NOT VOTING—8

Collins (NY)	Deutch	Kildee
Cuellar	Joyce	Nadler
DeSantis	Kennedy	

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (during the vote). There are 2 minutes remaining.

□ 1105

Mr. MASSIE changed his vote from ''no'' to ''aye.''

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

MESSAGE FROM THE SENATE

A message from the Senate by Ms. Curtis, one of its clerks, announced that the Senate has passed without amendment a bill of the House of the following title:

H.R. 3831. An act to amend title XVIII of the Social Security Act to extend the annual comment period for payment rates under Medicare Advantage.

The message also announced that the Senate has passed a bill of the following title in which the concurrence of the House is requested:

S. 1616. An act to provide for the identification and prevention of improper payments and the identification of strategic sourcing opportunities by reviewing and analyzing the use of Federal agency charge cards.

MILITARY CONSTRUCTION AND VETERANS AFFAIRS AND RELATED AGENCIES APPROPRIATIONS ACT, 2016

Mr. BRADY of Texas. Mr. Speaker, pursuant to House Resolution 566, as the designee of the gentleman from Kentucky (Mr. ROGERS), I call up the bill (H.R. 2029) making appropriations for military construction, the Department of Veterans Affairs, and related agencies for the fiscal year ending September 30, 2016, and for other purposes, with the Senate amendment thereto, and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore (Mr. HULTGREN). The Clerk will designate the Senate amendment.

Senate amendment:

Strike all after the enacting clause and insert the following:

That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for military construction, the Department of Veterans Affairs, and related agencies for the fiscal year ending September 30, 2016, and for other purposes, namely:

TITLE I

DEPARTMENT OF DEFENSE

MILITARY CONSTRUCTION, ARMY

For acquisition, construction, installation, and equipment of temporary or permanent public works, military installations, facilities, and real property for the Army as currently authorized by law, including personnel in the Army Corps of Engineers and other personal services necessary for the purposes of this appropriation, and for construction and operation of facilities in support of the functions of the Commander in Chief, $663,245,000, to remain available until September 30, 2020: Provided, That, of this amount, not to exceed $109,245,000 shall be available for study, planning, design, architect and engineer services, and host nation support, as authorized by law, unless the Secretary of the Army determines that additional obligations are necessary for such purposes and notifies the Committees on Appropriations of both Houses of Congress of the determination and the reasons therefor.

MILITARY CONSTRUCTION, NAVY AND MARINE CORPS

For acquisition, construction, installation, and equipment of temporary or permanent public works, naval installations, facilities, and real property for the Navy and Marine Corps as currently authorized by law, including personnel in the Naval Facilities Engineering Command and other personal services necessary for the purposes of this appropriation, $1,619,699,000, to remain available until September 30, 2020: Provided, That, of this amount, not to exceed $91,649,000 shall be available for study, planning, design, and architect and engineer services, as authorized by law, unless the Secretary of the Navy determines that additional obligations are necessary for such purposes and notifies the Committees on Appropriations of both Houses of Congress of the determination and the reasons therefor.

MILITARY CONSTRUCTION, AIR FORCE

For acquisition, construction, installation, and equipment of temporary or permanent public works, military installations, facilities, and real property for the Air Force as currently authorized by law, $1,389,185,000, to remain available until September 30, 2020: Provided, That, of this amount, not to exceed $89,164,000 shall be available for study, planning, design, and architect and engineer services, as authorized by law, unless the Secretary of Air Force determines that additional obligations are necessary for such purposes and notifies the Committees on Appropriations of both Houses of Congress of the determination and the reasons therefor.

MILITARY CONSTRUCTION, DEFENSE-WIDE

(INCLUDING TRANSFER OF FUNDS)

For acquisition, construction, installation, and equipment of temporary or permanent public works, installations, facilities, and real property for activities and agencies of the Department of Defense (other than the military departments), as currently authorized by law, $2,290,767,000, to remain available until September 30, 2020: Provided, That such amounts of this appropriation as may be determined by the Secretary of Defense may be transferred to such appropriations of the Department of Defense available for military construction or family housing as the Secretary may designate, to be merged with and to be available for the same purposes, and for the same time period, as the appropriation or fund to which transferred: Provided further, That, of the amount appropriated, not to exceed $160,404,000 shall be available for study, planning, design, and architect and engineer services, as authorized by law, unless the Secretary of Defense determines that additional obligations are necessary for such purposes and notifies the Committees on Appropriations of both Houses of Congress of the determination and the reasons therefor.

MILITARY CONSTRUCTION, ARMY NATIONAL GUARD

For construction, acquisition, expansion, rehabilitation, and conversion of facilities for the training and administration of the Army National Guard, and contributions therefor, as authorized by chapter 1803 of title 10, United States Code, and Military Construction Authorization Acts, $197,237,000, to remain available until September 30, 2020: Provided, That, of the amount appropriated, not to exceed $20,337,000 shall be available for study, planning, design, and architect and engineer services, as authorized by law, unless the Director of the Army National Guard determines that additional obligations are necessary for such purposes and notifies the Committees on Appropriations of both Houses of Congress of the determination and the reasons therefor.

MILITARY CONSTRUCTION, AIR NATIONAL GUARD

For construction, acquisition, expansion, rehabilitation, and conversion of facilities for the training and administration of the Air National Guard, and contributions therefor, as authorized by chapter 1803 of title 10, United States Code, and Military Construction Authorization Acts, $138,738,000, to remain available until September 30, 2020: Provided, That, of the amount appropriated, not to exceed $5,104,000 shall be available for study, planning, design, and architect and engineer services, as authorized by law, unless the Director of the Air National Guard determines that additional obligations are necessary for such purposes and notifies the Committees on Appropriations of both Houses of Congress of the determination and the reasons therefor.

MILITARY CONSTRUCTION, ARMY RESERVE

For construction, acquisition, expansion, rehabilitation, and conversion of facilities for the training and administration of the Army Reserve as authorized by chapter 1803 of title 10, United States Code, and Military Construction Authorization Acts, $113,595,000, to remain available until September 30, 2020: Provided, That, of the amount appropriated, not to exceed $9,318,000 shall be available for study, planning, design, and architect and engineer services, as authorized by law, unless the Chief of the Army Reserve determines that additional obligations are necessary for such purposes and notifies the Committees on Appropriations of both Houses of Congress of the determination and the reasons therefor.

MILITARY CONSTRUCTION, NAVY RESERVE

For construction, acquisition, expansion, rehabilitation, and conversion of facilities for the training and administration of the reserve components of the Navy and Marine Corps as authorized by chapter 1803 of title 10, United States Code, and Military Construction Authorization Acts, $36,078,000, to remain available until September 30, 2020: Provided, That, of the amount appropriated, not to exceed $2,208,000 shall be available for study, planning, design, and architect and engineer services, as authorized by law, unless the Secretary of the Navy determines that additional obligations are necessary for such purposes and notifies the Committees on Appropriations of both Houses of Congress of the determination and the reasons therefor.

MILITARY CONSTRUCTION, AIR FORCE RESERVE

For construction, acquisition, expansion, rehabilitation, and conversion of facilities for the training and administration of the Air Force Reserve as authorized by chapter 1803 of title 10, United States Code, and Military Construction Authorization Acts, $65,021,000, to remain available until September 30, 2020: Provided, That, of the amount appropriated, not to exceed $13,400,000 shall be available for study, planning, design, and architect and engineer services, as authorized by law, unless the Chief of the Air Force Reserve determines that additional obligations are necessary for such purposes and notifies the Committees on Appropriations of both Houses of Congress of the determination and the reasons therefor.

NORTH ATLANTIC TREATY ORGANIZATION SECURITY INVESTMENT PROGRAM

For the United States share of the cost of the North Atlantic Treaty Organization Security Investment Program for the acquisition and construction of military facilities and installations

(including international military headquarters) and for related expenses for the collective defense of the North Atlantic Treaty Area as authorized by section 2806 of title 10, United States Code, and Military Construction Authorization Acts, $120,000,000, to remain available until expended.

FAMILY HOUSING CONSTRUCTION, ARMY

For expenses of family housing for the Army for construction, including acquisition, replacement, addition, expansion, extension, and alteration, as authorized by law, $99,695,000, to remain available until September 30, 2020.

FAMILY HOUSING OPERATION AND MAINTENANCE, ARMY

For expenses of family housing for the Army for operation and maintenance, including debt payment, leasing, minor construction, principal and interest charges, and insurance premiums, as authorized by law, $393,511,000.

FAMILY HOUSING CONSTRUCTION, NAVY AND MARINE CORPS

For expenses of family housing for the Navy and Marine Corps for construction, including acquisition, replacement, addition, expansion, extension, and alteration, as authorized by law, $16,541,000, to remain available until September 30, 2020.

FAMILY HOUSING OPERATION AND MAINTENANCE, NAVY AND MARINE CORPS

For expenses of family housing for the Navy and Marine Corps for operation and maintenance, including debt payment, leasing, minor construction, principal and interest charges, and insurance premiums, as authorized by law, $353,036,000.

FAMILY HOUSING CONSTRUCTION, AIR FORCE

For expenses of family housing for the Air Force for construction, including acquisition, replacement, addition, expansion, extension, and alteration, as authorized by law, $160,498,000, to remain available until September 30, 2020.

FAMILY HOUSING OPERATION AND MAINTENANCE, AIR FORCE

For expenses of family housing for the Air Force for operation and maintenance, including debt payment, leasing, minor construction, principal and interest charges, and insurance premiums, as authorized by law, $331,232,000.

FAMILY HOUSING OPERATION AND MAINTENANCE, DEFENSE-WIDE

For expenses of family housing for the activities and agencies of the Department of Defense (other than the military departments) for operation and maintenance, leasing, and minor construction, as authorized by law, $58,668,000.

DEPARTMENT OF DEFENSE BASE CLOSURE ACCOUNT

For deposit into the Department of Defense Base Closure Account 1990, established by section 2906(a) of the Defense Base Closure and Realignment Act of 1990 (10 U.S.C. 2687 note), $251,334,000, to remain available until expended.

ADMINISTRATIVE PROVISIONS

SEC. 101. None of the funds made available in this title shall be expended for payments under a cost-plus-a-fixed-fee contract for construction, where cost estimates exceed $25,000, to be performed within the United States, except Alaska, without the specific approval in writing of the Secretary of Defense setting forth the reasons therefor.

SEC. 102. Funds made available in this title for construction shall be available for hire of passenger motor vehicles.

SEC. 103. Funds made available in this title for construction may be used for advances to the Federal Highway Administration, Department of Transportation, for the construction of access roads as authorized by section 210 of title 23, United States Code, when projects authorized therein are certified as important to the national defense by the Secretary of Defense.

SEC. 104. None of the funds made available in this title may be used to begin construction of new bases in the United States for which specific appropriations have not been made.

SEC. 105. None of the funds made available in this title shall be used for purchase of land or land easements in excess of 100 percent of the value as determined by the Army Corps of Engineers or the Naval Facilities Engineering Command, except: (1) where there is a determination of value by a Federal court; (2) purchases negotiated by the Attorney General or the designee of the Attorney General; (3) where the estimated value is less than $25,000; or (4) as otherwise determined by the Secretary of Defense to be in the public interest.

SEC. 106. None of the funds made available in this title shall be used to: (1) acquire land; (2) provide for site preparation; or (3) install utilities for any family housing, except housing for which funds have been made available in annual Acts making appropriations for military construction.

SEC. 107. None of the funds made available in this title for minor construction may be used to transfer or relocate any activity from one base or installation to another, without prior notification to the Committees on Appropriations of both Houses of Congress.

SEC. 108. None of the funds made available in this title may be used for the procurement of steel for any construction project or activity for which American steel producers, fabricators, and manufacturers have been denied the opportunity to compete for such steel procurement.

SEC. 109. None of the funds available to the Department of Defense for military construction or family housing during the current fiscal year may be used to pay real property taxes in any foreign nation.

SEC. 110. None of the funds made available in this title may be used to initiate a new installation overseas without prior notification to the Committees on Appropriations of both Houses of Congress.

SEC. 111. None of the funds made available in this title may be obligated for architect and engineer contracts estimated by the Government to exceed $500,000 for projects to be accomplished in Japan, in any North Atlantic Treaty Organization member country, or in countries bordering the Arabian Gulf, unless such contracts are awarded to United States firms or United States firms in joint venture with host nation firms.

SEC. 112. None of the funds made available in this title for military construction in the United States territories and possessions in the Pacific and on Kwajalein Atoll, or in countries bordering the Arabian Gulf, may be used to award any contract estimated by the Government to exceed $1,000,000 to a foreign contractor: Provided, That this section shall not be applicable to contract awards for which the lowest responsive and responsible bid of a United States contractor exceeds the lowest responsive and responsible bid of a foreign contractor by greater than 20 percent: Provided further, That this section shall not apply to contract awards for military construction on Kwajalein Atoll for which the lowest responsive and responsible bid is submitted by a Marshallese contractor.

SEC. 113. The Secretary of Defense shall inform the appropriate committees of both Houses of Congress, including the Committees on Appropriations, of plans and scope of any proposed military exercise involving United States personnel 30 days prior to its occurring, if amounts expended for construction, either temporary or permanent, are anticipated to exceed $100,000.

SEC. 114. Not more than 20 percent of the funds made available in this title which are limited for obligation during the current fiscal year shall be obligated during the last 2 months of the fiscal year.

SEC. 115. Funds appropriated to the Department of Defense for construction in prior years shall be available for construction authorized for each such military department by the authorizations enacted into law during the current session of Congress.

SEC. 116. For military construction or family housing projects that are being completed with funds otherwise expired or lapsed for obligation, expired or lapsed funds may be used to pay the cost of associated supervision, inspection, overhead, engineering and design on those projects and on subsequent claims, if any.

SEC. 117. Notwithstanding any other provision of law, any funds made available to a military department or defense agency for the construction of military projects may be obligated for a military construction project or contract, or for any portion of such a project or contract, at any time before the end of the fourth fiscal year after the fiscal year for which funds for such project were made available, if the funds obligated for such project: (1) are obligated from funds available for military construction projects; and (2) do not exceed the amount appropriated for such project, plus any amount by which the cost of such project is increased pursuant to law.

(INCLUDING TRANSFER OF FUNDS)

SEC. 118. Subject to 30 days prior notification, or 14 days for a notification provided in an electronic medium pursuant to sections 480 and 2883 of title 10, United States Code, to the Committees on Appropriations of both Houses of Congress, such additional amounts as may be determined by the Secretary of Defense may be transferred to: (1) the Department of Defense Family Housing Improvement Fund from amounts appropriated for construction in ''Family Housing'' accounts, to be merged with and to be available for the same purposes and for the same period of time as amounts appropriated directly to the Fund; or (2) the Department of Defense Military Unaccompanied Housing Improvement Fund from amounts appropriated for construction of military unaccompanied housing in ''Military Construction'' accounts, to be merged with and to be available for the same purposes and for the same period of time as amounts appropriated directly to the Fund: Provided, That appropriations made available to the Funds shall be available to cover the costs, as defined in section 502(5) of the Congressional Budget Act of 1974, of direct loans or loan guarantees issued by the Department of Defense pursuant to the provisions of subchapter IV of chapter 169 of title 10, United States Code, pertaining to alternative means of acquiring and improving military family housing, military unaccompanied housing, and supporting facilities.

(INCLUDING TRANSFER OF FUNDS)

SEC. 119. In addition to any other transfer authority available to the Department of Defense, amounts may be transferred from the accounts established by sections 2906(a)(1) and 2906A(a)(1) of the Defense Base Closure and Realignment Act of 1990 (10 U.S.C. 2687 note), to the fund established by section 1013(d) of the Demonstration Cities and Metropolitan Development Act of 1966 (42 U.S.C. 3374) to pay for expenses associated with the Homeowners Assistance Program incurred under 42 U.S.C. 3374(a)(1)(A). Any amounts transferred shall be merged with and be available for the same purposes and for the same time period as the fund to which transferred.

SEC. 120. Notwithstanding any other provision of law, funds made available in this title for operation and maintenance of family housing shall be the exclusive source of funds for repair and maintenance of all family housing units, including general or flag officer quarters: Provided, That not more than $35,000 per unit may be spent annually for the maintenance and repair of any general or flag officer quarters without 30 days prior notification, or 14 days for a notification provided in an electronic medium pursuant to sections 480 and 2883 of title 10,

United States Code, to the Committees on Appropriations of both Houses of Congress, except that an after-the-fact notification shall be submitted if the limitation is exceeded solely due to costs associated with environmental remediation that could not be reasonably anticipated at the time of the budget submission: Provided further, That the Under Secretary of Defense (Comptroller) is to report annually to the Committees on Appropriations of both Houses of Congress all operation and maintenance expenditures for each individual general or flag officer quarters for the prior fiscal year.

SEC. 121. Amounts contained in the Ford Island Improvement Account established by subsection (h) of section 2814 of title 10, United States Code, are appropriated and shall be available until expended for the purposes specified in subsection (i)(1) of such section or until transferred pursuant to subsection (i)(3) of such section.

(INCLUDING TRANSFER OF FUNDS)

SEC. 122. During the 5-year period after appropriations available in this Act to the Department of Defense for military construction and family housing operation and maintenance and construction have expired for obligation, upon a determination that such appropriations will not be necessary for the liquidation of obligations or for making authorized adjustments to such appropriations for obligations incurred during the period of availability of such appropriations, unobligated balances of such appropriations may be transferred into the appropriation ''Foreign Currency Fluctuations, Construction, Defense'', to be merged with and to be available for the same time period and for the same purposes as the appropriation to which transferred.

SEC. 123. Amounts appropriated or otherwise made available in an account funded under the headings in this title may be transferred among projects and activities within the account in accordance with the reprogramming guidelines for military construction and family housing construction contained in Department of Defense Financial Management Regulation 7000.14–R, Volume 3, Chapter 7, of February 2009, as in effect on the date of enactment of this Act.

SEC. 124. None of the funds made available in this title may be obligated or expended for planning and design and construction of projects at Arlington National Cemetery.

SEC. 125. For an additional amount for ''Military Construction, Army'', $34,500,000, to remain available until September 30, 2020: Provided, That such funds may only be obligated to carry out construction projects, in priority order, identified in the Department of the Army's Unfunded Priority List for Fiscal Year 2016 submitted to Congress: Provided further, That such funding is subject to authorization prior to obligation and expenditure of funds to carry out construction: Provided further, That, not later than 30 days after enactment of this Act, the Secretary of the Army shall submit to the Committees on Appropriations of both Houses of Congress an expenditure plan for funds provided under this section.

SEC. 126. For an additional amount for ''Military Construction, Navy and Marine Corps'', $34,320,000, to remain available until September 30, 2020: Provided, That such funds may only be obligated to carry out construction projects, in priority order, identified in the Department of the Navy's Unfunded Priority List for fiscal year 2016: Provided further, That such funding is subject to authorization prior to obligation and expenditure of funds to carry out construction: Provided further, That, not later than 30 days after enactment of this Act, the Secretary of the Navy shall submit to the Committees on Appropriations of both Houses of Congress an expenditure plan for funds provided under this section.

SEC. 127. For an additional amount for ''Military Construction, Army National Guard'', $51,300,000, to remain available until September 30, 2020: Provided, That such funds may only be obligated to carry out construction projects, in priority order, identified in the Department of the Army's Unfunded Priority List for Fiscal Year 2016 submitted to Congress: Provided further, That such funding is subject to authorization prior to obligation and expenditure of funds to carry out construction: Provided further, That, not later than 30 days after enactment of this Act, the Secretary of the Army shall submit to the Committees on Appropriations of both Houses of Congress an expenditure plan for funds provided under this section.

SEC. 128. For an additional amount for ''Military Construction, Army Reserve'', $34,200,000, to remain available until September 30, 2020: Provided, That such funds may only be obligated to carry out construction projects, in priority order, identified in the Department of the Army's Unfunded Priority List for Fiscal Year 2016 submitted to Congress: Provided further, That such funding is subject to authorization prior to obligation and expenditure of funds to carry out construction: Provided further, That, not later than 30 days after enactment of this Act, the Secretary of the Army shall submit to the Committees on Appropriations of both Houses of Congress an expenditure plan for funds provided under this section.

(RESCISSIONS OF FUNDS)

SEC. 129. Of the unobligated balances available from prior Appropriations Acts (other than appropriations that were designated by the Congress as an emergency requirement or as being for Overseas Contingency Operations/Global War on Terrorism pursuant to a concurrent resolution on the budget or the Balanced Budget and Emergency Deficit Control Act of 1985) the following funds are hereby rescinded from the following accounts and programs in the specified amounts:

''Military Construction, Army'', $45,000,000;

''Military Construction, Air Force'', $46,400,000; and

''Military Construction, Defense-Wide'', $80,500,000.

