ASHRAE Standard 90.1–2004, or any succeeding version of that standard that has received an affirmative determination from the Secretary under subsection (b)(2)(A); or

''(B) in a State in which there is no statewide energy code either for residential buildings or for commercial buildings, to a local government that has adopted and is implementing residential and commercial building energy efficiency codes, as described in subparagraph (A).

''(3) Of the amounts made available under this subsection, the Secretary may use $500,000 for each fiscal year to train State and local officials to implement codes described in paragraph (2).

''(4)(A) There are authorized to be appropriated to carry out this subsection—

''(i) $25,000,000 for each of fiscal years 2006 through 2010; and

''(ii) such sums as are necessary for fiscal year 2011 and each fiscal year thereafter.

''(B) Funding provided to States under paragraph (2) for each fiscal year shall not exceed ½ of the excess of funding under this subsection over $5,000,000 for the fiscal year.''.

On page 76, lines 9 and 10, strike ''January 1, 2006'' and insert ''January 1, 2007''.

On page 234, strike lines 23 through 25, and insert the following:

(20) by striking ''section 104(b) of the Naval Petroleum Reserves Production Act of 1976 (90 Stat. 304; 42 U.S.C. 6504)'' and inserting ''section 104(a)''; and

On page 296, after line 25, add the following:

SEC. 347. FINGER LAKES WITHDRAWAL.

All Federal land within the boundary of Finger Lakes National Forest in the State of New York is withdrawn from—

(1) all forms of entry, appropriation, or disposal under the public land laws; and

(2) disposition under all laws relating to oil and gas leasing.

On page 321, line 18, insert ''by the Commission'' after ''request''.

On page 353, strike lines 19 through 24 and insert the following:

on Indian land;

''(C) provide low-interest loans to Indian tribes and tribal energy resource development organizations for use in the promotion of energy resource development on Indian land and integration of energy resources; and

''(D) provide grants and technical assistance to an appropriate tribal environmental organization, as determined by the Secretary, that represents multiple Indian tribes to establish a national resource center to develop tribal capacity to establish and carry out tribal environmental programs in support of energy-related programs and activities under this title, including—

''(i) training programs for tribal environmental officials, program managers, and other governmental representatives;

''(ii) the development of model environmental policies and tribal laws, including tribal environmental review codes, and the creation and maintenance of a clearinghouse of best environmental management practices; and

''(iii) recommended standards for reviewing the implementation of tribal environmental laws and policies within tribal judicial or other tribal appeals systems.

On page 356, between lines 15 and 16, insert the following:

''(C) In providing a grant under this subsection for an activity to provide, or expand the provision of, electricity on Indian land, the Director shall encourage cooperative arrangements between Indian tribes and utilities that provide service to Indian tribes, as the Director determines to be appropriate.

On page 357, line 6, insert ''(A)'' after ''(2)''.

On page 357, between lines 16 and 17, insert the following:

''(B) In providing a loan guarantee under this subsection for an activity to provide, or expand the provision of, electricity on Indian land, the Secretary of Energy shall encourage cooperative arrangements between Indian tribes and utilities that provide service to Indian tribes, as the Secretary determines to be appropriate.

On page 488, strike lines 5 through 9 and insert the following:

(a) DEFINITION OF LIGNOCELLULOSIC FEEDSTOCK.—In this section, the term ''lignocellulosic feedstock'' means any portion of a plant or coproduct from conversion, including crops, trees, and agricultural and forest residues not specifically grown for food.

On page 489, line 3, strike ''cellulosic feedstocks'' and insert ''lignocellulosic feedstocks''.

On page 489, lines 11 and 12, strike ''cellulosic feedstocks'' and insert ''lignocellulosic feedstocks''.

On page 503, strike lines 22 through 24.

On page 504, line 1, strike ''(2)'' and insert ''(1)''.

On page 504, strike lines 4 through 7 and insert the following:

(2) For activities under section 955—

(A) $337,000,000 for fiscal year 2006;

(B) $364,000,000 for fiscal year 2007; and

(C) $394,000,000 for fiscal year 2008.