(RESCISSION OF FUNDS)

SEC. 130. Of the unobligated balances made available in prior appropriations Acts for the fund established in section 1013(d) of the Demonstration Cities and Metropolitan Development Act of 1966 (42 U.S.C. 3374), $65,000,000 are hereby rescinded.

SEC. 131. Notwithstanding any other provision of law, none of the funds appropriated or otherwise made available by this or any other Act may be used to consolidate or relocate any element of a United States Air Force Rapid Engineer Deployable Heavy Operational Repair Squadron Engineer (RED HORSE) outside of the United States until the Secretary of the Air Force (1) completes an analysis and comparison of the cost and infrastructure investment required to consolidate or relocate a RED HORSE squadron outside of the United States versus within the United States; (2) provides to the Committees on Appropriations of both Houses of Congress (''the Committees'') a report detailing the findings of the cost analysis; and (3) certifies in writing to the Committees that the preferred site for the consolidation or relocation yields the greatest savings for the Air Force: Provided, That the term ''United States'' in this section does not include any territory or possession of the United States.

SEC. 132. For an additional amount for ''Military Construction, Air Force'', $21,000,000, to remain available until September 30, 2020: Provided, That such funds may only be obligated to carry out construction projects, in priority order, identified in the Department of the Air Force's Unfunded Priority List for Fiscal Year 2016 submitted to Congress: Provided further, That such funding is subject to authorization prior to obligation and expenditure of funds to carry out construction: Provided further, That not later than 30 days after enactment of this Act, the Secretary of the Air Force shall submit to the Committees on Appropriations of both Houses of Congress an expenditure plan for funds provided under this section.

SEC. 133. For an additional amount for ''Military Construction, Air National Guard'', $6,100,000, to remain available until September 30, 2020: Provided, That such funds may only be obligated to carry out construction projects, in priority order, identified in the Department of the Air Force's Unfunded Priority List for Fiscal Year 2016 submitted to Congress: Provided further, That such funding is subject to authorization prior to obligation and expenditure of funds to carry out construction: Provided further, That not later than 30 days after enactment of this Act, the Secretary of the Air Force shall submit to the Committees on Appropriations of both Houses of Congress an expenditure plan for funds provided under this section.

SEC. 134. For an additional amount for ''Military Construction, Air Force Reserve'', $10,400,000, to remain available until September 30, 2020: Provided, That such funds may only be obligated to carry out construction projects, in priority order, identified in the Department of the Air Force's Unfunded Priority List for Fiscal Year 2016 submitted to Congress: Provided further, That such funding is subject to authorization prior to obligation and expenditure of funds to carry out construction: Provided further, That not later than 30 days after enactment of this Act, the Secretary of the Air Force shall submit to the Committees on Appropriations of both Houses of Congress an expenditure plan for funds provided under this section.

TITLE II

DEPARTMENT OF VETERANS AFFAIRS

VETERANS BENEFITS ADMINISTRATION

COMPENSATION AND PENSIONS

(INCLUDING TRANSFER OF FUNDS)

For the payment of compensation benefits to or on behalf of veterans and a pilot program for disability examinations as authorized by section 107 and chapters 11, 13, 18, 51, 53, 55, and 61 of title 38, United States Code; pension benefits to or on behalf of veterans as authorized by chapters 15, 51, 53, 55, and 61 of title 38, United States Code; and burial benefits, the Reinstated Entitlement Program for Survivors, emergency and other officers' retirement pay, adjusted-service credits and certificates, payment of premiums due on commercial life insurance policies guaranteed under the provisions of title IV of the Servicemembers Civil Relief Act (50 U.S.C. App. 541 et seq.) and for other benefits as authorized by sections 107, 1312, 1977, and 2106, and chapters 23, 51, 53, 55, and 61 of title 38, United States Code, $166,271,436,000, to remain available until expended, of which $87,146,761,000 shall become available on October 1, 2016: Provided, That not to exceed $15,562,000 of the amount appropriated for fiscal year 2016 and $16,021,000 of the amount made available for fiscal year 2017 under this heading shall be reimbursed to ''General Operating Expenses, Veterans Benefits Administration'', and ''Information Technology Systems'' for necessary expenses in implementing the provisions of chapters 51, 53, and 55 of title 38, United States Code, the funding source for which is specifically provided as the ''Compensation and Pensions'' appropriation: Provided further, That such sums as may be earned on an actual qualifying patient basis, shall be reimbursed to ''Medical Care Collections Fund'' to augment the funding of individual medical facilities for nursing home care provided to pensioners as authorized.

READJUSTMENT BENEFITS

For the payment of readjustment and rehabilitation benefits to or on behalf of veterans as authorized by chapters 21, 30, 31, 33, 34, 35, 36, 39, 41, 51, 53, 55, and 61 of title 38, United States Code, $32,088,826,000, to remain available until expended, of which $16,743,904,000 shall become available on October 1, 2016: Provided, That expenses for rehabilitation program services and

assistance which the Secretary is authorized to provide under subsection (a) of section 3104 of title 38, United States Code, other than under paragraphs (1), (2), (5), and (11) of that subsection, shall be charged to this account.

VETERANS INSURANCE AND INDEMNITIES

For military and naval insurance, national service life insurance, servicemen's indemnities, service-disabled veterans insurance, and veterans mortgage life insurance as authorized by chapters 19 and 21, title 38, United States Code, $169,080,000, to remain available until expended, of which $91,920,000 shall become available on October 1, 2016.

VETERANS HOUSING BENEFIT PROGRAM FUND

For the cost of direct and guaranteed loans, such sums as may be necessary to carry out the program, as authorized by subchapters I through III of chapter 37 of title 38, United States Code: Provided, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: Provided further, That, during fiscal year 2016, within the resources available, not to exceed $500,000 in gross obligations for direct loans are authorized for specially adapted housing loans.

In addition, for administrative expenses to carry out the direct and guaranteed loan programs, $164,558,000.

VOCATIONAL REHABILITATION LOANS PROGRAM ACCOUNT

For the cost of direct loans, $31,000, as authorized by chapter 31 of title 38, United States Code: Provided, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: Provided further, That funds made available under this heading are available to subsidize gross obligations for the principal amount of direct loans not to exceed $2,952,381.

In addition, for administrative expenses necessary to carry out the direct loan program, $367,000, which may be paid to the appropriation for ''General Operating Expenses, Veterans Benefits Administration''.

NATIVE AMERICAN VETERAN HOUSING LOAN PROGRAM ACCOUNT

For administrative expenses to carry out the direct loan program authorized by subchapter V of chapter 37 of title 38, United States Code, $1,134,000.

VETERANS HEALTH ADMINISTRATION

MEDICAL SERVICES

For necessary expenses for furnishing, as authorized by law, inpatient and outpatient care and treatment to beneficiaries of the Department of Veterans Affairs and veterans described in section 1705(a) of title 38, United States Code, including care and treatment in facilities not under the jurisdiction of the Department, and including medical supplies and equipment, bioengineering services, food services, and salaries and expenses of healthcare employees hired under title 38, United States Code, aid to State homes as authorized by section 1741 of title 38, United States Code, assistance and support services for caregivers as authorized by section 1720G of title 38, United States Code, loan repayments authorized by section 604 of the Caregivers and Veterans Omnibus Health Services Act of 2010 (Public Law 111–163; 124 Stat. 1174; 38 U.S.C. 7681 note), and hospital care and medical services authorized by section 1787 of title 38, United States Code; $3,104,197,000, which shall be in addition to funds previously appropriated under this heading that become available on October 1, 2015; and, in addition, $51,673,000,000, plus reimbursements, shall become available on October 1, 2016, and shall remain available until September 30, 2017: Provided, That, of the amount made available on October 1, 2016, under this heading, $1,400,000,000 shall remain available until September 30, 2018: Provided further, That, notwithstanding any other provision of law, the Secretary of Veterans Affairs shall establish a priority for the provision of medical treatment for veterans who have service-connected disabilities, lower income, or have special needs: Provided further, That, notwithstanding any other provision of law, the Secretary of Veterans Affairs shall give priority funding for the provision of basic medical benefits to veterans in enrollment priority groups 1 through 6: Provided further, That, notwithstanding any other provision of law, the Secretary of Veterans Affairs may authorize the dispensing of prescription drugs from Veterans Health Administration facilities to enrolled veterans with privately written prescriptions based on requirements established by the Secretary: Provided further, That the implementation of the program described in the previous proviso shall incur no additional cost to the Department of Veterans Affairs: Provided further, That, of the amount made available on October 1, 2016, under this heading, not less than $900,000,000 shall be available for highly effective Hepatitis C Virus (HCV) clinical treatments including clinical treatments with modern medications that have significantly higher cure rates than older medications, are easier to prescribe, and have fewer and milder side effects: Provided further, That the Secretary of Veterans Affairs shall ensure that amounts appropriated to the Department of Veterans Affairs for medical supplies and equipment are allocated to ensure the provision of gender appropriate prosthetics.

MEDICAL SUPPORT AND COMPLIANCE

For necessary expenses in the administration of the medical, hospital, nursing home, domiciliary, construction, supply, and research activities, as authorized by law; administrative expenses in support of capital policy activities; and administrative and legal expenses of the Department for collecting and recovering amounts owed the Department as authorized under chapter 17 of title 38, United States Code, and the Federal Medical Care Recovery Act (42 U.S.C. 2651 et seq.), $6,524,000,000, plus reimbursements, shall become available on October 1, 2016, and shall remain available until September 30, 2017: Provided, That, of the amount made available on October 1, 2016, under this heading, $100,000,000 shall remain available until September 30, 2018.

MEDICAL FACILITIES

For necessary expenses for the maintenance and operation of hospitals, nursing homes, domiciliary facilities, and other necessary facilities of the Veterans Health Administration; for administrative expenses in support of planning, design, project management, real property acquisition and disposition, construction, and renovation of any facility under the jurisdiction or for the use of the Department; for oversight, engineering, and architectural activities not charged to project costs; for repairing, altering, improving, or providing facilities in the several hospitals and homes under the jurisdiction of the Department, not otherwise provided for, either by contract or by the hire of temporary employees and purchase of materials; for leases of facilities; and for laundry services, $5,074,000,000, plus reimbursements, shall become available on October 1, 2016, and shall remain available until September 30, 2017: Provided, That, of the amount made available on October 1, 2016, under this heading, $250,000,000 shall remain available until September 30, 2018.

MEDICAL AND PROSTHETIC RESEARCH

For necessary expenses in carrying out programs of medical and prosthetic research and development as authorized by chapter 73 of title 38, United States Code, $621,813,000, plus reimbursements, shall remain available until September 30, 2017: Provided, That such sums are allocated to ensure the provision of gender appropriate prosthetics and to conduct research related to toxic exposure.

NATIONAL CEMETERY ADMINISTRATION

For necessary expenses of the National Cemetery Administration for operations and maintenance, not otherwise provided for, including uniforms or allowances therefor; cemeterial expenses as authorized by law; purchase of one passenger motor vehicle for use in cemeterial operations; hire of passenger motor vehicles; and repair, alteration or improvement of facilities under the jurisdiction of the National Cemetery Administration, $266,220,000, of which not to exceed $26,600,000 shall remain available until September 30, 2017.

DEPARTMENTAL ADMINISTRATION

GENERAL ADMINISTRATION

(INCLUDING TRANSFER OF FUNDS)

For necessary operating expenses of the Department of Veterans Affairs, not otherwise provided for, including administrative expenses in support of Department-Wide capital planning, management and policy activities, uniforms, or allowances therefor; not to exceed $25,000 for official reception and representation expenses; hire of passenger motor vehicles; and reimbursement of the General Services Administration for security guard services, $311,591,000, of which not to exceed $10,000,000 shall remain available until September 30, 2017: Provided, That funds provided under this heading may be transferred to ''General Operating Expenses, Veterans Benefits Administration''.

BOARD OF VETERANS APPEALS

For necessary operating expenses of the Board of Veterans Appeals, $107,884,000, of which not to exceed $10,788,000 shall remain available until September 30, 2017.

GENERAL OPERATING EXPENSES, VETERANS BENEFITS ADMINISTRATION

For necessary operating expenses of the Veterans Benefits Administration, not otherwise provided for, including hire of passenger motor vehicles, reimbursement of the General Services Administration for security guard services, and reimbursement of the Department of Defense for the cost of overseas employee mail, $2,697,734,000: Provided, That expenses for services and assistance authorized under paragraphs (1), (2), (5), and (11) of section 3104(a) of title 38, United States Code, that the Secretary of Veterans Affairs determines are necessary to enable entitled veterans: (1) to the maximum extent feasible, to become employable and to obtain and maintain suitable employment; or (2) to achieve maximum independence in daily living, shall be charged to this account: Provided further, That, of the funds made available under this heading, not to exceed $160,000,000 shall remain available until September 30, 2017.

INFORMATION TECHNOLOGY SYSTEMS

For necessary expenses for information technology systems and telecommunications support, including developmental information systems and operational information systems; for pay and associated costs; and for the capital asset acquisition of information technology systems, including management and related contractual costs of said acquisitions, including contractual costs associated with operations authorized by section 3109 of title 5, United States Code, $4,106,363,000, plus reimbursements: Provided, That $1,115,757,000 shall be for pay and associated costs, of which not to exceed $34,800,000 shall remain available until September 30, 2017: Provided further, That $2,512,863,000 shall be for operations and maintenance, of which not to exceed $175,000,000 shall remain available until September 30, 2017: Provided further, That $477,743,000 shall be for information technology systems development, modernization, and enhancement, and shall remain available until September 30, 2017: Provided further, That amounts made available for information technology systems development, modernization, and enhancement may not be obligated or expended until the Secretary of Veterans Affairs or the

Chief Information Officer of the Department of Veterans Affairs submits to the Committees on Appropriations of both Houses of Congress a certification of the amounts, in parts or in full, to be obligated and expended for each development project: Provided further, That amounts made available for salaries and expenses, operations and maintenance, and information technology systems development, modernization, and enhancement may be transferred among the three subaccounts after the Secretary of Veterans Affairs requests from the Committees on Appropriations of both Houses of Congress the authority to make the transfer and an approval is issued: Provided further, That amounts made available for the ''Information Technology Systems'' account for development, modernization, and enhancement may be transferred among projects or to newly defined projects: Provided further, That no project may be increased or decreased by more than $1,000,000 of cost prior to submitting a request to the Committees on Appropriations of both Houses of Congress to make the transfer and an approval is issued, or absent a response, a period of 30 days has elapsed: Provided further, That funds under this heading may be used by the Interagency Program Office through the Department of Veterans Affairs to develop a standard data reference terminology model: Provided further, That, of the funds made available for information technology systems development, modernization, and enhancement for VistA Evolution, not more than 25 percent may be obligated or expended until the Secretary of Veterans Affairs submits to the Committees on Appropriations of both Houses of Congress, and such Committees approve, a report that describes: (1) the status of and changes to the VistA Evolution program plan dated March 24, 2014 (hereinafter referred to as the ''Plan''), the VistA 4 product roadmap dated February 26, 2015 (''Roadmap''), and the VistA 4 Incremental Life Cycle Cost Estimate, dated October 26, 2014; (2) any changes to the scope or functionality of projects within the VistA Evolution program as established in the Plan; (3) actual program costs incurred to date; (4) progress in meeting the schedule milestones that have been established in the Plan; (5) a Project Management Accountability System (PMAS) Dashboard Progress report that identifies each VistA Evolution project being tracked through PMAS, what functionality it is intended to provide, and what evaluation scores it has received throughout development; (6) the definition being used for interoperability between the electronic health record systems of the Department of Defense and the Department of Veterans Affairs, the metrics to measure the extent of interoperability, the milestones and timeline associated with achieving interoperability, and the baseline measurements associated with interoperability; (7) progress toward developing and implementing all components and levels of interoperability, including semantic interoperability; (8) the change management tools in place to facilitate the implementation of VistA Evolution and interoperability; and (9) any changes to the governance structure for the VistA Evolution program and its chain of decisionmaking authority: Provided further, That the funds made available under this heading for information technology systems development, modernization, and enhancement, shall be for the projects, and in the amounts, specified under this heading in the report accompanying this Act.

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General, to include information technology, in carrying out the provisions of the Inspector General Act of 1978 (5 U.S.C. App.), $126,766,000, of which $12,676,000 shall remain available until September 30, 2017.

CONSTRUCTION, MAJOR PROJECTS

For constructing, altering, extending, and improving any of the facilities, including parking projects, under the jurisdiction or for the use of the Department of Veterans Affairs, or for any of the purposes set forth in sections 316, 2404, 2406 and chapter 81 of title 38, United States Code, not otherwise provided for, including planning, architectural and engineering services, construction management services, maintenance or guarantee period services costs associated with equipment guarantees provided under the project, services of claims analysts, offsite utility and storm drainage system construction costs, and site acquisition, where the estimated cost of a project is more than the amount set forth in section 8104(a)(3)(A) of title 38, United States Code, or where funds for a project were made available in a previous major project appropriation, $1,027,064,000, of which $967,064,000 shall remain available until September 30, 2020, and of which $60,000,000 shall remain available until expended: Provided, That except for advance planning activities, including needs assessments which may or may not lead to capital investments, and other capital asset management related activities, including portfolio development and management activities, and investment strategy studies funded through the advance planning fund and the planning and design activities funded through the design fund, including needs assessments which may or may not lead to capital investments, and salaries and associated costs of the resident engineers who oversee those capital investments funded through this account, and funds provided for the purchase of land for the National Cemetery Administration through the land acquisition line item, none of the funds made available under this heading shall be used for any project which has not been approved by the Congress in the budgetary process: Provided further, That funds made available under this heading for fiscal year 2016, for each approved project shall be obligated: (1) by the awarding of a construction documents contract by September 30, 2016; and (2) by the awarding of a construction contract by September 30, 2017: Provided further, That the Secretary of Veterans Affairs shall promptly submit to the Committees on Appropriations of both Houses of Congress a written report on any approved major construction project for which obligations are not incurred within the time limitations established above: Provided further, That, of the amount made available on October 1, 2016, under this heading, $490,700,000 for Veterans Health Administration major construction projects shall not be available until the Secretary of Veterans Affairs:

(1) Enters into an agreement with the U.S. Army Corps of Engineers, to serve as the design and construction agent for Veterans Health Administration projects with a Total Estimated Cost of $250,000,000 or above.

(2) That such an agreement will designate the U.S. Army Corps of Engineers as the design and construction agent to serve as—

(A) the overall construction project manager, with a dedicated project delivery team including engineers, medical facility designers, and professional project managers;

(B) the facility design manager, with a dedicated design manager and technical support;

(C) the design agent, with standardized and rigorous facility designs;

(D) the architect/engineer designer; and

(E) the overall construction agent, with a dedicated construction and technical team during pre-construction, construction, and commissioning phases.

(3) Certifies in writing that such an agreement is in effect and will prevent subsequent major construction project cost overruns, provides a copy of the agreement entered into (and any required supplementary information) to the Committees on Appropriations of both Houses of Congress, and a period of 60 days has elapsed.

CONSTRUCTION, MINOR PROJECTS

For constructing, altering, extending, and improving any of the facilities, including parking projects, under the jurisdiction or for the use of the Department of Veterans Affairs, including planning and assessments of needs which may lead to capital investments, architectural and engineering services, maintenance or guarantee period services costs associated with equipment guarantees provided under the project, services of claims analysts, offsite utility and storm drainage system construction costs, and site acquisition, or for any of the purposes set forth in sections 316, 2404, 2406 and chapter 81 of title 38, United States Code, not otherwise provided for, where the estimated cost of a project is equal to or less than the amount set forth in section 8104(a)(3)(A) of title 38, United States Code, $378,080,000, to remain available until September 30, 2020, along with unobligated balances of previous ''Construction, Minor Projects'' appropriations which are hereby made available for any project where the estimated cost is equal to or less than the amount set forth in such section: Provided, That funds made available under this heading shall be for: (1) repairs to any of the nonmedical facilities under the jurisdiction or for the use of the Department which are necessary because of loss or damage caused by any natural disaster or catastrophe; and (2) temporary measures necessary to prevent or to minimize further loss by such causes.

GRANTS FOR CONSTRUCTION OF STATE EXTENDED CARE FACILITIES

For grants to assist States to acquire or construct State nursing home and domiciliary facilities and to remodel, modify, or alter existing hospital, nursing home, and domiciliary facilities in State homes, for furnishing care to veterans as authorized by sections 8131 through 8137 of title 38, United States Code, $100,000,000, to remain available until expended.

GRANTS FOR CONSTRUCTION OF VETERANS CEMETERIES

For grants to assist States and tribal organizations in establishing, expanding, or improving veterans cemeteries as authorized by section 2408 of title 38, United States Code, $46,000,000, to remain available until expended.

ADMINISTRATIVE PROVISIONS

(INCLUDING TRANSFER OF FUNDS)

SEC. 201. Any appropriation for fiscal year 2016 for ''Compensation and Pensions'', ''Readjustment Benefits'', and ''Veterans Insurance and Indemnities'' may be transferred as necessary to any other of the mentioned appropriations: Provided, That, before a transfer may take place, the Secretary of Veterans Affairs shall request from the Committees on Appropriations of both Houses of Congress the authority to make the transfer and such Committees issue an approval, or absent a response, a period of 30 days has elapsed.

(INCLUDING TRANSFER OF FUNDS)

SEC. 202. Amounts made available for the Department of Veterans Affairs for fiscal year 2016, in this Act or any other Act, under the ''Medical Services'', ''Medical support and compliance'', and ''Medical Facilities'' accounts may be transferred among the accounts: Provided, That any transfers between the ''Medical Services'' and ''Medical Support and Compliance'' accounts of 1 percent or less of the total amount appropriated to the account in this or any other Act may take place subject to notification from the Secretary of Veterans Affairs to the Committees on Appropriations of both Houses of Congress of the amount and purpose of the transfer: Provided further, That any transfers between the ''Medical Services'' and ''Medical Support and Compliance'' accounts in excess of 1 percent, or exceeding the cumulative 1 percent for the fiscal year, may take place only after the Secretary requests from the Committees on Appropriations of both Houses of Congress the authority to make the transfer and an approval is issued: Provided further, That

any transfers to or from the ''Medical Facilities'' account may take place only after the Secretary requests from the Committees on Appropriations of both Houses of Congress the authority to make the transfer and an approval is issued.

SEC. 203. Appropriations available in this title for salaries and expenses shall be available for services authorized by section 3109 of title 5, United States Code; hire of passenger motor vehicles; lease of a facility or land or both; and uniforms or allowances therefore, as authorized by sections 5901 through 5902 of title 5, United States Code.

SEC. 204. No appropriations in this title (except the appropriations for ''Construction, Major Projects'', and ''Construction, Minor Projects'') shall be available for the purchase of any site for or toward the construction of any new hospital or home.

SEC. 205. No appropriations in this title shall be available for hospitalization or examination of any persons (except beneficiaries entitled to such hospitalization or examination under the laws providing such benefits to veterans, and persons receiving such treatment under sections 7901 through 7904 of title 5, United States Code, or the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.)), unless reimbursement of the cost of such hospitalization or examination is made to the ''Medical Services'' account at such rates as may be fixed by the Secretary of Veterans Affairs.

SEC. 206. Appropriations available in this title for ''Compensation and pensions'', ''Readjustment benefits'', and ''Veterans insurance and indemnities'' shall be available for payment of prior year accrued obligations required to be recorded by law against the corresponding prior year accounts within the last quarter of fiscal year 2015.

SEC. 207. Appropriations available in this title shall be available to pay prior year obligations of corresponding prior year appropriations accounts resulting from sections 3328(a), 3334, and 3712(a) of title 31, United States Code, except that if such obligations are from trust fund accounts they shall be payable only from ''Compensation and Pensions''.

(INCLUDING TRANSFER OF FUNDS)

SEC. 208. Notwithstanding any other provision of law, during fiscal year 2016, the Secretary of Veterans Affairs shall, from the National Service Life Insurance Fund under section 1920 of title 38, United States Code, the Veterans' Special Life Insurance Fund under section 1923 of title 38, United States Code, and the United States Government Life Insurance Fund under section 1955 of title 38, United States Code, reimburse the ''General operating expenses, Veterans Benefits Administration'' and ''Information Technology Systems'' accounts for the cost of administration of the insurance programs financed through those accounts: Provided, That reimbursement shall be made only from the surplus earnings accumulated in such an insurance program during fiscal year 2016 that are available for dividends in that program after claims have been paid and actuarially determined reserves have been set aside: Provided further, That, if the cost of administration of such an insurance program exceeds the amount of surplus earnings accumulated in that program, reimbursement shall be made only to the extent of such surplus earnings: Provided further, That the Secretary shall determine the cost of administration for fiscal year 2016 which is properly allocable to the provision of each such insurance program and to the provision of any total disability income insurance included in that insurance program.

SEC. 209. Amounts deducted from enhanced-use lease proceeds to reimburse an account for expenses incurred by that account during a prior fiscal year for providing enhanced-use lease services, may be obligated during the fiscal year in which the proceeds are received.

(INCLUDING TRANSFER OF FUNDS)

SEC. 210. Funds available in this title or funds for salaries and other administrative expenses shall also be available to reimburse the Office of Resolution Management of the Department of Veterans Affairs and the Office of Employment Discrimination Complaint Adjudication under section 319 of title 38, United States Code, for all services provided at rates which will recover actual costs but not to exceed $43,700,000 for the Office of Resolution Management and $3,400,000 for the Office of Employment Discrimination Complaint Adjudication: Provided, That payments may be made in advance for services to be furnished based on estimated costs: Provided further, That amounts received shall be credited to the ''General Administration'' and ''Information Technology Systems'' accounts for use by the office that provided the service.

(TRANSFER OF FUNDS)

SEC. 211. Of the amounts made available to the Department of Veterans Affairs for fiscal year 2016 for the Office of Rural Health under the heading ''Medical Services'', including any advance appropriation for fiscal year 2016 provided in prior appropriation Acts, up to $20,000,000 may be transferred to and merged with funds appropriated under the heading ''Grants for Construction of State Extended Care Facilities''.

SEC. 212. No funds of the Department of Veterans Affairs shall be available for hospital care, nursing home care, or medical services provided to any person under chapter 17 of title 38, United States Code, for a non-service-connected disability described in section 1729(a)(2) of such title, unless that person has disclosed to the Secretary of Veterans Affairs, in such form as the Secretary may require, current, accurate third-party reimbursement information for purposes of section 1729 of such title: Provided, That the Secretary may recover, in the same manner as any other debt due the United States, the reasonable charges for such care or services from any person who does not make such disclosure as required: Provided further, That any amounts so recovered for care or services provided in a prior fiscal year may be obligated by the Secretary during the fiscal year in which amounts are received.

(INCLUDING TRANSFER OF FUNDS)

SEC. 213. Notwithstanding any other provision of law, proceeds or revenues derived from enhanced-use leasing activities (including disposal) may be deposited into the ''Construction, Major Projects'' and ''Construction, Minor Projects'' accounts and be used for construction (including site acquisition and disposition), alterations, and improvements of any medical facility under the jurisdiction or for the use of the Department of Veterans Affairs. Such sums as realized are in addition to the amount provided for in ''Construction, Major Projects'' and ''Construction, Minor Projects''.

SEC. 214. Amounts made available under ''Medical Services'' are available—

(1) for furnishing recreational facilities, supplies, and equipment; and

(2) for funeral expenses, burial expenses, and other expenses incidental to funerals and burials for beneficiaries receiving care in the Department.

(INCLUDING TRANSFER OF FUNDS)

SEC. 215. Such sums as may be deposited to the Medical Care Collections Fund pursuant to section 1729A of title 38, United States Code, may be transferred to ''Medical Services'', to remain available until expended for the purposes of that account: Provided, That, for fiscal year 2016, up to $27,000,000 deposited in the Department of Veterans Affairs Medical Care Collections Fund shall be transferred to ''Information Technology Systems'', to remain available until expended, for development of the Medical Care Collections Fund electronic data exchange provider and payer system.

SEC. 216. The Secretary of Veterans Affairs may enter into agreements with Indian tribes and tribal organizations which are party to the Alaska Native Health Compact with the Indian Health Service, and Indian tribes and tribal organizations serving rural Alaska which have entered into contracts with the Indian Health Service under the Indian Self Determination and Educational Assistance Act, to provide healthcare, including behavioral health and dental care. The Secretary shall require participating veterans and facilities to comply with all appropriate rules and regulations, as established by the Secretary. The term ''rural Alaska'' shall mean those lands sited within the external boundaries of the Alaska Native regions specified in sections 7(a)(1)–(4) and (7)–(12) of the Alaska Native Claims Settlement Act, as amended (43 U.S.C. 1606), and those lands within the Alaska Native regions specified in sections 7(a)(5) and 7(a)(6) of the Alaska Native Claims Settlement Act, as amended (43 U.S.C. 1606), which are not within the boundaries of the municipality of Anchorage, the Fairbanks North Star Borough, the Kenai Peninsula Borough or the Matanuska Susitna Borough.

(INCLUDING TRANSFER OF FUNDS)

SEC. 217. Such sums as may be deposited to the Department of Veterans Affairs Capital Asset Fund pursuant to section 8118 of title 38, United States Code, may be transferred to the ''Construction, Major Projects'' and ''Construction, Minor Projects'' accounts, to remain available until expended for the purposes of these accounts.

SEC. 218. None of the funds made available in this title may be used to implement any policy prohibiting the Directors of the Veterans Integrated Services Networks from conducting outreach or marketing to enroll new veterans within their respective Networks.

SEC. 219. The Secretary of Veterans Affairs shall submit to the Committees on Appropriations of both Houses of Congress a quarterly report on the financial status of the Veterans Health Administration.

(INCLUDING TRANSFER OF FUNDS)

SEC. 220. Amounts made available under the ''Medical Services'', ''Medical Support and Compliance'', ''Medical Facilities'', ''General Operating Expenses, Veterans Benefits Administration'', ''General Administration'', and ''National Cemetery Administration'' accounts for fiscal year 2016 may be transferred to or from the ''Information Technology Systems'' account: Provided, That, before a transfer may take place, the Secretary of Veterans Affairs shall request from the Committees on Appropriations of both Houses of Congress the authority to make the transfer and an approval is issued.

SEC. 221. None of the funds appropriated or otherwise made available by this Act or any other Act for the Department of Veterans Affairs may be used in a manner that is inconsistent with: (1) section 842 of the Transportation, Treasury, Housing and Urban Development, the Judiciary, the District of Columbia, and Independent Agencies Appropriations Act, 2006 (Public Law 109–115; 119 Stat. 2506); or (2) section 8110(a)(5) of title 38, United States Code.

SEC. 222. Of the amounts made available to the Department of Veterans Affairs for fiscal year 2016, in this Act or any other Act, under the ''Medical Facilities'' account for nonrecurring maintenance, not more than 20 percent of the funds made available shall be obligated during the last 2 months of that fiscal year: Provided, That the Secretary may waive this requirement after providing written notice to the Committees on Appropriations of both Houses of Congress.

(INCLUDING TRANSFER OF FUNDS)

SEC. 223. Of the amounts appropriated to the Department of Veterans Affairs for fiscal year 2016 for ''Medical Services'', ''Medical Support and Compliance'', ''Medical Facilities'', ''Construction, Minor Projects'', and ''Information

Technology Systems'', up to $266,303,000, plus reimbursements, may be transferred to the Joint Department of Defense-Department of Veterans Affairs Medical Facility Demonstration Fund, established by section 1704 of the National Defense Authorization Act for Fiscal Year 2010 (Public Law 111–84; 123 Stat. 3571) and may be used for operation of the facilities designated as combined Federal medical facilities as described by section 706 of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 (Public Law 110–417; 122 Stat. 4500): Provided, That additional funds may be transferred from accounts designated in this section to the Joint Department of Defense-Department of Veterans Affairs Medical Facility Demonstration Fund upon written notification by the Secretary of Veterans Affairs to the Committees on Appropriations of both Houses of Congress: Provided further, That section 223 of Title II of Division I of Public Law 113–235 is repealed.

(INCLUDING TRANSFER OF FUNDS)

SEC. 224. Of the amounts appropriated to the Department of Veterans Affairs which become available on October 1, 2016, for ''Medical Services'', ''Medical Support and Compliance'', and ''Medical Facilities'', up to $265,675,000, plus reimbursements, may be transferred to the Joint Department of Defense-Department of Veterans Affairs Medical Facility Demonstration Fund, established by section 1704 of the National Defense Authorization Act for Fiscal Year 2010 (Public Law 111–84; 123 Stat. 3571) and may be used for operation of the facilities designated as combined Federal medical facilities as described by section 706 of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 (Public Law 110–417; 122 Stat. 4500): Provided, That additional funds may be transferred from accounts designated in this section to the Joint Department of Defense-Department of Veterans Affairs Medical Facility Demonstration Fund upon written notification by the Secretary of Veterans Affairs to the Committees on Appropriations of both Houses of Congress.

(INCLUDING TRANSFER OF FUNDS)

SEC. 225. Such sums as may be deposited to the Medical Care Collections Fund pursuant to section 1729A of title 38, United States Code, for healthcare provided at facilities designated as combined Federal medical facilities as described by section 706 of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 (Public Law 110–417; 122 Stat. 4500) shall also be available: (1) for transfer to the Joint Department of Defense-Department of Veterans Affairs Medical Facility Demonstration Fund, established by section 1704 of the National Defense Authorization Act for Fiscal Year 2010 (Public Law 111–84; 123 Stat. 3571); and (2) for operations of the facilities designated as combined Federal medical facilities as described by section 706 of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 (Public Law 110–417; 122 Stat. 4500).

(TRANSFER OF FUNDS)

SEC. 226. Of the amounts available in this title for ''Medical Services'', ''Medical Support and Compliance'', and ''Medical Facilities'', a minimum of $15,000,000 shall be transferred to the DOD–VA Health Care Sharing Incentive Fund, as authorized by section 8111(d) of title 38, United States Code, to remain available until expended, for any purpose authorized by section 8111 of title 38, United States Code.

(INCLUDING RESCISSIONS OF FUNDS)

SEC. 227. (a) Of the funds appropriated in division I of Public Law 113–235, the following amounts which become available on October 1, 2015, are hereby rescinded from the following accounts in the amounts specified:

(1) ''Department of Veterans Affairs, Medical Services'', $1,400,000,000.

(2) ''Department of Veterans Affairs, Medical Support and Compliance'', $150,000,000.

(3) ''Department of Veterans Affairs, Medical Facilities'', $250,000,000.

(b) In addition to amounts provided elsewhere in this Act, an additional amount is appropriated to the following accounts in the amounts specified to remain available until September 30, 2017:

(1) ''Department of Veterans Affairs, Medical Services'', $1,400,000,000.

(2) ''Department of Veterans Affairs, Medical Support and Compliance'', $100,000,000.

(3) ''Department of Veterans Affairs, Medical Facilities'', $250,000,000.

SEC. 228. The Secretary of the Department of Veterans Affairs shall notify the Committees on Appropriations of both Houses of Congress of all bid savings in major construction projects that total at least $5,000,000, or 5 percent of the programmed amount of the project, whichever is less: Provided, That such notification shall occur within 14 days of a contract identifying the programmed amount: Provided further, That the Secretary shall notify the Committees on Appropriations of both Houses of Congress 14 days prior to the obligation of such bid savings and shall describe the anticipated use of such savings.

SEC. 229. The scope of work for a project included in ''Construction, Major Projects'' may not be increased above the scope specified for that project in the original justification data provided to the Congress as part of the request for appropriations.

SEC. 230. The Secretary of Veterans Affairs shall submit to the Committees on Appropriations of both Houses of Congress a quarterly report that contains the following information from each Veterans Benefits Administration Regional Office: (1) the average time to complete a disability compensation claim; (2) the number of claims pending more than 125 days; (3) error rates; (4) the number of claims personnel; (5) any corrective action taken within the quarter to address poor performance; (6) training programs undertaken; and (7) the number and results of Quality Review Team audits: Provided, That each quarterly report shall be submitted no later than 30 days after the end of the respective quarter.

SEC. 231. Of the funds provided to the Department of Veterans Affairs for fiscal year 2016 for ''Medical Services'' and ''Medical Support and Compliance'', a maximum of $5,000,000 may be obligated from the ''Medical Services'' account and a maximum of $154,596,000 may be obligated from the ''Medical Support and Compliance'' account for the VistA Evolution and electronic health record interoperability projects: Provided, That funds in addition to these amounts may be obligated for the VistA Evolution and electronic health record interoperability projects upon written notification by the Secretary of Veterans Affairs to the Committees on Appropriations of both Houses of Congress.

SEC. 232. The Secretary of Veterans Affairs shall provide written notification to the Committees on Appropriations of both Houses of Congress 15 days prior to organizational changes which result in the transfer of 25 or more full-time equivalents from one organizational unit of the Department of Veterans Affairs to another.

SEC. 233. The Secretary of Veterans Affairs shall provide on a quarterly basis to the Committees on Appropriations of both Houses of Congress notification of any single national outreach and awareness marketing campaign in which obligations exceed $2,000,000.

SEC. 234. Not more than $4,400,000 of the funds provided in this Act under the heading ''Department of Veterans Affairs—Departmental Administration—General Administration'' may be used for the Office of Congressional and Legislative Affairs.

SEC. 235. None of the funds available to the Department of Veterans Affairs, in this or any other Act, may be used to replace the current system by which the Veterans Integrated Service Networks select and contract for diabetes monitoring supplies and equipment.

(RESCISSIONS OF FUNDS)

SEC. 236. Of the discretionary funds made available in title II of division I of Public Law 113–235 for the Department of Veterans Affairs for fiscal year 2016, $198,000,000 are rescinded from ''Medical Services'', $42,000,000 are rescinded from ''Medical Support and Compliance'', and $15,000,000 are rescinded from ''Medical Facilities''.

(RESCISSIONS OF FUNDS)

SEC. 237. (a) There is hereby rescinded an aggregate amount of $55,000,000 from the total budget authority provided for fiscal year 2016 for discretionary accounts of the Department of Veterans Affairs in—

(1) this Act; or

(2) any advance appropriation for fiscal year 2016 in prior appropriation Acts.

(b) The Secretary shall submit to the Committees on Appropriations of both Houses of Congress a report specifying the account and amount of each rescission not later than 30 days following enactment of this Act.

(RESCISSION OF FUNDS)

SEC. 238. Of the unobligated balances available within the ''DOD–VA Health Care Sharing Incentive Fund'', $50,000,000 are hereby rescinded.

(RESCISSIONS OF FUNDS)

SEC. 239. Of the discretionary funds made available in title II of division I of Public Law 113–235 for the Department of Veterans Affairs for fiscal year 2015, $1,052,000 are rescinded from ''General Administration'', and $5,000,000 are rescinded from ''Construction, Minor Projects''.

(RESCISSIONS OF FUNDS)

SEC. 240. (a) There is hereby rescinded an aggregate amount of $90,293,000 from prior year unobligated balances available within discretionary accounts of the Department of Veterans Affairs;

(b) No funds may be rescinded from amounts provided under the following headings:

(1) ''Medical Services'';

(2) ''Medical and Prosthetic Research'';

(3) ''National Cemetery Administration'';

(4) ''Board of Veterans Appeals'';

(5) ''General Operating Expenses, Veterans Benefits Administration'';

(6) ''Office of Inspector General'';

(7) ''Grants for Construction of State Extended Care Facilities''; and

(8) ''Grants for Construction of Veterans Cemeteries''.

(c) No amounts may be rescinded from amounts that were designated by the Congress as an emergency requirement pursuant to the Concurrent Resolution on the Budget or the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

(d) The Secretary shall submit to the Committees on Appropriations of both Houses of Congress a report specifying the account and amount of each rescission not later than 30 days following enactment of this Act.

SEC. 241. Section 2302(a)(2)(A)(viii) of title 5, United States Code, is amended by inserting ''or under title 38'' after ''of this title''.

SEC. 242. The Department of Veterans Affairs is authorized to administer financial assistance grants and enter into cooperative agreements with organizations, utilizing a competitive selection process, to train and employ homeless and at-risk veterans in natural resource conservation management.

SEC. 243. Section 312 of title 38, United States Code, is amended by adding at the end the following new subsection:

''(c)(1) Whenever the Inspector General, in carrying out the duties and responsibilities established under the Inspector General Act of 1978 (5 U.S.C. App.), issues a work product that makes a recommendation or otherwise suggests corrective action, the Inspector General shall—

''(A) submit the work product to—

''(i) the Secretary;

''(ii) the Committee on Veterans' Affairs, the Committee on Homeland Security and Governmental Affairs, and the Committee on Appropriations of the Senate;

''(iii) the Committee on Veterans' Affairs, the Committee on Oversight and Government Reform, and the Committee on Appropriations of the House of Representatives;

''(iv) if the work product was initiated upon request by an individual or entity other than the Inspector General, that individual or entity; and

''(v) any Member of Congress upon request; and

''(B) the Inspector General shall submit all final work products to—

''(i) if the work product was initiated upon request by an individual or entity other than the Inspector General, that individual or entity; and

''(ii) any Member of Congress upon request; and

''(C) not later than 3 days after the work product is submitted in final form to the Secretary, post the work product on the Internet website of the Inspector General.