(3) For activities under section 956—

(A) $20,000,000 for fiscal year 2006;

(B) $25,000,000 for fiscal year 2007; and

(C) $30,000,000 for fiscal year 2008.

On page 504, line 24, strike ''(b)(2)'' and insert ''(b)(1)''.

Beginning on page 505, strike lines 17 and all that follows through page 506, line 2.

On page 506, line 3, strike ''(c)'' and insert ''(b)''.

On page 506, line 11, strike ''(d)'' and insert ''(c)''.

Beginning on page 519, strike line 9 and all that follows through page 523, line 6, and insert the following:

SEC. 955. COAL AND RELATED TECHNOLOGIES PROGRAM.

(a) IN GENERAL.—In addition to the programs authorized under title IV, the Secretary shall conduct a program of technology research, development, and demonstration and commercial application for coal and power systems, including programs to facilitate production and generation of coal-based power through—

(1) innovations for existing plants (including mercury removal);

(2) gasification systems;

(3) advanced combustion systems;

(4) turbines for synthesis gas derived from coal;

(5) carbon capture and sequestration research and development;

(6) coal-derived chemicals and transportation fuels;

(7) liquid fuels derived from low rank coal water;

(8) solid fuels and feedstocks;

(9) advanced coal-related research;

(10) advanced separation technologies; and

(11) fuel cells for the operation of synthesis gas derived from coal.

(b) COST AND PERFORMANCE GOALS.—

(1) IN GENERAL.—In carrying out programs authorized by this section, the Secretary shall identify cost and performance goals for coal-based technologies that would permit the continued cost-competitive use of coal for the production of electricity, chemical feedstocks, and transportation fuels in 2008, 2010, 2012, and 2016, and each calendar year beginning after September 30, 2021.

(2) ADMINISTRATION.—In establishing the cost and performance goals, the Secretary shall—

(A) consider activities and studies undertaken as of the date of enactment of this Act by industry in cooperation with the Department in support of the identification of the goals;

(B) consult with interested entities, including—

(i) coal producers;

(ii) industries using coal;

(iii) organizations that promote coal and advanced coal technologies;

(iv) environmental organizations;

(v) organizations representing workers; and

(vi) organizations representing consumers;

(C) not later than 120 days after the date of enactment of this Act, publish in the Federal Register proposed draft cost and performance goals for public comments; and

(D) not later than 180 days after the date of enactment of this Act and every 4 years thereafter, submit to Congress a report describing the final cost and performance goals for the technologies that includes—

(i) a list of technical milestones; and

(ii) an explanation of how programs authorized in this section will not duplicate the activities authorized under the Clean Coal Power Initiative authorized under title IV.

(c) POWDER RIVER BASIN AND FORT UNION LIGNITE COAL MERCURY REMOVAL.—

(1) IN GENERAL.—In addition to the programs authorized by subsection (a), the Secretary may establish a program to test and develop technologies to control and remove mercury emissions from subbituminous coal mined in the Powder River Basin, and Fort Union lignite coals, that are used for the generation of electricity.

(2) EFFICACY OF MERCURY REMOVAL TECHNOLOGY.—In carrying out the program under paragraph (1), the Secretary shall examine the efficacy of mercury removal technologies on coals described in that paragraph that are blended with other types of coal.

SEC. 956. CARBON CAPTURE RESEARCH AND DEVELOPMENT PROGRAM.

(a) IN GENERAL.—The Secretary shall carry out a 10-year carbon capture research and development program to develop carbon dioxide capture technologies on combustion-based systems for use—

(1) in new coal utilization facilities; and

(2) on the fleet of coal-based units in existence on the date of enactment of this Act.