''(2) Nothing in this subsection shall be construed to authorize the public disclosure of information that is specifically prohibited from disclosure by any other provision of law.''.

SEC. 244. None of the funds provided in this Act may be used to pay the salary of any individual who (a) was the Executive Director of the Office of Acquisition, Logistics and Construction, and (b) who retired from Federal service in the midst of an investigation, initiated by the Department of Veterans Affairs, into delays and cost overruns associated with the design and construction of the new medical center in Aurora, Colorado.

SEC. 245. Of the amounts appropriated or otherwise made available to the Department of Veterans Affairs for the ''Medical Services'' account for fiscal year 2016 in this Act of any other Act, not less than $10,000,000 shall be used to hire additional caregiver support coordinators to support the programs of assistance and support for caregivers of veterans under section 1720G of title 38, United States Code.

SEC. 246. None of the funds appropriated or otherwise made available to the Department of Veterans Affairs in this Act may be used in a manner that would—

(1) interfere with the ability of a veteran to participate in a State-approved medicinal marijuana program;

(2) deny any services from the Department to a veteran who is participating in such a program; or

(3) limit or interfere with the ability of a health care provider of the Department to make appropriate recommendations, fill out forms, or take steps to comply with such a program.

SEC. 247. The Comptroller General of the United States shall conduct random, periodic audits of medical facilities of the Department of Veterans Affairs and the Veterans Integrated Service Networks to assess whether such facilities and Networks are complying with all standards imposed by law or by the Secretary of Veterans Affairs with respect to the timely access of veterans to hospital care, medical services, and other health care from the Department.

SEC. 248. None of the amounts appropriated or otherwise made available by this title may be used to transfer any amount from the Filipino Veterans Equity Compensation Fund to any other account in the Treasury of the United States.

SEC. 249. None of the amounts appropriated or otherwise made available by title II may be used to carry out the Home Marketing Incentive Program of the Department of Veterans Affairs or to carry out the Appraisal Value Offer Program of the Department with respect to an employee of the Department in a senior executive position (as defined in section 713(g) of title 38, United States Code).

SEC. 250. (a) Not later than one year after the date of the enactment of this Act, the Comptroller General of the United States shall submit to the congressional veterans committees a report evaluating the implementation by the Department of Veterans Affairs of section 101 of the Veterans Access, Choice, and Accountability Act of 2014 (Public Law 113–146; 38 U.S.C. 1701 note).

(b) The report required by subsection (a) shall include, with respect to the implementation of such section 101, an evaluation of the following:

(1) The effect of such implementation on the reduction in the use of purchased care by the Department, including delays or denials of care and interruptions in courses and continuity of care.

(2) The ability of health care providers to meet the demand for primary, specialty, and behavioral health care under such section 101 that cannot reasonably be provided in medical facilities of the Department.

(3) The efforts of the Department to recruit health care providers to provide health care under such section 101.

(4) The accuracy of the information provided to veterans through call centers regarding the receipt of health care under such section 101.

(5) The timeliness of referrals of veterans by the Department to health care providers under such section 101.

(6) Unique issues and difficulties in the implementation of section 101 with respect to veterans residing in rural areas, the States of Alaska and Hawaii and states lacking a full service VA Hospital.

(7) With respect to rural areas: (A) an identification of the average wait times for veterans in rural areas to receive health care under such section 101, measured from when the veteran first calls the Department or contracted call center to request an appointment; (B) an assessment of utilization rates for health care provided under such section 101 in rural areas; (C) an assessment of the accessibility of veterans in rural areas to primary and specialty care at medical centers of the Department and from non-Department health care providers under such section 101; (D) an assessment of the status of any pilot programs created by the Department to provide care under such section 101; (E) an identification of the number of health care providers providing health care under such section 101 to veterans in rural areas, broken out by primary care providers, specialty and subspecialty providers, and behavioral health providers in each Veterans Integrated Service Network.

(8) Recommendations for such improvements to the provision of health care under such section 101 as the Comptroller General considers appropriate.

(c) In this section, the term ''congressional veterans committees'' means the Veterans Affairs Committees of the United States Senate and the House of Representatives and the Subcommittee on Military Construction, Veterans Affairs and Related Agencies of the Committees on Appropriations of the United States Senate and the House of Representatives.

SEC. 251. Not later than February 1, 2016, the Secretary of Veterans Affairs shall submit to the Committee on Veterans' Affairs of the Senate and the Committee on Veterans' Affairs of the House of Representatives a report that supplements the report required under section 4002(c) of the Surface Transportation and Veterans Health Care Choice Improvement Act of 2015 (Public Law 114–41) and that contains the following:

(1) A description of the changes in access, if any, of veterans in Alaska to purchased care from the Department of Veterans Affairs that have resulted from implementation of section 101 of the Veterans Access, Choice, and Accountability Act of 2014 (Public Law 113–146), including denials of care and interruptions in the course and continuity of care.

(2) An assessment of the performance of the Department in providing health care under such section 101 in Alaska, including—

(A) the performance of call center service provided to veterans;

(B) the accuracy of call center information provided to veterans and health care providers;

(C) whether health care providers are agreeing to provide health care under such section 101 in each of the major communities in Alaska;

(D) gaps in the availability of health care providers, disaggregated by primary, specialty, subspecialty, and behavioral health care;

(E) impediments to the provision of health care under such section 101; and

(F) plans to mitigate those impediments.

(3) An assessment of the status of health care provider vacancies at the VA Alaska Healthcare System as of the date of submittal of the report under this section, including impediments to filling those vacancies and plans to mitigate those impediments.

(4) A description of the manner in which the Department plans to serve the primary, specialty, and behavioral health care needs of veterans in Alaska if the plan and recommendations set forth in the report submitted under such section 4002(c) are implemented, including a description of specific strategies to be employed by the Department to address gaps in the provision of health care to veterans and the supply and demand of health care providers for veterans, including the roles of tribal health providers and community providers in addressing those gaps.

SEC. 252. None of the amounts appropriated or otherwise made available by this title may be used—

(1) to carry out the memorandum of the Veterans Benefits Administration known as ''Fast Letter 13–10'', issued on May 20, 2013; or

(2) to create or maintain any patient record-keeping system other than those currently approved by the Department of Veterans Affairs Central Office in Washington, District of Columbia.

SEC. 253. (a) Not later than 180 days after the date of the enactment of this Act, the Comptroller General of the United States shall submit to Congress a report on the recruitment and retention of health care providers by the Department of Veterans Affairs.

(b) The report required by subsection (a) shall include the following:

(1) An identification of the ratio of veterans to health care providers of the Department, disaggregated by State.

(2) An analysis of the workload of primary and specialty care providers of the Department, disaggregated by State.

(3) An assessment of initiatives carried out by the Veterans Health Administration to recruit and retain health care providers of the Department.

(4) An assessment of the extent to which the Veterans Health Administration oversees health care providers of the Department.

(5) Such recommendations for improving the recruitment and retention of health care providers of the Department as the Comptroller General considers appropriate.

SEC. 254. (a) Not later than 180 days after the date of the enactment of this Act, the Secretary of Veterans Affairs shall submit to Congress a report on the implementation by the Department of Veterans Affairs of section 101 of the Veterans Access, Choice, and Accountability Act of 2014 (Public Law 113–146; 38 U.S.C. 1701 note) in rural areas.

(b) The report required by subsection (a) shall include the following:

(1) An identification of average wait times for veterans in rural areas to receive health care under such section 101, measured from when the veteran first calls the Department to schedule an appointment.

(2) An assessment of utilization rates for health care provided under such section 101 in rural areas.

(3) An assessment of the accessibility of veterans in rural areas to primary and specialty care at medical centers of the Department and from non-Department health care providers under such section 101.

(4) An identification of the number of health care providers providing health care under such section 101 in each Veterans Integrated Service Network.

(5) An assessment of the status of any pilot programs created by the Department to provide care under such section 101 in rural areas.

SEC. 255. REPORT ON USE OF SOCIAL SECURITY NUMBERS BY DEPARTMENT OF VETERANS AFFAIRS. (a) REPORT REQUIRED.—Not later than 120 days after the date of the enactment of this Act, the Secretary of Veterans Affairs shall submit to the appropriate committees of Congress a report on the use of social security numbers by the Department of Veterans Affairs and the plans of the Secretary to discontinue the unnecessary use.

(b) CONTENTS.—The report required by subsection (a) shall include the following:

(1) A list of documents and records of the Department of Veterans Affairs that contain social security numbers.

(2) A list of all government and non-government entities and the numbers of their employees that have access to the social security numbers of veterans that are stored by the Department.

(3) A description of how the Department, other governmental entities, and persons use social security numbers they obtain from the Department, including a description of any information sharing arrangements that the Secretary may have with the heads of other governmental entities.

(4) The number of data breaches of Department of Veterans Affairs information systems that involved social security numbers that occurred during the five-year period ending on the date of the enactment of this Act that the Secretary discovered or that were reported to the Secretary, a description and status of the investigations conducted by the Secretary regarding such breaches, and a description of the plans of the Secretary to remediate such breaches.

(5) The plans of the Secretary, including a timeline, to discontinue the unnecessary use by the Department of social security numbers.

(c) APPROPRIATE COMMITTEES OF CONGRESS DEFINED.—In this section, the term ''appropriate committees of Congress'' means—

(1) the Committee on Veterans' Affairs and the Committee on Appropriations of the Senate; and

(2) the Committee on Veterans' Affairs and the Committee on Appropriations of the House of Representatives.

SEC. 256. (a) Not later than 30 days after the date of the enactment of this Act, the Secretary of Veterans Affairs shall submit to the appropriate committees of Congress a report that includes, with respect to the South Texas Veterans Health Care System of the Department of Veterans Affairs, the following:

(1) A description of the nature and scope of any foreseeable increase in wait times for medical appointments.

(2) An assessment of whether a shortage of health care providers is the primary cause of any such increase in wait times.

(3) An identification of any other causes of any such increase in wait times.

(4) A description of any action taken by the Department to correct any such increase in wait times.

(5) An assessment of any issues relating to access to care.

(6) A plan for how the Secretary will remedy any such increase in wait times, including a detailed description of steps to be taken and a timeline for completion.

(b) In this section, the term ''appropriate committees of Congress'' means—

(1) the Committee on Appropriations and the Committee on Veterans' Affairs of the Senate; and

(2) the Committee on Appropriations and the Committee on Veterans' Affairs of the House of Representatives.

SEC. 257. (a) Not later than 30 days after the date of the enactment of this Act, the Secretary of Veterans Affairs shall, in consultation with the Secretary of Defense, enter into a contract with an independent third party described in subsection (b) to carry out a study on the impact of participation in combat during service in the Armed Forces on suicides and other mental health issues among members of the Armed Forces and veterans.

(b) An independent third party described in this subsection is an independent third party that has appropriate credentials to access information in the possession of the Department of Defense and the Department of Veterans Affairs that is necessary to carry out the study required under subsection (a).

SEC. 258. (a) The amount appropriated or otherwise made available by this title under the heading ''MEDICAL AND PROSTHETIC RESEARCH'' under the heading ''VETERANS HEALTH ADMINISTRATION'' is hereby increased by $8,922,462.

(b) The amount appropriated or otherwise made available by this title for fiscal year 2016 under the heading ''MEDICAL SERVICES'' under the heading ''VETERANS HEALTH ADMINISTRATION'' is hereby reduced by $8,922,462.

SEC. 259. Of the amounts appropriated or otherwise made available by this title for ''MEDICAL SERVICES'', not more than $5,000,000 shall be available to the Secretary of Veterans Affairs to carry out a pilot program to assess the feasibility and advisability of awarding grants to veterans service agencies, veterans service organizations, and nongovernmental organizations to provide furniture, household items, and other assistance to formerly homeless veterans who are moving into permanent housing to facilitate the settlement of such veterans in such housing.

SEC. 260. DEPARTMENT OF VETERANS AFFAIRS ACTION PLAN TO IMPROVE VOCATIONAL REHABILITATION AND EDUCATION. (a) IN GENERAL.—Not later than 270 days after the date of the enactment of this Act, the Secretary of Veterans Affairs shall develop and publish an action plan for improving the services and assistance provided under chapter 31 of title 38, United States Code.

(b) ELEMENTS.—The plan required by subsection (a) shall include each of the following:

(1) A comprehensive analysis of, and recommendations and a proposed implementation plan for remedying workload management challenges at regional offices of the Department of Veterans Affairs, including steps to reduce counselor caseloads of veterans participating in a rehabilitation program under such chapter, particularly for counselors who are assisting veterans with traumatic brain injury and post-traumatic stress disorder and counselors with educational and vocational counseling workloads.

(2) A comprehensive analysis of the reasons for the disproportionately low percentage of veterans with service-connected disabilities who served in the Armed Forces after September 11, 2001, who opt to participate in a rehabilitation program under such chapter relative to the percentage of such veterans who use their entitlement to educational assistance under chapter 33 of title 38, United States Code, including an analysis of barriers to timely enrollment in rehabilitation programs under chapter 31 of such title and of any barriers to a veteran enrolling in the program of that veteran's choice.

(3) Recommendations and a proposed implementation plan for encouraging more veterans with service-connected disabilities who served in the Armed Forces after September 11, 2001, to participate in rehabilitation programs under chapter 31 of such title.

(4) A national staff training program for vocational rehabilitation counselors of the Department that includes the provision of—

(A) training to assist counselors in understanding the very profound disorientation experienced by veterans with service-connected disabilities whose lives and life-plans have been upended and out of their control because of such disabilities;

(B) training to assist counselors in working in partnership with veterans on individual rehabilitation plans; and

(C) training on post-traumatic stress disorder and other mental health conditions and on moderate to severe traumatic brain injury that is designed to improve the ability of such counselors to assist veterans with these conditions, including by providing information on the broad spectrum of such conditions and the effect of such conditions on an individual's abilities and functional limitations.

TITLE III

RELATED AGENCIES

AMERICAN BATTLE MONUMENTS COMMISSION

SALARIES AND EXPENSES

For necessary expenses, not otherwise provided for, of the American Battle Monuments Commission, including the acquisition of land or interest in land in foreign countries; purchases and repair of uniforms for caretakers of national cemeteries and monuments outside of the United States and its territories and possessions; rent of office and garage space in foreign countries; purchase (one-for-one replacement basis only) and hire of passenger motor vehicles; not to exceed $7,500 for official reception and representation expenses; and insurance of official motor vehicles in foreign countries, when required by law of such countries, $75,100,000, to remain available until expended.

FOREIGN CURRENCY FLUCTUATIONS ACCOUNT

For necessary expenses, not otherwise provided for, of the American Battle Monuments Commission, such sums as may be necessary, to remain available until expended, for purposes authorized by section 2109 of title 36, United States Code.

UNITED STATES COURT OF APPEALS FOR VETERANS CLAIMS

SALARIES AND EXPENSES

For necessary expenses for the operation of the United States Court of Appeals for Veterans Claims as authorized by sections 7251 through 7298 of title 38, United States Code, $32,141,000: Provided, That $2,500,000 shall be available for the purpose of providing financial assistance as described, and in accordance with the process and reporting procedures set forth, under this heading in Public Law 102–229.

DEPARTMENT OF DEFENSE—CIVIL

CEMETERIAL EXPENSES, ARMY

SALARIES AND EXPENSES

For necessary expenses for maintenance, operation, and improvement of Arlington National Cemetery and Soldiers' and Airmen's Home National Cemetery, including the purchase or lease of passenger motor vehicles for replacement on a one-for-one basis only, and not to exceed $1,000 for official reception and representation expenses, $70,800,000, of which not to exceed $28,000,000 shall remain available until September 30, 2018. In addition, such sums as may be necessary for parking maintenance, repairs and replacement, to be derived from the ''Lease of Department of Defense Real Property for Defense Agencies'' account.

ARMED FORCES RETIREMENT HOME

TRUST FUND

For expenses necessary for the Armed Forces Retirement Home to operate and maintain the Armed Forces Retirement Home—Washington, District of Columbia, and the Armed Forces Retirement Home—Gulfport, Mississippi, to be paid from funds available in the Armed Forces Retirement Home Trust Fund, $64,300,000, of which $1,000,000 shall remain available until expended for construction and renovation of the physical plants at the Armed Forces Retirement Home—

Washington, District of Columbia, and the Armed Forces Retirement Home—Gulfport, Mississippi.

ADMINISTRATIVE PROVISIONS

SEC. 301. Funds appropriated in this Act under the heading ''Department of Defense—Civil, Cemeterial Expenses, Army'', may be provided to Arlington County, Virginia, for the relocation of the federally owned water main at Arlington National Cemetery, making additional land available for ground burials.

SEC. 302. Amounts deposited during the current fiscal year to the special account established under 10 U.S.C. 4727 are appropriated and shall be available until expended to support activities at the Army National Military Cemeteries.

SEC. 303. For an additional amount for ''Department of Defense—Civil Cemeterial Expenses, Army'' in this title, $30,000,000: Provided, That notwithstanding any other provision of law, such funds may be transferred to the Federal Highway Administration, Department of Transportation, for construction of access roads adjacent to Arlington National Cemetery to support land acquisition for the expansion of the cemetery.

TITLE IV

GENERAL PROVISIONS

SEC. 401. No part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.

SEC. 402. None of the funds made available in this Act may be used for any program, project, or activity, when it is made known to the Federal entity or official to which the funds are made available that the program, project, or activity is not in compliance with any Federal law relating to risk assessment, the protection of private property rights, or unfunded mandates.

SEC. 403. Such sums as may be necessary for fiscal year 2016 for pay raises for programs funded by this Act shall be absorbed within the levels appropriated in this Act.

SEC. 404. No part of any funds appropriated in this Act shall be used by an agency of the executive branch, other than for normal and recognized executive-legislative relationships, for publicity or propaganda purposes, and for the preparation, distribution, or use of any kit, pamphlet, booklet, publication, radio, television, or film presentation designed to support or defeat legislation pending before Congress, except in presentation to Congress itself.

SEC. 405. All departments and agencies funded under this Act are encouraged, within the limits of the existing statutory authorities and funding, to expand their use of ''E-Commerce'' technologies and procedures in the conduct of their business practices and public service activities.

SEC. 406. Unless stated otherwise, all reports and notifications required by this Act shall be submitted to the Subcommittee on Military Construction and Veterans Affairs, and Related Agencies of the Committee on Appropriations of the House of Representatives and the Subcommittee on Military Construction and Veterans Affairs, and Related Agencies of the Committee on Appropriations of the Senate.

SEC. 407. None of the funds made available in this Act may be transferred to any department, agency, or instrumentality of the United States Government except pursuant to a transfer made by, or transfer authority provided in, this or any other appropriations Act.

SEC. 408. (a) Any agency receiving funds made available in this Act, shall, subject to subsections (b) and (c), post on the public Web site of that agency any report required to be submitted by the Congress in this or any other Act, upon the determination by the head of the agency that it shall serve the national interest.

(b) Subsection (a) shall not apply to a report if—

(1) the public posting of the report compromises national security; or

(2) the report contains confidential or proprietary information.

(c) The head of the agency posting such report shall do so only after such report has been made available to the requesting Committee or Committees of Congress for no less than 45 days.

SEC. 409. (a) None of the funds made available in this Act may be used to maintain or establish a computer network unless such network blocks the viewing, downloading, and exchanging of pornography.

(b) Nothing in subsection (a) shall limit the use of funds necessary for any Federal, State, tribal, or local law enforcement agency or any other entity carrying out criminal investigations, prosecution, or adjudication activities.

SEC. 410. (a) IN GENERAL.—None of the funds appropriated or otherwise made available to the Department of Defense in this Act may be used to construct, renovate, or expand any facility in the United States, its territories, or possessions to house any individual detained at United States Naval Station, Guantánamo Bay, Cuba, for the purposes of detention or imprisonment in the custody or under the control of the Department of Defense.

(b) The prohibition in subsection (a) shall not apply to any modification of facilities at United States Naval Station, Guantánamo Bay, Cuba.

(c) An individual described in this subsection is any individual who, as of June 24, 2009, is located at United States Naval Station, Guantánamo Bay, Cuba, and who—

(1) is not a citizen of the United States or a member of the Armed Forces of the United States; and

(2) is—

(A) in the custody or under the effective control of the Department of Defense; or

(B) otherwise under detention at United States Naval Station, Guantánamo Bay, Cuba.

This Act may be cited as the ''Military Construction, Veterans Affairs, and Related Agencies Appropriations Act, 2016''.

MOTION OFFERED BY MR. BRADY OF TEXAS

Mr. BRADY of Texas. Mr. Speaker, I have a motion at the desk.

The SPEAKER pro tempore. The Clerk will designate the motion.

The text of the motion is as follows:

Mr. BRADY of Texas moves that the House concur in the Senate amendment to H.R. 2029 with the amendments specified in section 3 of House Resolution 566.

The text of House amendment No. 2 to the Senate amendment to the text is as follows:

At the end of House amendment #1, insert the following:

DIVISION Q—PROTECTING AMERICANS FROM TAX HIKES ACT OF 2015

SECTION 1. SHORT TITLE, ETC.

(a) SHORT TITLE.—This division may be cited as the ''Protecting Americans from Tax Hikes Act of 2015''.

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this division 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.

(c) TABLE OF CONTENTS.—The table of contents for this division is as follows:

TITLE I—EXTENDERS

Subtitle A—Permanent Extensions

PART 1—TAX RELIEF FOR FAMILIES AND INDIVIDUALS

SEC. 101. ENHANCED CHILD TAX CREDIT MADE PERMANENT.

(a) IN GENERAL.—Section 24(d)(1)(B)(i) is amended by striking ''$10,000'' and inserting ''$3,000''.

(b) CONFORMING AMENDMENT.—Section 24(d) is amended by striking paragraphs (3) and (4).

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

SEC. 102. ENHANCED AMERICAN OPPORTUNITY TAX CREDIT MADE PERMANENT.

(a) IN GENERAL.—Section 25A(i) is amended by striking ''and before 2018''.

(b) TREATMENT OF POSSESSIONS.—Section 1004(c)(1) of division B of the American Recovery and Reinvestment Tax Act of 2009 by striking ''and before 2018'' each place it appears.

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

SEC. 103. ENHANCED EARNED INCOME TAX CREDIT MADE PERMANENT.

(a) INCREASE IN CREDIT PERCENTAGE FOR 3 OR MORE QUALIFYING CHILDREN MADE PERMANENT.—Section 32(b)(1) is amended to read as follows:

''(1) PERCENTAGES.—The credit percentage and the phaseout percentage shall be determined as follows:

''In the case of an eligible individual with:	The credit percentage is:	The phaseout percentage is:
1 qualifying child	34	15.98
2 qualifying children	40	21.06
3 or more qualifying children	45	21.06
No qualifying children	7.65	7.65''.

(b) REDUCTION OF MARRIAGE PENALTY MADE PERMANENT.—

(1) IN GENERAL.—Section 32(b)(2)(B) is amended to read as follows:

''(B) JOINT RETURNS.—

''(i) IN GENERAL.—In the case of a joint return filed by an eligible individual and such individual's spouse, the phaseout amount determined under subparagraph (A) shall be increased by $5,000.

''(ii) INFLATION ADJUSTMENT.—In the case of any taxable year beginning after 2015, the $5,000 amount in clause (i) 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 the calendar year in which the taxable year begins determined by substituting 'calendar year 2008' for 'calendar year 1992' in subparagraph (B) thereof.

''(iii) ROUNDING.—Subparagraph (A) of subsection (j)(2) shall apply after taking into account any increase under clause (ii).''.

(c) CONFORMING AMENDMENT.—Section 32(b) is amended by striking paragraph (3).

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2015.

SEC. 104. EXTENSION AND MODIFICATION OF DEDUCTION FOR CERTAIN EXPENSES OF ELEMENTARY AND SECONDARY SCHOOL TEACHERS.

(a) DEDUCTION MADE PERMANENT.—Section 62(a)(2)(D) is amended by striking ''In the case of taxable years beginning during 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, or 2014, the deductions'' and inserting ''The deductions''.

(b) INFLATION ADJUSTMENT.—Section 62(d) is amended by adding at the end the following new paragraph:

''(3) INFLATION ADJUSTMENT.—In the case of any taxable year beginning after 2015, the $250 amount in subsection (a)(2)(D) shall be increased by an amount equal to—

''(A) such dollar amount, multiplied by

''(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2014' for 'calendar year 1992' in subparagraph (B) thereof.

Any increase determined under the preceding sentence shall be rounded to the nearest multiple of $50.''.

(c) PROFESSIONAL DEVELOPMENT EXPENSES.—Section 62(a)(2)(D) is amended—

(1) by striking ''educator in connection'' and all that follows and inserting ''educator—'', and

(2) by inserting at the end the following:

''(i) by reason of the participation of the educator in professional development courses related to the curriculum in which the educator provides instruction or to the students for which the educator provides instruction, and

''(ii) in connection with books, supplies (other than nonathletic supplies for courses of instruction in health or physical education), computer equipment (including related software and services) and other equipment, and supplementary materials used by the eligible educator in the classroom.''.

(d) EFFECTIVE DATES.—

(1) EXTENSION.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2014.

(2) MODIFICATIONS.—The amendments made by subsections (b) and (c) shall apply to taxable years beginning after December 31, 2015.

SEC. 105. EXTENSION OF PARITY FOR EXCLUSION FROM INCOME FOR EMPLOYER-PROVIDED MASS TRANSIT AND PARKING BENEFITS.

(a) MASS TRANSIT AND PARKING PARITY.—Section 132(f)(2) is amended—

(1) by striking ''$100'' in subparagraph (A) and inserting ''$175'', and

(2) by striking the last sentence.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to months after December 31, 2014.

SEC. 106. EXTENSION OF DEDUCTION OF STATE AND LOCAL GENERAL SALES TAXES.

(a) IN GENERAL.—Section 164(b)(5) is amended by striking subparagraph (I).

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2014.

PART 2—INCENTIVES FOR CHARITABLE GIVING

SEC. 111. EXTENSION AND MODIFICATION OF SPECIAL RULE FOR CONTRIBUTIONS OF CAPITAL GAIN REAL PROPERTY MADE FOR CONSERVATION PURPOSES.

(a) MADE PERMANENT.—

(1) INDIVIDUALS.—Section 170(b)(1)(E) is amended by striking clause (vi).

(2) CORPORATIONS.—Section 170(b)(2)(B) is amended by striking clause (iii).

(b) CONTRIBUTIONS OF CAPITAL GAIN REAL PROPERTY MADE FOR CONSERVATION PURPOSES BY NATIVE CORPORATIONS.—

(1) IN GENERAL.—Section 170(b)(2) is amended by redesignating subparagraph (C) as subparagraph (D), and by inserting after subparagraph (B) the following new subparagraph:

''(C) QUALIFIED CONSERVATION CONTRIBUTIONS BY CERTAIN NATIVE CORPORATIONS.—

''(i) IN GENERAL.—Any qualified conservation contribution (as defined in subsection (h)(1)) which—

''(I) is made by a Native Corporation, and

''(II) is a contribution of property which was land conveyed under the Alaska Native Claims Settlement Act,

shall be allowed to the extent that the aggregate amount of such contributions does not exceed the excess of the taxpayer's taxable income over the amount of charitable contributions allowable under subparagraph (A).

''(ii) CARRYOVER.—If the aggregate amount of contributions described in clause (i) exceeds the limitation of clause (i), such excess shall be treated (in a manner consistent with the rules of subsection (d)(2)) as a charitable contribution to which clause (i) applies in each of the 15 succeeding taxable years in order of time.

''(iii) NATIVE CORPORATION.—For purposes of this subparagraph, the term 'Native Corporation' has the meaning given such term by section 3(m) of the Alaska Native Claims Settlement Act.''.

(2) CONFORMING AMENDMENTS.—

(A) Section 170(b)(2)(A) is amended by striking ''subparagraph (B) applies'' and inserting ''subparagraph (B) or (C) applies''.

(B) Section 170(b)(2)(B)(ii) is amended by striking ''15 succeeding years'' and inserting ''15 succeeding taxable years''.

(3) VALID EXISTING RIGHTS PRESERVED.—Nothing in this subsection (or any amendment made by this subsection) shall be construed to modify the existing property rights validly conveyed to Native Corporations (within the meaning of section 3(m) of the Alaska Native Claims Settlement Act) under such Act.

(c) EFFECTIVE DATES.—

(1) EXTENSION.—The amendments made by subsection (a) shall apply to contributions made in taxable years beginning after December 31, 2014.

(2) MODIFICATION.—The amendments made by subsection (b) shall apply to contributions made in taxable years beginning after December 31, 2015.

SEC. 112. EXTENSION OF TAX-FREE DISTRIBUTIONS FROM INDIVIDUAL RETIREMENT PLANS FOR CHARITABLE PURPOSES.

(a) IN GENERAL.—Section 408(d)(8) is amended by striking subparagraph (F).

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to distributions made in taxable years beginning after December 31, 2014.

SEC. 113. EXTENSION AND MODIFICATION OF CHARITABLE DEDUCTION FOR CONTRIBUTIONS OF FOOD INVENTORY.

(a) PERMANENT EXTENSION.—Section 170(e)(3)(C) is amended by striking clause (iv).

(b) MODIFICATIONS.—Section 170(e)(3)(C), as amended by subsection (a), is amended by striking clause (ii), by redesignating clause (iii) as clause (vi), and by inserting after clause (i) the following new clauses:

''(ii) LIMITATION.—The aggregate amount of such contributions for any taxable year which may be taken into account under this section shall not exceed—

''(I) in the case of any taxpayer other than a C corporation, 15 percent of the taxpayer's aggregate net income for such taxable year from all trades or businesses from which such contributions were made for such year, computed without regard to this section, and

''(II) in the case of a C corporation, 15 percent of taxable income (as defined in subsection (b)(2)(D)).

''(iii) RULES RELATED TO LIMITATION.—

''(I) CARRYOVER.—If such aggregate amount exceeds the limitation imposed under clause (ii), such excess shall be treated (in a manner consistent with the rules of subsection (d)) as a charitable contribution described in clause (i) in each of the 5 succeeding taxable years in order of time.

''(II) COORDINATION WITH OVERALL CORPORATE LIMITATION.—In the case of any charitable contribution which is allowable after the application of clause (ii)(II), subsection (b)(2)(A) shall not apply to such contribution, but the limitation imposed by such subsection shall be reduced (but not below zero) by the aggregate amount of such contributions. For purposes of subsection (b)(2)(B), such contributions shall be treated as allowable under subsection (b)(2)(A).

''(iv) DETERMINATION OF BASIS FOR CERTAIN TAXPAYERS.—If a taxpayer—

''(I) does not account for inventories under section 471, and

''(II) is not required to capitalize indirect costs under section 263A,

the taxpayer may elect, solely for purposes of subparagraph (B), to treat the basis of any apparently wholesome food as being equal to 25 percent of the fair market value of such food.

''(v) DETERMINATION OF FAIR MARKET VALUE.—In the case of any such contribution of apparently wholesome food which cannot or will not be sold solely by reason of internal standards of the taxpayer, lack of market, or similar circumstances, or by reason of being produced by the taxpayer exclusively for the purposes of transferring the food to an organization described in subparagraph (A), the fair market value of such contribution shall be determined—

''(I) without regard to such internal standards, such lack of market, such circumstances, or such exclusive purpose, and

''(II) by taking into account the price at which the same or substantially the same food items (as to both type and quality) are sold by the taxpayer at the time of the contribution (or, if not so sold at such time, in the recent past).''

(c) EFFECTIVE DATES.—

(1) EXTENSION.—The amendment made by subsection (a) shall apply to contributions made after December 31, 2014.

(2) MODIFICATIONS.—The amendments made by subsection (b) shall apply to taxable years beginning after December 31, 2015.

SEC. 114. EXTENSION OF MODIFICATION OF TAX TREATMENT OF CERTAIN PAYMENTS TO CONTROLLING EXEMPT ORGANIZATIONS.

(a) IN GENERAL.—Section 512(b)(13)(E) is amended by striking clause (iv).

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to payments received or accrued after December 31, 2014.

SEC. 115. EXTENSION OF BASIS ADJUSTMENT TO STOCK OF S CORPORATIONS MAKING CHARITABLE CONTRIBUTIONS OF PROPERTY.

(a) IN GENERAL.—Section 1367(a)(2) is amended by striking the last sentence.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to contributions made in taxable years beginning after December 31, 2014.

PART 3—INCENTIVES FOR GROWTH, JOBS, INVESTMENT, AND INNOVATION

SEC. 121. EXTENSION AND MODIFICATION OF RESEARCH CREDIT.

(a) MADE PERMANENT.—

(1) IN GENERAL.—Section 41 is amended by striking subsection (h).

(2) CONFORMING AMENDMENT.—Section 45C(b)(1) is amended by striking subparagraph (D).

(b) CREDIT ALLOWED AGAINST ALTERNATIVE MINIMUM TAX IN CASE OF ELIGIBLE SMALL BUSINESS.—Section 38(c)(4)(B) is amended by redesignating clauses (ii) through (ix) as clauses (iii) through (x), respectively, and by inserting after clause (i) the following new clause:

''(ii) the credit determined under section 41 for the taxable year with respect to an eligible small business (as defined in paragraph (5)(C), after application of rules similar to the rules of paragraph (5)(D)),''.

(c) TREATMENT OF RESEARCH CREDIT FOR CERTAIN STARTUP COMPANIES.—

(1) IN GENERAL.—Section 41, as amended by subsection (a), is amended by adding at the end the following new subsection:

''(h) TREATMENT OF CREDIT FOR QUALIFIED SMALL BUSINESSES.—

''(1) IN GENERAL.—At the election of a qualified small business for any taxable year, section 3111(f) shall apply to the payroll tax credit portion of the credit otherwise determined under subsection (a) for the taxable year and such portion shall not be treated (other than for purposes of section 280C) as a credit determined under subsection (a).

''(2) PAYROLL TAX CREDIT PORTION.—For purposes of this subsection, the payroll tax credit portion of the credit determined under subsection (a) with respect to any qualified small business for any taxable year is the least of—

''(A) the amount specified in the election made under this subsection,

''(B) the credit determined under subsection (a) for the taxable year (determined before the application of this subsection), or

''(C) in the case of a qualified small business other than a partnership or S corporation, the amount of the business credit carryforward under section 39 carried from the taxable year (determined before the application of this subsection to the taxable year).

''(3) QUALIFIED SMALL BUSINESS.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'qualified small business' means, with respect to any taxable year—

''(i) a corporation or partnership, if—

''(I) the gross receipts (as determined under the rules of section 448(c)(3), without regard to subparagraph (A) thereof) of such entity for the taxable year is less than $5,000,000, and

''(II) such entity did not have gross receipts (as so determined) for any taxable year preceding the 5-taxable-year period ending with such taxable year, and

''(ii) any person (other than a corporation or partnership) who meets the requirements of subclauses (I) and (II) of clause (i), determined—

''(I) by substituting 'person' for 'entity' each place it appears, and

''(II) by only taking into account the aggregate gross receipts received by such person in carrying on all trades or businesses of such person.

''(B) LIMITATION.—Such term shall not include an organization which is exempt from taxation under section 501.

''(4) ELECTION.—

''(A) IN GENERAL.—Any election under this subsection for any taxable year—

''(i) shall specify the amount of the credit to which such election applies,

''(ii) shall be made on or before the due date (including extensions) of—

''(I) in the case of a qualified small business which is a partnership, the return required to be filed under section 6031,

''(II) in the case of a qualified small business which is an S corporation, the return required to be filed under section 6037, and

''(III) in the case of any other qualified small business, the return of tax for the taxable year, and

''(iii) may be revoked only with the consent of the Secretary.

''(B) LIMITATIONS.—

''(i) AMOUNT.—The amount specified in any election made under this subsection shall not exceed $250,000.

''(ii) NUMBER OF TAXABLE YEARS.—A person may not make an election under this subsection if such person (or any other person treated as a single taxpayer with such person under paragraph (5)(A)) has made an election under this subsection for 5 or more preceding taxable years.

''(C) SPECIAL RULE FOR PARTNERSHIPS AND S CORPORATIONS.—In the case of a qualified small business which is a partnership or S corporation, the election made under this subsection shall be made at the entity level.

''(5) AGGREGATION RULES.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), all persons or entities treated as a single taxpayer under subsection (f)(1) shall be treated as a single taxpayer for purposes of this subsection.

''(B) SPECIAL RULES.—For purposes of this subsection and section 3111(f)—

''(i) each of the persons treated as a single taxpayer under subparagraph (A) may separately make the election under paragraph (1) for any taxable year, and

''(ii) the $250,000 amount under paragraph (4)(B)(i) shall be allocated among all persons treated as a single taxpayer under subparagraph (A) in the same manner as under subparagraph (A)(ii) or (B)(ii) of subsection (f)(1), whichever is applicable.

''(6) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this subsection, including—

''(A) regulations to prevent the avoidance of the purposes of the limitations and aggregation rules under this subsection through the use of successor companies or other means,

''(B) regulations to minimize compliance and record-keeping burdens under this subsection, and

''(C) regulations for recapturing the benefit of credits determined under section 3111(f) in cases where there is a subsequent adjustment to the payroll tax credit portion of the credit determined under subsection (a), including requiring amended income tax returns in the cases where there is such an adjustment.''.

(2) CREDIT ALLOWED AGAINST FICA TAXES.—Section 3111 is amended by adding at the end the following new subsection:

''(f) CREDIT FOR RESEARCH EXPENDITURES OF QUALIFIED SMALL BUSINESSES.—

''(1) IN GENERAL.—In the case of a taxpayer who has made an election under section 41(h) for a taxable year, there shall be allowed as a credit against the tax imposed by subsection (a) for the first calendar quarter which begins after the date on which the taxpayer files the return specified in section 41(h)(4)(A)(ii) an amount equal to the payroll tax credit portion determined under section 41(h)(2).

''(2) LIMITATION.—The credit allowed by paragraph (1) shall not exceed the tax imposed by subsection (a) for any calendar quarter on the wages paid with respect to the employment of all individuals in the employ of the employer.

''(3) CARRYOVER OF UNUSED CREDIT.—If the amount of the credit under paragraph (1) exceeds the limitation of paragraph (2) for any calendar quarter, such excess shall be carried to the succeeding calendar quarter and allowed as a credit under paragraph (1) for such quarter.

''(4) DEDUCTION ALLOWED FOR CREDITED AMOUNTS.—The credit allowed under paragraph (1) shall not be taken into account for purposes of determining the amount of any deduction allowed under chapter 1 for taxes imposed under subsection (a).''.

(d) EFFECTIVE DATES.—

(1) EXTENSION.—The amendments made by subsection (a) shall apply to shall apply to amounts paid or incurred after December 31, 2014.

(2) CREDIT ALLOWED AGAINST ALTERNATIVE MINIMUM TAX IN CASE OF ELIGIBLE SMALL BUSINESS.—The amendments made by subsection (b) shall apply to credits determined for taxable years beginning after December 31, 2015.

(3) TREATMENT OF RESEARCH CREDIT FOR CERTAIN STARTUP COMPANIES.—The amendments made by subsection (c) shall apply to taxable years beginning after December 31, 2015.

SEC. 122. EXTENSION AND MODIFICATION OF EMPLOYER WAGE CREDIT FOR EMPLOYEES WHO ARE ACTIVE DUTY MEMBERS OF THE UNIFORMED SERVICES.

(a) IN GENERAL.—Section 45P is amended by striking subsection (f).

(b) APPLICABILITY TO ALL EMPLOYERS.—

(1) IN GENERAL.—Section 45P(a) is amended by striking '', in the case of an eligible small business employer''.

(2) CONFORMING AMENDMENT.—Section 45P(b)(3) is amended to read as follows:

''(3) CONTROLLED GROUPS.—All persons treated as a single employer under subsection (b), (c), (m), or (o) of section 414 shall be treated as a single employer.''.

(c) EFFECTIVE DATE.—

(1) EXTENSION.—The amendment made by subsection (a) shall apply to payments made after December 31, 2014.

(2) MODIFICATION.—The amendments made by subsection (b) shall apply to taxable years beginning after December 31, 2015.

SEC. 123. EXTENSION OF 15-YEAR STRAIGHT-LINE COST RECOVERY FOR QUALIFIED LEASEHOLD IMPROVEMENTS, QUALIFIED RESTAURANT BUILDINGS AND IMPROVEMENTS, AND QUALIFIED RETAIL IMPROVEMENTS.