(b) OBJECTIVES.—The objectives of the program under subsection (a) shall be—

(1) to develop carbon dioxide capture technologies, including adsorption and absorption techniques and chemical processes, to remove the carbon dioxide from gas streams containing carbon dioxide potentially amenable to sequestration;

(2) to develop technologies that would directly produce concentrated streams of carbon dioxide potentially amenable to sequestration;

(3) to increase the efficiency of the overall system to reduce the quantity of carbon dioxide emissions released from the system per megawatt generated; and

(4) in accordance with the carbon dioxide capture program, to promote a robust carbon sequestration program and continue the work of the Department, in conjunction with the private sector, through regional carbon sequestration partnerships.

On page 522, between lines 8 and 9, insert the following:

(d) FUEL CELLS.—

(1) IN GENERAL.—The Secretary shall conduct a program of research, development, demonstration, and commercial application on fuel cells for low-cost, high-efficiency, fuel-flexible, modular power systems.

(2) DEMONSTRATIONS.—The demonstrations referred to in paragraph (1) shall include solid oxide fuel cell technology for commercial, residential, and transportation applications, and distributed generation systems, using improved manufacturing production and processes.

On page 558, beginning on line 22, strike ''of the Senate'' and all that follows through ''Commerce'' on line 23 and insert ''and the Committee on Foreign Relations of the Senate and the Committee on Energy and Commerce and the Committee on International Relations''.

On page 595, between lines 4 and 5, insert the following:

(2) REPORT ON TRENDS.—Not later than 1 year after the date of enactment of this Act, the Secretary shall submit to Congress a report on current trends under paragraph (1), with recommendations (as appropriate) to meet the future labor requirements for the energy technology industries.

On page 595, line 5, strike ''(2) REPORT.—As'' and insert the following:

(3) REPORT ON SHORTAGE.—As

On page 596, strike line 22 and all that follows through page 597, line 20, and insert the following:

SEC. 1103. EDUCATIONAL PROGRAMS IN SCIENCE AND MATHEMATICS.

(a) SCIENCE EDUCATION ENHANCEMENT FUND.—Section 3164 of the Department of Energy Science Education Enhancement Act (42 U.S.C. 7381a) is amended by adding at the end:

''(c) SCIENCE EDUCATION ENHANCEMENT FUND.—The Secretary shall use not less than 0.2 percent of the amount made available to the Department for fiscal year 2006 and each fiscal year thereafter to carry out activities authorized by this part.''.

(b) AUTHORIZED EDUCATION ACTIVITIES.—Section 3165 of the Department of Energy Science Education Enhancement Act (42 U.S.C. 7381b) is amended by adding at the end the following:

''(14) Support competitive events for students under the supervision of teachers, designed to encourage student interest and knowledge in science and mathematics.

''(15) Support competitively-awarded, peer-reviewed programs to promote professional development for mathematics teachers and science teachers who teach in grades from kindergarten through grade 12 at Department research and development facilities.

''(16) Support summer internships at Department research and development facilities, for mathematics teachers and science teachers who teach in grades from kindergarten through grade 12.

''(17) Sponsor and assist in educational and training activities identified as critical skills needs for future workforce development at Department research and development facilities.''.

(c) EDUCATIONAL PARTNERSHIPS.—Section 3166(b) of the Department of Energy Science Education Enhancement Act (42 U.S.C. 7381c(b)) is amended—

(1) by striking paragraph (1) and inserting the following:

''(1) loaning or transferring equipment to the institution;'';

(2) in paragraph (5), by striking ''and'' at the end;

(3) in paragraph (6), by striking the period at the end and inserting ''; and''; and

(4) by adding at the end the following:

''(7) providing funds to educational institutions to hire personnel to facilitate interactions between local school systems, Department research and development facilities, and corporate and governmental entities.''.

(d) DEFINITION OF DEPARTMENT RESEARCH AND DEVELOPMENT FACILITIES.—Section 3167(3) of the Department of Energy Science Education Enhancement Act (42 U.S.C. 7381d(3)) is amended by striking ''from the Office of Science of the Department of Energy'' and inserting ''by the Department of Energy''.

(e) STUDY.—

(1) IN GENERAL.—The Secretary shall enter into an arrangement with the National Academy of Public Administration to conduct a study of the priorities, quality, local and regional flexibility, and plans for educational programs at Department research and development facilities.