(a) QUALIFIED LEASEHOLD IMPROVEMENT PROPERTY AND QUALIFIED RESTAURANT PROPERTY.—Clauses (iv) and (v) of section 168(e)(3)(E) are each amended by striking ''placed in service before January 1, 2015''.

(b) QUALIFIED RETAIL IMPROVEMENT PROPERTY.—Section 168(e)(3)(E)(ix) is amended by striking ''placed in service after December 31, 2008, and before January 1, 2015''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after December 31, 2014.

SEC. 124. EXTENSION AND MODIFICATION OF INCREASED EXPENSING LIMITATIONS AND TREATMENT OF CERTAIN REAL PROPERTY AS SECTION 179 PROPERTY.

(a) MADE PERMANENT.—

(1) DOLLAR LIMITATION.—Section 179(b)(1) is amended by striking ''shall not exceed—'' and all that follows and inserting ''shall not exceed $500,000.''.

(2) REDUCTION IN LIMITATION.—Section 179(b)(2) is amended by striking ''exceeds—'' and all that follows and inserting ''exceeds $2,000,000.''.

(b) COMPUTER SOFTWARE.—Section 179(d)(1)(A)(ii) is amended by striking '', to which section 167 applies, and which is placed in service in a taxable year beginning after 2002 and before 2015'' and inserting ''and to which section 167 applies''.

(c) SPECIAL RULES FOR TREATMENT OF QUALIFIED REAL PROPERTY.—

(1) EXTENSION FOR 2015.—Section 179(f) is amended—

(A) by striking ''2015'' in paragraph (1) and inserting ''2016'',

(B) by striking ''2014'' each place it appears in paragraph (4) and inserting ''2015'', and

(C) by striking ''AND 2013'' in the heading of paragraph (4)(C) and inserting ''2013, AND 2014''.

(2) MADE PERMANENT.—Section 179(f), as amended by paragraph (1), is amended—

(A) by striking ''beginning after 2009 and before 2016'' in paragraph (1), and

(B) by striking paragraphs (3) and (4).

(d) ELECTION.—Section 179(c)(2) is amended—

(1) by striking ''may not be revoked'' and all that follows through ''and before 2015'', and

(2) by striking ''IRREVOCABLE'' in the heading thereof.

(e) AIR CONDITIONING AND HEATING UNITS.—Section 179(d)(1) is amended by striking ''and shall not include air conditioning or heating units''.

(f) INFLATION ADJUSTMENT.—Section 179(b) is amended by adding at the end the following new paragraph:

''(6) INFLATION ADJUSTMENT.—

''(A) IN GENERAL.—In the case of any taxable year beginning after 2015, the dollar amounts in paragraphs (1) and (2) shall each 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 the calendar year in which the taxable year begins, determined by substituting 'calendar year 2014' for 'calendar year 1992' in subparagraph (B) thereof.

''(B) ROUNDING.—The amount of any increase under subparagraph (A) shall be rounded to the nearest multiple of $10,000.''.

(g) EFFECTIVE DATES.—

(1) EXTENSION.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 2014.

(2) MODIFICATIONS.—The amendments made by subsections (c)(2) and (e) shall apply to taxable years beginning after December 31, 2015.

SEC. 125. EXTENSION OF TREATMENT OF CERTAIN DIVIDENDS OF REGULATED INVESTMENT COMPANIES.

(a) IN GENERAL.—Section 871(k) is amended by striking clause (v) of paragraph (1)(C) and clause (v) of paragraph (2)(C).

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2014.

SEC. 126. EXTENSION OF EXCLUSION OF 100 PERCENT OF GAIN ON CERTAIN SMALL BUSINESS STOCK.

(a) IN GENERAL.—Section 1202(a)(4) is amended—

(1) by striking ''and before January 1, 2015'', and

(2) by striking '', 2011, 2012, 2013, AND 2014'' in the heading thereof and inserting ''AND THEREAFTER''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to stock acquired after December 31, 2014.

SEC. 127. EXTENSION OF REDUCTION IN S-CORPORATION RECOGNITION PERIOD FOR BUILT-IN GAINS TAX.

(a) IN GENERAL.—Section 1374(d)(7) is amended to read as follows:

''(7) RECOGNITION PERIOD.—

''(A) IN GENERAL.—The term 'recognition period' means the 5-year period beginning with the 1st day of the 1st taxable year for which the corporation was an S corporation. For purposes of applying this section to any amount includible in income by reason of distributions to shareholders pursuant to section 593(e), the preceding sentence shall be applied without regard to the phrase '5-year'.

''(B) INSTALLMENT SALES.—If an S corporation sells an asset and reports the income from the sale using the installment method under section 453, the treatment of all payments received shall be governed by the provisions of this paragraph applicable to the taxable year in which such sale was made.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2014.

SEC. 128. EXTENSION OF SUBPART F EXCEPTION FOR ACTIVE FINANCING INCOME.

(a) INSURANCE BUSINESSES.—Section 953(e) is amended by striking paragraph (10) and by redesignating paragraph (11) as paragraph (10).

(b) BANKING, FINANCING, OR SIMILAR BUSINESSES.—Section 954(h) is amended by striking paragraph (9).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years of foreign corporations beginning after December 31, 2014, and to taxable years of United States shareholders with or within which any such taxable year of such foreign corporation ends.

PART 4—INCENTIVES FOR REAL ESTATE INVESTMENT

SEC. 131. EXTENSION OF MINIMUM LOW-INCOME HOUSING TAX CREDIT RATE FOR NON-FEDERALLY SUBSIDIZED BUILDINGS.

(a) IN GENERAL.—Section 42(b)(2) is amended by striking ''with respect to housing credit dollar amount allocations made before January 1, 2015''.

(b) CLERICAL AMENDMENT.—The heading for section 42(b)(2) is amended by striking ''TEMPORARY MINIMUM'' and inserting ''MINIMUM''.

(c) EFFECTIVE DATES.—The amendments made by this section shall take effect on January 1, 2015.

SEC. 132. EXTENSION OF MILITARY HOUSING ALLOWANCE EXCLUSION FOR DETERMINING WHETHER A TENANT IN CERTAIN COUNTIES IS LOW-INCOME.

(a) IN GENERAL.—Section 3005(b) of the Housing Assistance Tax Act of 2008 is amended by striking ''and before January 1, 2015'' each place it appears.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the enactment of section 3005 of the Housing Assistance Tax Act of 2008.

SEC. 133. EXTENSION OF RIC QUALIFIED INVESTMENT ENTITY TREATMENT UNDER FIRPTA.

(a) IN GENERAL.—Section 897(h)(4)(A) is amended—

(1) by striking clause (ii), and

(2) by striking all that precedes ''regulated investment company which'' and inserting the following:

''(A) QUALIFIED INVESTMENT ENTITY.—The term 'qualified investment entity' means—

''(i) any real estate investment trust, and

''(ii) any''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall take effect on January 1, 2015. Notwithstanding the preceding sentence, such amendments shall not apply with respect to the withholding requirement under section 1445 of the Internal Revenue Code of 1986 for any payment made before the date of the enactment of this Act.

(2) AMOUNTS WITHHELD ON OR BEFORE DATE OF ENACTMENT.—In the case of a regulated investment company—

(A) which makes a distribution after December 31, 2014, and before the date of the enactment of this Act, and

(B) which would (but for the second sentence of paragraph (1)) have been required to withhold with respect to such distribution under section 1445 of such Code,

such investment company shall not be liable to any person to whom such distribution was made for any amount so withheld and paid over to the Secretary of the Treasury.

Subtitle B—Extensions Through 2019

SEC. 141. EXTENSION OF NEW MARKETS TAX CREDIT.

(a) IN GENERAL.—Section 45D(f)(1)(G) is amended by striking ''for 2010, 2011, 2012, 2013, and 2014'' and inserting ''for each of calendar years 2010 through 2019''.

(b) CARRYOVER OF UNUSED LIMITATION.—Section 45D(f)(3) is amended by striking ''2019'' and inserting ''2024''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to calendar years beginning after December 31, 2014.

SEC. 142. EXTENSION AND MODIFICATION OF WORK OPPORTUNITY TAX CREDIT.

(a) IN GENERAL.—Section 51(c)(4) is amended by striking ''December 31, 2014'' and inserting ''December 31, 2019''.

(b) CREDIT FOR HIRING LONG-TERM UNEMPLOYMENT RECIPIENTS.—

(1) IN GENERAL.—Section 51(d)(1) is amended by striking ''or'' at the end of subparagraph (H), by striking the period at the end of subparagraph (I) and inserting '', or'', and by adding at the end the following new subparagraph:

''(J) a qualified long-term unemployment recipient.''.

(2) QUALIFIED LONG-TERM UNEMPLOYMENT RECIPIENT.—Section 51(d) is amended by adding at the end the following new paragraph:

''(15) QUALIFIED LONG-TERM UNEMPLOYMENT RECIPIENT.—The term 'qualified long-term unemployment recipient' means any individual who is certified by the designated local agency as being in a period of unemployment which—

''(A) is not less than 27 consecutive weeks, and

''(B) includes a period in which the individual was receiving unemployment compensation under State or Federal law.''.

(c) EFFECTIVE DATES.—

(1) EXTENSION.—The amendment made by subsection (a) shall apply to individuals who begin work for the employer after December 31, 2014.

(2) MODIFICATION.—The amendments made by subsection (b) shall apply to individuals who begin work for the employer after December 31, 2015.

SEC. 143. EXTENSION AND MODIFICATION OF BONUS DEPRECIATION.

(a) EXTENDED FOR 2015.—

(1) IN GENERAL.—Section 168(k)(2) is amended—

(A) by striking ''January 1, 2016'' in subparagraph (A)(iv) and inserting ''January 1, 2017'', and

(B) by striking ''January 1, 2015'' each place it appears and inserting ''January 1, 2016''.

(2) SPECIAL RULE FOR FEDERAL LONG-TERM CONTRACTS.—Section 460(c)(6)(B)(ii) is amended by striking ''January 1, 2015 (January 1, 2016'' and inserting ''January 1, 2016 (January 1, 2017''.

(3) EXTENSION OF ELECTION TO ACCELERATE AMT CREDIT IN LIEU OF BONUS DEPRECIATION.—

(A) IN GENERAL.—Section 168(k)(4)(D)(iii)(II) is amended by striking ''January 1, 2015'' and inserting ''January 1, 2016''.

(B) ROUND 5 EXTENSION PROPERTY.—Section 168(k)(4) is amended by adding at the end the following new subparagraph:

''(L) SPECIAL RULES FOR ROUND 5 EXTENSION PROPERTY.—

''(i) IN GENERAL.—In the case of round 5 extension property, in applying this paragraph to any taxpayer—

''(I) the limitation described in subparagraph (B)(i) and the business credit increase amount under subparagraph (E)(iii) thereof shall not apply, and

''(II) the bonus depreciation amount, maximum amount, and maximum increase amount shall be computed separately from amounts computed with respect to eligible qualified property which is not round 5 extension property.

''(ii) ELECTION.—

''(I) A taxpayer who has an election in effect under this paragraph for round 4 extension property shall be treated as having an election in effect for round 5 extension property unless the taxpayer elects to not have this paragraph apply to round 5 extension property.

''(II) A taxpayer who does not have an election in effect under this paragraph for round 4 extension property may elect to have this paragraph apply to round 5 extension property.

''(iii) ROUND 5 EXTENSION PROPERTY.—For purposes of this subparagraph, the term 'round 5 extension property' means property which is eligible qualified property solely by reason of the extension of the application of the special allowance under paragraph (1) pursuant to the amendments made by section 143(a)(1) of the Protecting Americans from Tax Hikes Act of 2015 (and the application of such extension to this paragraph pursuant to the amendment made by section 143(a)(3) of such Act).''.

(4) CONFORMING AMENDMENTS.—

(A) The heading for section 168(k) is amended by striking ''JANUARY 1, 2015'' and inserting ''JANUARY 1, 2016''.

(B) The heading for section 168(k)(2)(B)(ii) is amended by striking ''PRE-JANUARY 1, 2015'' and inserting ''PRE-JANUARY 1, 2016''.

(5) EFFECTIVE DATE.—

(A) IN GENERAL.—Except as provided in subparagraph (B), the amendments made by this subsection shall apply to property placed in service after December 31, 2014, in taxable years ending after such date.

(B) ELECTION TO ACCELERATE AMT CREDIT.—The amendments made by paragraph (3) shall apply to taxable years ending after December 31, 2014.

(b) EXTENDED AND MODIFIED FOR 2016 THROUGH 2019.—

(1) IN GENERAL.—Section 168(k)(2), as amended by subsection (a), is amended to read as follows:

''(2) QUALIFIED PROPERTY.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'qualified property' means property—

''(i)(I) to which this section applies which has a recovery period of 20 years or less,

''(II) which is computer software (as defined in section 167(f)(1)(B)) for which a deduction is allowable under section 167(a) without regard to this subsection,

''(III) which is water utility property, or

''(IV) which is qualified improvement property,

''(ii) the original use of which commences with the taxpayer, and

''(iii) which is placed in service by the taxpayer before January 1, 2020.

''(B) CERTAIN PROPERTY HAVING LONGER PRODUCTION PERIODS TREATED AS QUALIFIED PROPERTY.—

''(i) IN GENERAL.—The term 'qualified property' includes any property if such property—

''(I) meets the requirements of clauses (i) and (ii) of subparagraph (A),

''(II) is placed in service by the taxpayer before January 1, 2021,

''(III) is acquired by the taxpayer (or acquired pursuant to a written contract entered into) before January 1, 2020,

''(IV) has a recovery period of at least 10 years or is transportation property,

''(V) is subject to section 263A, and

''(VI) meets the requirements of clause (iii) of section 263A(f)(1)(B) (determined as if such clause also applies to property which has a long useful life (within the meaning of section 263A(f))).

''(ii) ONLY PRE-JANUARY 1, 2020 BASIS ELIGIBLE FOR ADDITIONAL ALLOWANCE.—In the case of property which is qualified property solely by reason of clause (i), paragraph (1) shall apply only to the extent of the adjusted basis

thereof attributable to manufacture, construction, or production before January 1, 2020.

''(iii) TRANSPORTATION PROPERTY.—For purposes of this subparagraph, the term 'transportation property' means tangible personal property used in the trade or business of transporting persons or property.

''(iv) APPLICATION OF SUBPARAGRAPH.—This subparagraph shall not apply to any property which is described in subparagraph (C).

''(C) CERTAIN AIRCRAFT.—The term 'qualified property' includes property—

''(i) which meets the requirements of subparagraph (A)(ii) and subclauses (II) and (III) of subparagraph (B)(i),

''(ii) which is an aircraft which is not a transportation property (as defined in subparagraph (B)(iii)) other than for agricultural or firefighting purposes,

''(iii) which is purchased and on which such purchaser, at the time of the contract for purchase, has made a nonrefundable deposit of the lesser of—

''(I) 10 percent of the cost, or

''(II) $100,000, and

''(iv) which has—

''(I) an estimated production period exceeding 4 months, and

''(II) a cost exceeding $200,000.

''(D) EXCEPTION FOR ALTERNATIVE DEPRECIATION PROPERTY.—The term 'qualified property' shall not include any property to which the alternative depreciation system under subsection (g) applies, determined—

''(i) without regard to paragraph (7) of subsection (g) (relating to election to have system apply), and

''(ii) after application of section 280F(b) (relating to listed property with limited business use).

''(E) SPECIAL RULES.—

''(i) SELF-CONSTRUCTED PROPERTY.—In the case of a taxpayer manufacturing, constructing, or producing property for the taxpayer's own use, the requirements of subclause (III) of subparagraph (B)(i) shall be treated as met if the taxpayer begins manufacturing, constructing, or producing the property before January 1, 2020.

''(ii) SALE-LEASEBACKS.—For purposes of clause (iii) and subparagraph (A)(ii), if property is—

''(I) originally placed in service by a person, and

''(II) sold and leased back by such person within 3 months after the date such property was originally placed in service,

such property shall be treated as originally placed in service not earlier than the date on which such property is used under the leaseback referred to in subclause (II).

''(iii) SYNDICATION.—For purposes of subparagraph (A)(ii), if—

''(I) property is originally placed in service by the lessor of such property,

''(II) such property is sold by such lessor or any subsequent purchaser within 3 months after the date such property was originally placed in service (or, in the case of multiple units of property subject to the same lease, within 3 months after the date the final unit is placed in service, so long as the period between the time the first unit is placed in service and the time the last unit is placed in service does not exceed 12 months), and

''(III) the user of such property after the last sale during such 3-month period remains the same as when such property was originally placed in service,

such property shall be treated as originally placed in service not earlier than the date of such last sale.

''(F) COORDINATION WITH SECTION 280F.—For purposes of section 280F—

''(i) AUTOMOBILES.—In the case of a passenger automobile (as defined in section 280F(d)(5)) which is qualified property, the Secretary shall increase the limitation under section 280F(a)(1)(A)(i) by $8,000.

''(ii) LISTED PROPERTY.—The deduction allowable under paragraph (1) shall be taken into account in computing any recapture amount under section 280F(b)(2).

''(iii) PHASE DOWN.—In the case of a passenger automobile placed in service by the taxpayer after December 31, 2017, clause (i) shall be applied by substituting for '$8,000'—

''(I) in the case of an automobile placed in service during 2018, $6,400, and

''(II) in the case of an automobile placed in service during 2019, $4,800.

''(G) DEDUCTION ALLOWED IN COMPUTING MINIMUM TAX.—For purposes of determining alternative minimum taxable income under section 55, the deduction under section 167 for qualified property shall be determined without regard to any adjustment under section 56.''.

(2) QUALIFIED IMPROVEMENT PROPERTY.—Section 168(k)(3) is amended to read as follows:

''(3) QUALIFIED IMPROVEMENT PROPERTY.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'qualified improvement property' means any improvement to an interior portion of a building which is nonresidential real property if such improvement is placed in service after the date such building was first placed in service.

''(B) CERTAIN IMPROVEMENTS NOT INCLUDED.—Such term shall not include any improvement for which the expenditure is attributable to—

''(i) the enlargement of the building,

''(ii) any elevator or escalator, or

''(iii) the internal structural framework of the building.''.

(3) EXPANSION OF ELECTION TO ACCELERATE AMT CREDITS IN LIEU OF BONUS DEPRECIATION.—Section 168(k)(4), as amended by subsection (a), is amended to read as follows:

''(4) ELECTION TO ACCELERATE AMT CREDITS IN LIEU OF BONUS DEPRECIATION.—

''(A) IN GENERAL.—If a corporation elects to have this paragraph apply for any taxable year—

''(i) paragraphs (1) and (2)(F) shall not apply to any qualified property placed in service during such taxable year,

''(ii) the applicable depreciation method used under this section with respect to such property shall be the straight line method, and

''(iii) the limitation imposed by section 53(c) for such taxable year shall be increased by the bonus depreciation amount which is determined for such taxable year under subparagraph (B).

''(B) BONUS DEPRECIATION AMOUNT.—For purposes of this paragraph—

''(i) IN GENERAL.—The bonus depreciation amount for any taxable year is an amount equal to 20 percent of the excess (if any) of—

''(I) the aggregate amount of depreciation which would be allowed under this section for qualified property placed in service by the taxpayer during such taxable year if paragraph (1) applied to all such property (and, in the case of any such property which is a passenger automobile (as defined in section 280F(d)(5)), if paragraph (2)(F) applied to such automobile), over

''(II) the aggregate amount of depreciation which would be allowed under this section for qualified property placed in service by the taxpayer during such taxable year if paragraphs (1) and (2)(F) did not apply to any such property.

The aggregate amounts determined under subclauses (I) and (II) shall be determined without regard to any election made under subparagraph (A) or subsection (b)(2)(D), (b)(3)(D), or (g)(7).

''(ii) LIMITATION.—The bonus depreciation amount for any taxable year shall not exceed the lesser of—

''(I) 50 percent of the minimum tax credit under section 53(b) for the first taxable year ending after December 31, 2015, or

''(II) the minimum tax credit under section 53(b) for such taxable year determined by taking into account only the adjusted net minimum tax for taxable years ending before January 1, 2016 (determined by treating credits as allowed on a first-in, first-out basis).

''(iii) AGGREGATION RULE.—All corporations which are treated as a single employer under section 52(a) shall be treated—

''(I) as 1 taxpayer for purposes of this paragraph, and

''(II) as having elected the application of this paragraph if any such corporation so elects.

''(C) CREDIT REFUNDABLE.—For purposes of section 6401(b), the aggregate increase in the credits allowable under part IV of subchapter A for any taxable year resulting from the application of this paragraph shall be treated as allowed under subpart C of such part (and not any other subpart).

''(D) OTHER RULES.—

''(i) ELECTION.—Any election under this paragraph may be revoked only with the consent of the Secretary.

''(ii) PARTNERSHIPS WITH ELECTING PARTNERS.—In the case of a corporation which is a partner in a partnership and which makes an election under subparagraph (A) for the taxable year, for purposes of determining such corporation's distributive share of partnership items under section 702 for such taxable year—

''(I) paragraphs (1) and (2)(F) shall not apply to any qualified property placed in service during such taxable year, and

''(II) the applicable depreciation method used under this section with respect to such property shall be the straight line method.

''(iii) CERTAIN PARTNERSHIPS.—In the case of a partnership in which more than 50 percent of the capital and profits interests are owned (directly or indirectly) at all times during the taxable year by 1 corporation (or by corporations treated as 1 taxpayer under subparagraph (B)(iii)), each partner shall compute its bonus depreciation amount under clause (i) of subparagraph (B) by taking into account its distributive share of the amounts determined by the partnership under subclauses (I) and (II) of such clause for the taxable year of the partnership ending with or within the taxable year of the partner.''.

(4) SPECIAL RULES FOR CERTAIN PLANTS BEARING FRUITS AND NUTS.—Section 168(k) is amended—

(A) by striking paragraph (5), and

(B) by inserting after paragraph (4) the following new paragraph:

''(5) SPECIAL RULES FOR CERTAIN PLANTS BEARING FRUITS AND NUTS.—

''(A) IN GENERAL.—In the case of any specified plant which is planted before January 1, 2020, or is grafted before such date to a plant that has already been planted, by the taxpayer in the ordinary course of the taxpayer's farming business (as defined in section 263A(e)(4)) during a taxable year for which the taxpayer has elected the application of this paragraph—

''(i) a depreciation deduction equal to 50 percent of the adjusted basis of such specified plant shall be allowed under section 167(a) for the taxable year in which such specified plant is so planted or grafted, and

''(ii) the adjusted basis of such specified plant shall be reduced by the amount of such deduction.

''(B) SPECIFIED PLANT.—For purposes of this paragraph, the term 'specified plant' means—

''(i) any tree or vine which bears fruits or nuts, and

''(ii) any other plant which will have more than one yield of fruits or nuts and which generally has a pre-productive period of more than 2 years from the time of planting or grafting to the time at which such plant begins bearing fruits or nuts.

Such term shall not include any property which is planted or grafted outside of the United States.

''(C) ELECTION REVOCABLE ONLY WITH CONSENT.—An election under this paragraph may be revoked only with the consent of the Secretary.

''(D) ADDITIONAL DEPRECIATION MAY BE CLAIMED ONLY ONCE.—If this paragraph applies to any specified plant, such specified plant shall not be treated as qualified property in the taxable year in which placed in service.

''(E) DEDUCTION ALLOWED IN COMPUTING MINIMUM TAX.—Rules similar to the rules of paragraph (2)(G) shall apply for purposes of this paragraph.

''(F) PHASE DOWN.—In the case of a specified plant which is planted after December 31, 2017 (or is grafted to a plant that has already been planted before such date), subparagraph (A)(i) shall be applied by substituting for '50 percent'—

''(i) in the case of a plant which is planted (or so grafted) in 2018, '40 percent', and

''(ii) in the case of a plant which is planted (or so grafted) during 2019, '30 percent'.''.

(5) PHASE DOWN OF BONUS DEPRECIATION.—Section 168(k) is amended by adding at the end the following new paragraph:

''(6) PHASE DOWN.—In the case of qualified property placed in service by the taxpayer after December 31, 2017, paragraph (1)(A) shall be applied by substituting for '50 percent'—

''(A) in the case of property placed in service in 2018 (or in the case of property placed in service in 2019 and described in paragraph (2)(B) or (C) (determined by substituting '2019' for '2020' in paragraphs (2)(B)(i)(III) and (ii) and paragraph (2)(E)(i)), '40 percent',

''(B) in the case of property placed in service in 2019 (or in the case of property placed in service in 2020 and described in paragraph (2)(B) or (C), '30 percent'.''.

(6) CONFORMING AMENDMENTS.—

(A) Section 168(e)(6) is amended—

(i) by redesignating subparagraphs (A) and (B) as subparagraphs (D) and (E), respectively,

(ii) by striking all that precedes subparagraph (D) (as so redesignated) and inserting the following:

''(6) QUALIFIED LEASEHOLD IMPROVEMENT PROPERTY.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'qualified leasehold improvement property' means any improvement to an interior portion of a building which is nonresidential real property if—

''(i) such improvement is made under or pursuant to a lease (as defined in subsection (h)(7))—

''(I) by the lessee (or any sublessee) of such portion, or

''(II) by the lessor of such portion,

''(ii) such portion is to be occupied exclusively by the lessee (or any sublessee) of such portion, and

''(iii) such improvement is placed in service more than 3 years after the date the building was first placed in service.

''(B) CERTAIN IMPROVEMENTS NOT INCLUDED.—Such term shall not include any improvement for which the expenditure is attributable to—

''(i) the enlargement of the building,

''(ii) any elevator or escalator,

''(iii) any structural component benefitting a common area, or

''(iv) the internal structural framework of the building.

''(C) DEFINITIONS AND SPECIAL RULES.—For purposes of this paragraph—

''(i) COMMITMENT TO LEASE TREATED AS LEASE.—A commitment to enter into a lease shall be treated as a lease, and the parties to such commitment shall be treated as lessor and lessee, respectively.

''(ii) RELATED PERSONS.—A lease between related persons shall not be considered a lease. For purposes of the preceding sentence, the term 'related persons' means—

''(I) members of an affiliated group (as defined in section 1504), and

''(II) persons having a relationship described in subsection (b) of section 267; except that, for purposes of this clause, the phrase '80 percent or more' shall be substituted for the phrase 'more than 50 percent' each place it appears in such subsection.'', and

(iii) by striking ''subparagraph (A)'' in subparagraph (E) (as so redesignated) and inserting ''subparagraph (D)''.

(B) Section 168(e)(7)(B) is amended by striking ''qualified leasehold improvement property'' and inserting ''qualified improvement property''.

(C) Section 168(e)(8) is amended by striking subparagraph (D).

(D) Section 168(k), as amended by the preceding provisions of this section, is amended by adding at the end the following new paragraph:

''(7) ELECTION OUT.—If a taxpayer makes an election under this paragraph with respect to any class of property for any taxable year, paragraphs (1) and (2)(F) shall not apply to any qualified property in such class placed in service during such taxable year. An election under this paragraph may be revoked only with the consent of the Secretary.''.

(E) Section 168(l)(3) is amended—

(i) by striking ''section 168(k)'' in subparagraph (A) and inserting ''subsection (k)'', and

(ii) by striking ''section 168(k)(2)(D)(i)'' in subparagraph (B) and inserting ''subsection (k)(2)(D)''.

(F) Section 168(l)(4) is amended by striking ''subparagraph (E) of section 168(k)(2)'' and all that follows and inserting ''subsection (k)(2)(E) shall apply.''.

(G) Section 168(l)(5) is amended by striking ''section 168(k)(2)(G)'' and inserting ''subsection (k)(2)(G)''.

(H) Section 263A(c) is amended by adding at the end the following new paragraph:

''(7) COORDINATION WITH SECTION 168(k)(5).—This section shall not apply to any amount allowed as a deduction by reason of section 168(k)(5) (relating to special rules for certain plants bearing fruits and nuts).''.

(I) Section 460(c)(6)(B)(ii), as amended by subsection (a), is amended to read as follows:

''(ii) is placed in service before January 1, 2020 (January 1, 2021 in the case of property described in section 168(k)(2)(B)).''.

(J) Section 168(k), as amended by subsection (a), is amended by striking ''AND BEFORE JANUARY 1, 2016'' in the heading thereof and inserting ''AND BEFORE JANUARY 1, 2020''.

(7) EFFECTIVE DATES.—

(A) IN GENERAL.—Except as otherwise provided in this paragraph, the amendments made by this subsection shall apply to property placed in service after December 31, 2015, in taxable years ending after such date.

(B) EXPANSION OF ELECTION TO ACCELERATE AMT CREDITS IN LIEU OF BONUS DEPRECIATION.—The amendments made by paragraph (3) shall apply to taxable years ending after December 31, 2015, except that in the case of any taxable year beginning before January 1, 2016, and ending after December 31, 2015, the limitation under section 168(k)(4)(B)(ii) of the Internal Revenue Code of 1986 (as amended by this section) shall be the sum of—

(i) the product of—

(I) the maximum increase amount (within the meaning of section 168(k)(4)(C)(iii) of such Code, as in effect before the amendments made by this subsection), multiplied by

(II) a fraction the numerator of which is the number of days in the taxable year before January 1, 2016, and the denominator of which is the number of days in the taxable year, plus

(ii) the product of—

(I) such limitation (determined without regard to this subparagraph), multiplied by

(II) a fraction the numerator of which is the number of days in the taxable year after December 31, 2015, and the denominator of which is the number of days in the taxable year.

(C) SPECIAL RULES FOR CERTAIN PLANTS BEARING FRUITS AND NUTS.—The amendments made by paragraph (4) (other than subparagraph (A) thereof) shall apply to specified plants (as defined in section 168(k)(5)(B) of the Internal Revenue Code of 1986, as amended by this subsection) planted or grafted after December 31, 2015.

SEC. 144. EXTENSION OF LOOK-THRU TREATMENT OF PAYMENTS BETWEEN RELATED CONTROLLED FOREIGN CORPORATIONS UNDER FOREIGN PERSONAL HOLDING COMPANY RULES.

(a) IN GENERAL.—Section 954(c)(6)(C) is amended by striking ''January 1, 2015'' and inserting ''January 1, 2020''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years of foreign corporations beginning after December 31, 2014, and to taxable years of United States shareholders with or within which such taxable years of foreign corporations end.

Subtitle C—Extensions Through 2016

PART 1—TAX RELIEF FOR FAMILIES AND INDIVIDUALS

SEC. 151. EXTENSION AND MODIFICATION OF EXCLUSION FROM GROSS INCOME OF DISCHARGE OF QUALIFIED PRINCIPAL RESIDENCE INDEBTEDNESS.

(a) EXTENSION.—Section 108(a)(1)(E) is amended by striking ''January 1, 2015'' and inserting ''January 1, 2017''.

(b) MODIFICATION.—Section 108(a)(1)(E), as amended by subsection (a), is amended by striking ''discharged before'' and all that follows and inserting ''discharged—

''(i) before January 1, 2017, or

''(ii) subject to an arrangement that is entered into and evidenced in writing before January 1, 2017.''.

(c) EFFECTIVE DATES.—

(1) EXTENSION.—The amendment made by subsection (a) shall apply to discharges of indebtedness after December 31, 2014.

(2) MODIFICATION.—The amendment made by subsection (b) shall apply to discharges of indebtedness after December 31, 2015.

SEC. 152. EXTENSION OF MORTGAGE INSURANCE PREMIUMS TREATED AS QUALIFIED RESIDENCE INTEREST.

(a) IN GENERAL.—Subclause (I) of section 163(h)(3)(E)(iv) is amended by striking ''December 31, 2014'' and inserting ''December 31, 2016''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to amounts paid or accrued after December 31, 2014.

SEC. 153. EXTENSION OF ABOVE-THE-LINE DEDUCTION FOR QUALIFIED TUITION AND RELATED EXPENSES.

(a) IN GENERAL.—Section 222(e) is amended by striking ''December 31, 2014'' and inserting ''December 31, 2016''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2014.

PART 2—INCENTIVES FOR GROWTH, JOBS, INVESTMENT, AND INNOVATION

SEC. 161. EXTENSION OF INDIAN EMPLOYMENT TAX CREDIT.

(a) IN GENERAL.—Section 45A(f) is amended by striking ''December 31, 2014'' and inserting ''December 31, 2016''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2014.

SEC. 162. EXTENSION AND MODIFICATION OF RAILROAD TRACK MAINTENANCE CREDIT.

(a) EXTENSION.—Section 45G(f) is amended by striking ''January 1, 2015'' and inserting ''January 1, 2017''.

(b) MODIFICATION.—Section 45G(d) is amended by striking ''January 1, 2005,'' and inserting ''January 1, 2015,''.

(c) EFFECTIVE DATES.—

(1) EXTENSION.—The amendment made by subsection (a) shall apply to expenditures paid or incurred in taxable years beginning after December 31, 2014.

(2) MODIFICATION.—The amendment made by subsection (b) shall apply to expenditures paid or incurred in taxable years beginning after December 31, 2015.

SEC. 163. EXTENSION OF MINE RESCUE TEAM TRAINING CREDIT.

(a) IN GENERAL.—Section 45N(e) is amended by striking ''December 31, 2014'' and inserting ''December 31, 2016''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2014.

SEC. 164. EXTENSION OF QUALIFIED ZONE ACADEMY BONDS.

(a) EXTENSION.—Section 54E(c)(1) is amended by striking ''and 2014'' and inserting ''2014, 2015, and 2016''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to obligations issued after December 31, 2014.

SEC. 165. EXTENSION OF CLASSIFICATION OF CERTAIN RACE HORSES AS 3-YEAR PROPERTY.

(a) IN GENERAL.—Section 168(e)(3)(A)(i) is amended—

(1) by striking ''January 1, 2015'' in subclause (I) and inserting ''January 1, 2017'', and

(2) by striking ''December 31, 2014'' in subclause (II) and inserting ''December 31, 2016''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after December 31, 2014.

SEC. 166. EXTENSION OF 7-YEAR RECOVERY PERIOD FOR MOTORSPORTS ENTERTAINMENT COMPLEXES.

(a) IN GENERAL.—Section 168(i)(15)(D) is amended by striking ''December 31, 2014'' and inserting ''December 31, 2016''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to property placed in service after December 31, 2014.

SEC. 167. EXTENSION AND MODIFICATION OF ACCELERATED DEPRECIATION FOR BUSINESS PROPERTY ON AN INDIAN RESERVATION.

(a) IN GENERAL.—Section 168(j)(8) is amended by striking ''December 31, 2014'' and inserting ''December 31, 2016''.

(b) ELECTION TO HAVE SPECIAL RULES NOT APPLY.—Section 168(j) is amended by redesignating paragraph (8), as amended by subsection (a), as paragraph (9), and by inserting after paragraph (7) the following new paragraph:

''(8) ELECTION OUT.—If a taxpayer makes an election under this paragraph with respect to any class of property for any taxable year, this subsection shall not apply to all property in such class placed in service during such taxable year. Such election, once made, shall be irrevocable.''.

(c) EFFECTIVE DATES.—

(1) EXTENSION.—The amendment made by subsection (a) shall apply to property placed in service after December 31, 2014.

(2) MODIFICATION.—The amendments made by subsection (b) shall apply to taxable years beginning after December 31, 2015.

SEC. 168. EXTENSION OF ELECTION TO EXPENSE MINE SAFETY EQUIPMENT.

(a) IN GENERAL.—Section 179E(g) is amended by striking ''December 31, 2014'' and inserting ''December 31, 2016''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to property placed in service after December 31, 2014.

SEC. 169. EXTENSION OF SPECIAL EXPENSING RULES FOR CERTAIN FILM AND TELEVISION PRODUCTIONS; SPECIAL EXPENSING FOR LIVE THEATRICAL PRODUCTIONS.

(a) IN GENERAL.—Section 181(f) is amended by striking ''December 31, 2014'' and inserting ''December 31, 2016''.

(b) APPLICATION TO LIVE PRODUCTIONS.—

(1) IN GENERAL.—Paragraph (1) of section 181(a) is amended by inserting '', and any qualified live theatrical production,'' after ''any qualified film or television production''.

(2) CONFORMING AMENDMENTS.—Section 181 is amended—

(A) by inserting ''or any qualified live theatrical production'' after ''qualified film or television production'' each place it appears in subsections (a)(2), (b), and (c)(1),

(B) by inserting ''or qualified live theatrical productions'' after ''qualified film or television productions'' in subsection (f), and

(C) by inserting ''**AND LIVE THEATRICAL**'' after ''**FILM AND TELEVISION**'' in the heading.

(3) CLERICAL AMENDMENT.—The item relating to section 181 in the table of sections for part VI of subchapter B of chapter 1 is amended to read as follows:

''Sec. 181. Treatment of certain qualified film and television and live theatrical productions.''.

(c) QUALIFIED LIVE THEATRICAL PRODUCTION.—Section 181 is amended—

(1) by redesignating subsections (e) and (f), as amended by subsections (a) and (b), as subsections (f) and (g), respectively, and

(2) by inserting after subsection (d) the following new subsection:

''(e) QUALIFIED LIVE THEATRICAL PRODUCTION.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified live theatrical production' means any production described in paragraph (2) if 75 percent of the total compensation of the production is qualified compensation (as defined in subsection (d)(3)).

''(2) PRODUCTION.—

''(A) IN GENERAL.—A production is described in this paragraph if such production is a live staged production of a play (with or without music) which is derived from a written book or script and is produced or presented by a taxable entity in any venue which has an audience capacity of not more than 3,000 or a series of venues the majority of which have an audience capacity of not more than 3,000.

''(B) TOURING COMPANIES, ETC.—In the case of multiple live staged productions—

''(i) for which the election under this section would be allowable to the same taxpayer, and

''(ii) which are—

''(I) separate phases of a production, or

''(II) separate simultaneous stagings of the same production in different geographical locations (not including multiple performance locations of any one touring production),

each such live staged production shall be treated as a separate production.

''(C) PHASE.—For purposes of subparagraph (B), the term 'phase' with respect to any qualified live theatrical production refers to each of the following, but only if each of the following is treated by the taxpayer as a separate activity for all purposes of this title:

''(i) The initial staging of a live theatrical production.

''(ii) Subsequent additional stagings or touring of such production which are produced by the same producer as the initial staging.

''(D) SEASONAL PRODUCTIONS.—

''(i) IN GENERAL.—In the case of a live staged production not described in subparagraph (B) which is produced or presented by a taxable entity for not more than 10 weeks of the taxable year, subparagraph (A) shall be applied by substituting '6,500' for '3,000'.

''(ii) SHORT TAXABLE YEARS.—For purposes of clause (i), in the case of any taxable year of less than 12 months, the number of weeks for which a production is produced or presented shall be annualized by multiplying the number of weeks the production is produced or presented during such taxable year by 12 and dividing the result by the number of months in such taxable year.

''(E) EXCEPTION.—A production is not described in this paragraph if such production includes or consists of any performance of conduct described in section 2257(h)(1) of title 18, United States Code.''.

(d) EFFECTIVE DATE.—

(1) EXTENSION.—The amendment made by subsection (a) shall apply to productions commencing after December 31, 2014.

(2) MODIFICATIONS.—

(A) IN GENERAL.—The amendments made by subsections (b) and (c) shall apply to productions commencing after December 31, 2015.

(B) COMMENCEMENT.—For purposes of subparagraph (A), the date on which a qualified live theatrical production commences is the date of the first public performance of such production for a paying audience.

SEC. 170. EXTENSION OF DEDUCTION ALLOWABLE WITH RESPECT TO INCOME ATTRIBUTABLE TO DOMESTIC PRODUCTION ACTIVITIES IN PUERTO RICO.

(a) IN GENERAL.—Section 199(d)(8)(C) is amended—

(1) by striking ''first 9 taxable years'' and inserting ''first 11 taxable years'', and

(2) by striking ''January 1, 2015'' and inserting ''January 1, 2017''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2014.

SEC. 171. EXTENSION AND MODIFICATION OF EMPOWERMENT ZONE TAX INCENTIVES.

(a) IN GENERAL.—

(1) EXTENSION.—Section 1391(d)(1)(A)(i) is amended by striking ''December 31, 2014'' and inserting ''December 31, 2016''.

(2) TREATMENT OF CERTAIN TERMINATION DATES SPECIFIED IN NOMINATIONS.—In the case of a designation of an empowerment zone the nomination for which included a termination date which is contemporaneous with the date specified in subparagraph (A)(i) of section 1391(d)(1) of the Internal Revenue Code of 1986 (as in effect before the enactment of this Act), subparagraph (B) of such section shall not apply with respect to such designation if, after the date of the enactment of this section, the entity which made such nomination amends the nomination to provide for a new termination date in such manner as the Secretary of the Treasury (or the Secretary's designee) may provide.