(2) INCLUSION.—The study shall recommend measures that the Secretary may take to improve Department-wide coordination of educational, workforce development, and critical skills development activities.

(3) REPORT.—Not later than 2 years after the date of enactment of this Act, the Secretary shall submit to Congress a report on the results of the study conducted under this subsection.

On page 599, line 15, insert ''(as amended by section 1103(a))'' after ''7381a)''.

On page 599, line 17, strike ''(c)'' and insert ''(d)''.

On page 686, line 3, insert ''by the Commission'' after ''request''.

On page 755, after line 25, add the following:

SEC. 13___. STUDY OF LINK BETWEEN ENERGY SECURITY AND INCREASES IN VEHICLE MILES TRAVELED.

(a) IN GENERAL.—The Secretary shall enter into an arrangement with the National Academy of Sciences under which the Academy shall conduct a study to assess the implications on energy use and efficiency of land development patterns in the United States.

(b) SCOPE.—The study shall consider—

(1) the correlation, if any, between land development patterns and increases in vehicle miles traveled;

(2) whether petroleum use in the transportation sector can be reduced through changes in the design of development patterns;

(3) the potential benefits of—

(A) information and education programs for State and local officials (including planning officials) on the potential for energy savings through planning, design, development, and infrastructure decisions;

(B) incorporation of location efficiency models in transportation infrastructure planning and investments; and

(C) transportation policies and strategies to help transportation planners manage the demand for the number and length of vehicle trips, including trips that increase the viability of other means of travel; and

(4) such other considerations relating to the study topic as the National Academy of Sciences finds appropriate.

(c) REPORT.—Not later than 2 years after the date of enactment of this Act, the National Academy of Sciences shall submit to the Secretary and Congress a report on the study conducted under this section.

SEC. 13___. STUDY OF AVAILABILITY OF SKILLED WORKERS.

(a) IN GENERAL.—The Secretary shall enter into an arrangement with the National Academy of Sciences under which the National Academy of Sciences shall conduct a study of the short-term and long-term availability of skilled workers to meet the energy and mineral security requirements of the United States.

(b) INCLUSIONS.—The study shall include an analysis of—

(1) the need for and availability of workers for the oil, gas, and mineral industries;

(2) the availability of skilled labor at both entry level and more senior levels; and

(3) recommendations for future actions needed to meet future labor requirements.

(c) REPORT.—Not later than 2 years after the date of enactment of this Act, the Secretary shall submit to Congress a report that describes the results of the study.

NOTICES OF HEARINGS/MEETINGS

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. DOMENICI. Mr. President, I would like to announce for the information of the Senate and the public that an oversight hearing has been scheduled before the Committee on Energy and Natural Resources on Tuesday, July 19, at 10 a.m. in Room SD–366 of the Dirksen Senate Office Building in Washington, DC.

The purpose of the oversight hearing is to receive testimony regarding the effects of the U.S. nuclear testing program on the Marshall Islands.

Because of the limited time available for the hearing, witnesses may testify by invitation only. However, those wishing to submit written testimony for the hearing record should send two copies of their testimony to the Committee on Energy and Natural Resources, United States Senate, Washington, D.C. 20510–6150.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. INHOFE. Mr. President, I ask unanimous consent that the committee on Agriculture, Nutrition and Forestry be authorized to conduct a hearing during the session of the Senate on Wednesday, June 22, 2005 at 10 a.m. in SR–328A, Russell Senate Office Building. The purpose of this hearing will be to consider the nomination of Dr. Richard A. Raymond to be Under Secretary for food safety at the United States Department of Agriculture.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. INHOFE. Mr. President, I ask unanimous consent that the committee on Agriculture, Nutrition and Forestry be authorized to conduct a hearing during the session of the Senate at 10:30 a.m. on Wednesday, June 22, 2005, in SR–328A, Russell Senate Office Building. The purpose of this hearing will be to review the Livestock Manadatory Reporting Act 1999.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON FOREIGN RELATIONS

Mr. INHOFE. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorize to meet during the session of the Senate on Wednesday, June 22, 2005 at 9:30 a.m. to hold a business meeting.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

Mr. INHOFE. Mr. President, I ask unanimous consent that the Committee on Homeland Security and Governmental Affairs be authorized to meet on Wednesday, June 22, 2005, at 10 a.m. to hold a business meeting to consider pending committee business.

AGENDA

LEGISLATION

S. 662, Postal Accountability Enhancement Act; S. 457, Purchase Card Waste Elimination Act; S. 611, Emergency Medical Services Support Act; S. 37, a bill to extend the special postage stamp for breast cancer research for two years.

POST OFFICE NAMING BILLS

H.R. 1460, a bill to designate the facility of the U.S. Postal Service located at 6200 Rolling Road in Springfield, VA, as the ''Captain Mark Stubenhofer Post Office Building''.

S. 590/H.R. 1236, a bill to designate the facility of the U.S. Postal Service located at 750 4th Street in Sparks, NV, as the ''Mayor Tony Armstrong Memorial Post Office''.

S. 571, a bill to designate the facility of the U.S. Postal Service located at 1915 Fulton Street in Brooklyn, NY, as the ''Congresswoman Shirley A. Chisholm Post Office Building''.

S. 892/H.R. 324, a bill to designate the facility of the U.S. Postal Service located at 321 Montgomery Road in Altamonte Springs, FL, as the ''Arthur Stacey Mastrapa Post Office Building''.

S. 867/H.R. 289, a bill to designate the facility of the U.S. Postal Service located at 8200 South Vermont Avenue in Los Angeles, CA, as the ''Sergeant First Class John Marshall Post Office Building''.

S. 1207/H.R. 120, a bill to designate the facility of the U.S. Postal Service located at 20777 Rancho California Road in Temecula, CA, as the ''Dalip Singh Saund Post Office Building''.

S. 775, a bill to designate the facility of the U.S. Postal Service located at 123 West 7th Street in Holdenville, OK, as the ''Boone Pickens Post Office''.

S. 1206/H.R. 504, a bill to designate the facility of the U.S. Postal Service located at 4960 West Washington Boulevard in Los Angeles, CA, as the ''Ray Charles Post Office Building''.

H.R. 1001, a bill to designate the facility of the U.S. Postal Service located at 301 South Heatherwilde Boulevard in Pflugerville, TX, as the ''Sergeant Byron W. Norwood Post Office Building.''

HR. 1072, a bill to designate the facility of the U.S. Postal Service located at 151 West End Street in Goliad, TX, as the ''Judge Emilio Vargas Post Office Building.''

S. 904, a bill to designate the facility of the U.S. Postal Service located at 1560 Union Valley Road in West Milford, NJ, as the ''Brian P. Parrello Post Office Building.''

HR. 1542, a bill to designate the facility of the U.S. Postal Service located at 695 Pleasant Street in New Bedford, MA, as the ''Honorable Judge George N. Leighton Post Office Building.''

H.R. 1082, a bill to designate the facility of the U.S. Postal Service located at 120 East Illinois Avenue in Vinita, OK, as the ''Francis C. Goodpaster Post Office Building.''

H.R. 1524, a bill to designate the facility of the U.S. Postal Service at 12433 Antioch Road in Overland Park, KS, as the ''Ed Eilert Post Office Building.''

H.R. 627, a bill to designate the facility of the U.S. Postal Service located at 40 Putnam Avenue in Hamden, CT, as the ''Linda White-Epps Post Office.''

H.R. 2326, a bill to designate the facility of the U.S. Postal Service located at 614 West Old County Road in Belhaven, NC, as the ''Floyd Lupton Post Office.''

NOMINATIONS

Linda M. Combs to be Controller, Office of Federal Financial Management, Office of Management and Budget.

Linda M. Springer to be Director, Office of Personnel Management.

Laura A. Cordero to be Associate Judge, Superior Court of the District of Columbia.

Noel Anketell Kramer to be Associate Judge, District of Columbia Court of Appeals.