(b) MODIFICATION.—Section 1394(b)(3)(B)(i) is amended—

(1) by striking ''References'' and inserting the following:

''(I) IN GENERAL.—Except as provided in subclause (II), references'', and

(2) by adding at the end the following new subclause:

''(II) SPECIAL RULE FOR EMPLOYEE RESIDENCE TEST.—For purposes of subsection (b)(6) and (c)(5) of section 1397C, an employee shall be treated as a resident of an empowerment zone if such employee is a resident of an empowerment zone, an enterprise community, or a qualified low-income community within an applicable nominating jurisdiction.''.

(c) DEFINITIONS.—

(1) QUALIFIED LOW-INCOME COMMUNITY.—Section 1394(b)(3) is amended by redesignating subparagraphs (C) and (D) as subparagraphs (D) and (E), respectively, and by inserting after subparagraph (B) the following new subparagraph:

''(C) QUALIFIED LOW-INCOME COMMUNITY.—For purposes of subparagraph (B)—

''(i) IN GENERAL.—The term 'qualified low-income community' means any population census tract if—

''(I) the poverty rate for such tract is at least 20 percent, or

''(II) the median family income for such tract does not exceed 80 percent of statewide median family income (or, in the case of a tract located within a metropolitan area, metropolitan area median family income if greater).

Subclause (II) shall be applied using possessionwide median family income in the case of census tracts located within a possession of the United States.

''(ii) TARGETED POPULATIONS.—The Secretary shall prescribe regulations under which 1 or more targeted populations (within the meaning of section 103(20) of the Riegle Community Development and Regulatory Improvement Act of 1994) may be treated as qualified low-income communities.

''(iii) AREAS NOT WITHIN CENSUS TRACTS.—In the case of an area which is not tracted for population census tracts, the equivalent county divisions (as defined by the Bureau of the Census for purposes of defining poverty areas) shall be used for purposes of determining poverty rates and median family income.

''(iv) MODIFICATION OF INCOME REQUIREMENT FOR CENSUS TRACTS WITHIN HIGH MIGRATION RURAL COUNTIES.—

''(I) IN GENERAL.—In the case of a population census tract located within a high migration rural county, clause (i)(II) shall be applied to areas not located within a metropolitan area by substituting '85 percent' for '80 percent'.

''(II) HIGH MIGRATION RURAL COUNTY.—For purposes of this clause, the term 'high migration rural county' means any county which, during the 20-year period ending with the year in which the most recent census was conducted, has a net out-migration of inhabitants from the county of at least 10 percent of the population of the county at the beginning of such period.''.

(2) APPLICABLE NOMINATING JURISDICTION.—Section 1394(b)(3)(D), as redesignated by paragraph (1), is amended by adding at the end the following new clause:

''(iii) APPLICABLE NOMINATING JURISDICTION.—The term 'applicable nominating jurisdiction' means, with respect to any empowerment zone or enterprise community, any local government that nominated such community for designation under section 1391.''.

(d) CONFORMING AMENDMENTS.—

(1) Section 1394(b)(3)(B)(iii) is amended by striking ''or an enterprise community'' and inserting '', an enterprise community, or a qualified low-income community within an applicable nominating jurisdiction''.

(2) Section 1394(b)(3)(D), as redesignated by subsection (c)(1), is amended by striking ''DEFINITIONS'' and inserting ''OTHER DEFINITIONS''.

(e) EFFECTIVE DATES.—

(1) EXTENSIONS.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2014.

(2) MODIFICATIONS.—The amendments made by subsections (b), (c), and (d) shall apply to bonds issued after December 31, 2015.

SEC. 172. EXTENSION OF TEMPORARY INCREASE IN LIMIT ON COVER OVER OF RUM EXCISE TAXES TO PUERTO RICO AND THE VIRGIN ISLANDS.

(a) IN GENERAL.—Section 7652(f)(1) is amended by striking ''January 1, 2015'' and inserting ''January 1, 2017''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to distilled spirits brought into the United States after December 31, 2014.

SEC. 173. EXTENSION OF AMERICAN SAMOA ECONOMIC DEVELOPMENT CREDIT.

(a) IN GENERAL.—Section 119(d) of division A of the Tax Relief and Health Care Act of 2006 is amended—

(1) by striking ''January 1, 2015'' each place it appears and inserting ''January 1, 2017'',

(2) by striking ''first 9 taxable years'' in paragraph (1) and inserting ''first 11 taxable years'', and

(3) by striking ''first 3 taxable years'' in paragraph (2) and inserting ''first 5 taxable years''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2014.

SEC. 174. MORATORIUM ON MEDICAL DEVICE EXCISE TAX.

(a) IN GENERAL.—Section 4191 is amended by adding at the end the following new subsection:

''(c) MORATORIUM.—The tax imposed under subsection (a) shall not apply to sales during the period beginning on January 1, 2016, and ending on December 31, 2017.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to sales after December 31, 2015.

PART 3—INCENTIVES FOR ENERGY PRODUCTION AND CONSERVATION

SEC. 181. EXTENSION AND MODIFICATION OF CREDIT FOR NONBUSINESS ENERGY PROPERTY.

(a) EXTENSION.—Section 25C(g)(2) is amended by striking ''December 31, 2014'' and inserting ''December 31, 2016''.

(b) UPDATED ENERGY STAR REQUIREMENTS.—

(1) IN GENERAL.—Section 25C(c)(1) is amended by striking ''which meets'' and all that follows through ''requirements)''.

(2) ENERGY EFFICIENT BUILDING ENVELOPE COMPONENT.—Section 25C(c) is amended by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively, and by inserting after paragraph (1) the following new paragraph:

''(2) ENERGY EFFICIENT BUILDING ENVELOPE COMPONENT.—The term 'energy efficient building envelope component' means a building envelope component which meets—

''(A) applicable Energy Star program requirements, in the case of a roof or roof products,

''(B) version 6.0 Energy Star program requirements, in the case of an exterior window, a skylight, or an exterior door, and

''(C) the prescriptive criteria for such component established by the 2009 International Energy Conservation Code, as such Code (including supplements) is in effect on the date of the enactment of the American Recovery and Reinvestment Tax Act of 2009, in the case of any other component.''.

(c) EFFECTIVE DATES.—

(1) EXTENSION.—The amendment made by subsection (a) shall apply to property placed in service after December 31, 2014.

(2) MODIFICATION.—The amendments made by subsection (b) shall apply to property placed in service after December 31, 2015.

SEC. 182. EXTENSION OF CREDIT FOR ALTERNATIVE FUEL VEHICLE REFUELING PROPERTY.

(a) IN GENERAL.—Section 30C(g) is amended by striking ''December 31, 2014'' and inserting ''December 31, 2016''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to property placed in service after December 31, 2014.

SEC. 183. EXTENSION OF CREDIT FOR 2-WHEELED PLUG-IN ELECTRIC VEHICLES.

(a) IN GENERAL.—Section 30D(g)(3)(E) is amended by striking ''acquired'' and all that follows and inserting the following: ''acquired—

''(i) after December 31, 2011, and before January 1, 2014, or

''(ii) in the case of a vehicle that has 2 wheels, after December 31, 2014, and before January 1, 2017.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to vehicles acquired after December 31, 2014.

SEC. 184. EXTENSION OF SECOND GENERATION BIOFUEL PRODUCER CREDIT.

(a) IN GENERAL.—Section 40(b)(6)(J)(i) is amended by striking ''January 1, 2015'' and inserting ''January 1, 2017''.

(b) EFFECTIVE DATE.—The amendment made by this subsection shall apply to qualified second generation biofuel production after December 31, 2014.

SEC. 185. EXTENSION OF BIODIESEL AND RENEWABLE DIESEL INCENTIVES.

(a) INCOME TAX CREDIT.—

(1) IN GENERAL.—Subsection (g) of section 40A is amended by striking ''December 31, 2014'' and inserting ''December 31, 2016''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to fuel sold or used after December 31, 2014.

(b) EXCISE TAX INCENTIVES.—

(1) IN GENERAL.—Section 6426(c)(6) is amended by striking ''December 31, 2014'' and inserting ''December 31, 2016''.

(2) PAYMENTS.—Section 6427(e)(6)(B) is amended by striking ''December 31, 2014'' and inserting ''December 31, 2016''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to fuel sold or used after December 31, 2014.

(4) SPECIAL RULE FOR 2015.—Notwithstanding any other provision of law, in the case of any biodiesel mixture credit properly determined under section 6426(c) of the Internal Revenue Code of 1986 for the period beginning on January 1, 2015, and ending on December 31, 2015, such credit shall be allowed, and any refund or payment attributable to such credit (including any payment under section 6427(e) of such Code) shall be made, only in such manner as the Secretary of the Treasury (or the Secretary's delegate) shall provide. Such Secretary shall issue guidance within 30 days after the date of the enactment of this Act providing for a one-time submission of claims covering periods described in the preceding sentence. Such guidance shall provide for a 180-day period for the submission of such claims (in such manner as prescribed by such Secretary) to begin not later than 30 days after such guidance is issued. Such claims shall be paid by such Secretary not later than 60 days after receipt. If such Secretary has not paid pursuant to a claim filed under this subsection within 60 days after the date of the filing of such claim, the claim shall be paid with interest from such date determined by using the overpayment rate and method under section 6621 of such Code.

SEC. 186. EXTENSION AND MODIFICATION OF PRODUCTION CREDIT FOR INDIAN COAL FACILITIES.

(a) IN GENERAL.—Section 45(e)(10)(A) is amended by striking ''9-year period'' each place it appears and inserting ''11-year period''.

(b) REPEAL OF LIMITATION BASED ON DATE FACILITY IS PLACED IN SERVICE.—Section 45(d)(10) is amended to read as follows:

''(10) INDIAN COAL PRODUCTION FACILITY.—The term 'Indian coal production facility' means a facility that produces Indian coal.''.

(c) TREATMENT OF SALES TO RELATED PARTIES.—Section 45(e)(10)(A)(ii)(I) is amended by inserting ''(either directly by the taxpayer or after sale or transfer to one or more related persons)'' after ''unrelated person''.

(d) CREDIT ALLOWED AGAINST ALTERNATIVE MINIMUM TAX.—

(1) IN GENERAL.—Section 38(c)(4)(B), as amended by the preceding provisions of this Act, is amended by redesignating clauses (v) through (x) as clauses (vi) through (xi), respectively, and by inserting after clause (iv) the following new clause:

''(v) the credit determined under section 45 to the extent that such credit is attributable to section 45(e)(10) (relating to Indian coal production facilities),''.

(2) CONFORMING AMENDMENT.—Section 45(e)(10) is amended by striking subparagraph (D).

(e) EFFECTIVE DATES.—

(1) EXTENSION.—The amendments made by subsection (a) shall apply to coal produced after December 31, 2014.

(2) MODIFICATIONS.—The amendments made by subsections (b) and (c) shall apply to coal produced and sold after December 31, 2015, in taxable years ending after such date.

(3) CREDIT ALLOWED AGAINST ALTERNATIVE MINIMUM TAX.—The amendments made by subsection (d) shall apply to credits determined for taxable years beginning after December 31, 2015.

SEC. 187. EXTENSION OF CREDITS WITH RESPECT TO FACILITIES PRODUCING ENERGY FROM CERTAIN RENEWABLE RESOURCES.

(a) IN GENERAL.—The following provisions of section 45(d) are each amended by striking ''January 1, 2015'' each place it appears and inserting ''January 1, 2017'':

(1) Paragraph (2)(A).
(2) Paragraph (3)(A).
(3) Paragraph (4)(B).
(4) Paragraph (6).
(5) Paragraph (7).
(6) Paragraph (9).
(7) Paragraph (11)(B).

(b) EXTENSION OF ELECTION TO TREAT QUALIFIED FACILITIES AS ENERGY PROPERTY.—Section 48(a)(5)(C)(ii) is amended by striking ''January 1, 2015'' and inserting ''January 1, 2017''.

(c) EFFECTIVE DATES.—The amendments made by this section shall take effect on January 1, 2015.

SEC. 188. EXTENSION OF CREDIT FOR ENERGY-EFFICIENT NEW HOMES.

(a) IN GENERAL.—Section 45L(g) is amended by striking ''December 31, 2014'' and inserting ''December 31, 2016''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to homes acquired after December 31, 2014.

SEC. 189. EXTENSION OF SPECIAL ALLOWANCE FOR SECOND GENERATION BIOFUEL PLANT PROPERTY.

(a) IN GENERAL.—Section 168(l)(2)(D) is amended by striking ''January 1, 2015'' and inserting ''January 1, 2017''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to property placed in service after December 31, 2014.

SEC. 190. EXTENSION OF ENERGY EFFICIENT COMMERCIAL BUILDINGS DEDUCTION.

(a) IN GENERAL.—Section 179D(h) is amended by striking ''December 31, 2014'' and inserting ''December 31, 2016''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to property placed in service after December 31, 2014.

SEC. 191. EXTENSION OF SPECIAL RULE FOR SALES OR DISPOSITIONS TO IMPLEMENT FERC OR STATE ELECTRIC RESTRUCTURING POLICY FOR QUALIFIED ELECTRIC UTILITIES.

(a) IN GENERAL.—Section 451(i)(3) is amended by striking ''January 1, 2015'' and inserting ''January 1, 2017''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to dispositions after December 31, 2014.

SEC. 192. EXTENSION OF EXCISE TAX CREDITS RELATING TO ALTERNATIVE FUELS.

(a) EXTENSION OF ALTERNATIVE FUELS EXCISE TAX CREDITS.—

(1) IN GENERAL.—Sections 6426(d)(5) and 6426(e)(3) are each amended by striking ''December 31, 2014'' and inserting ''December 31, 2016''.

(2) OUTLAY PAYMENTS FOR ALTERNATIVE FUELS.—Section 6427(e)(6)(C) is amended by striking ''December 31, 2014'' and inserting ''December 31, 2016''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to fuel sold or used after December 31, 2014.

(c) SPECIAL RULE FOR 2015.—Notwithstanding any other provision of law, in the case of any alternative fuel credit properly determined under section 6426(d) of the Internal Revenue Code of 1986 for the period beginning on January 1, 2015, and ending on December 31, 2015, such credit shall be allowed, and any refund or payment attributable to such credit (including any payment under section 6427(e) of such Code) shall be made, only in such manner as the Secretary of the Treasury (or the Secretary's delegate) shall provide. Such Secretary shall issue guidance within 30 days after the date of the enactment of this Act providing for a one-time submission of claims covering periods described in the preceding sentence. Such guidance shall provide for a 180-day period for the submission of such claims (in such manner as prescribed by such Secretary) to begin not later than 30 days after such guidance is issued. Such claims shall be paid by such Secretary not later than 60 days after receipt. If such Secretary has not paid pursuant to a claim filed under this subsection within 60 days after the date of the filing of such claim, the claim shall be paid with interest from such date determined by using the overpayment rate and method under section 6621 of such Code.

SEC. 193. EXTENSION OF CREDIT FOR NEW QUALIFIED FUEL CELL MOTOR VEHICLES.

(a) IN GENERAL.—Section 30B(k)(1) is amended by striking ''December 31, 2014'' and inserting ''December 31, 2016''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to property purchased after December 31, 2014.

TITLE II—PROGRAM INTEGRITY

SEC. 201. MODIFICATION OF FILING DATES OF RETURNS AND STATEMENTS RELATING TO EMPLOYEE WAGE INFORMATION AND NONEMPLOYEE COMPENSATION TO IMPROVE COMPLIANCE.

(a) IN GENERAL.—Section 6071 is amended by redesignating subsection (c) as subsection (d), and by inserting after subsection (b) the following new subsection:

''(c) RETURNS AND STATEMENTS RELATING TO EMPLOYEE WAGE INFORMATION AND NONEMPLOYEE COMPENSATION.—Forms W–2 and W–3 and any returns or statements required by the Secretary to report nonemployee compensation shall be filed on or before January 31 of the year following the calendar year to which such returns relate.''.

(b) DATE FOR CERTAIN REFUNDS.—Section 6402 is amended by adding at the end the following new subsection:

''(m) EARLIEST DATE FOR CERTAIN REFUNDS.—No credit or refund of an overpayment for a taxable year shall be made to a taxpayer before the 15th day of the second month following the close of such taxable year if a credit is allowed to such taxpayer under section 24 (by reason of subsection (d) thereof) or 32 for such taxable year.''.

(c) CONFORMING AMENDMENT.—Section 6071(b) is amended by striking ''subparts B and C of part III of this subchapter'' and inserting ''subpart B of part III of this subchapter (other than returns and statements required to be filed with respect to nonemployee compensation)''.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to returns and statements relating to calendar years beginning after the date of the enactment of this Act.

(2) DATE FOR CERTAIN REFUNDS.—The amendment made by subsection (b) shall apply to credits or refunds made after December 31, 2016.

SEC. 202. SAFE HARBOR FOR DE MINIMIS ERRORS ON INFORMATION RETURNS AND PAYEE STATEMENTS.

(a) IN GENERAL.—Section 6721(c) is amended by adding at the end the following new paragraph:

''(3) SAFE HARBOR FOR CERTAIN DE MINIMIS ERRORS.—

''(A) IN GENERAL.—If, with respect to an information return filed with the Secretary—

''(i) there are 1 or more failures described in subsection (a)(2)(B) relating to an incorrect dollar amount,

''(ii) no single amount in error differs from the correct amount by more than $100, and

''(iii) no single amount reported for tax withheld on any information return differs from the correct amount by more than $25,

then no correction shall be required and, for purposes of this section, such return shall be treated as having been filed with all of the correct required information.

''(B) EXCEPTION.—Subparagraph (A) shall not apply with respect to any incorrect dollar amount to the extent that such error relates to an amount with respect to which an election is made under section 6722(c)(3)(B).

''(C) REGULATORY AUTHORITY.—The Secretary may issue regulations to prevent the abuse of the safe harbor under this paragraph, including regulations providing that this paragraph shall not apply to the extent necessary to prevent any such abuse.''.

(b) FAILURE TO FURNISH CORRECT PAYEE STATEMENT.—Section 6722(c) is amended by adding at the end the following new paragraph:

''(3) SAFE HARBOR FOR CERTAIN DE MINIMIS ERRORS.—

''(A) IN GENERAL.—If, with respect to any payee statement—

''(i) there are 1 or more failures described in subsection (a)(2)(B) relating to an incorrect dollar amount,

''(ii) no single amount in error differs from the correct amount by more than $100, and

''(iii) no single amount reported for tax withheld on any information return differs from the correct amount by more than $25,

then no correction shall be required and, for purposes of this section, such statement shall be treated as having been filed with all of the correct required information.

''(B) EXCEPTION.—Subparagraph (A) shall not apply to any payee statement if the person to whom such statement is required to be furnished makes an election (at such time and in such manner as the Secretary may prescribe) that subparagraph (A) not apply with respect to such statement.

''(C) REGULATORY AUTHORITY.—The Secretary may issue regulations to prevent the abuse of the safe harbor under this paragraph, including regulations providing that

this paragraph shall not apply to the extent necessary to prevent any such abuse.''.

(c) APPLICATION TO BROKER REPORTING OF BASIS.—Section 6045(g)(2)(B) is amended by adding at the end the following new clause:

''(iii) TREATMENT OF UNCORRECTED DE MINIMIS ERRORS.—Except as otherwise provided by the Secretary, the customer's adjusted basis shall be determined by treating any incorrect dollar amount which is not required to be corrected by reason of section 6721(c)(3) or section 6722(c)(3) as the correct amount.''.

(d) CONFORMING AMENDMENTS.—

(1) Section 6721(c) is amended by striking ''EXCEPTION FOR DE MINIMIS FAILURES TO INCLUDE ALL REQUIRED INFORMATION'' in the heading and inserting ''EXCEPTIONS FOR CERTAIN DE MINIMIS FAILURES''.

(2) Section 6721(c)(1) is amended by striking ''IN GENERAL'' in the heading and inserting ''EXCEPTION FOR DE MINIMIS FAILURE TO INCLUDE ALL REQUIRED INFORMATION''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to returns required to be filed, and payee statements required to be provided, after December 31, 2016.

SEC. 203. REQUIREMENTS FOR THE ISSUANCE OF ITINS.

(a) IN GENERAL.—Section 6109 is amended by adding at the end the following new subsection:

''(i) SPECIAL RULES RELATING TO THE ISSUANCE OF ITINS.—

''(1) IN GENERAL.—The Secretary is authorized to issue an individual taxpayer identification number to an individual only if the applicant submits an application, using such form as the Secretary may require and including the required documentation—

''(A) in the case of an applicant not described in subparagraph (B)—

''(i) in person to an employee of the Internal Revenue Service or a community-based certified acceptance agent approved by the Secretary, or

''(ii) by mail, pursuant to rules prescribed by the Secretary, or

''(B) in the case of an applicant who resides outside of the United States, by mail or in person to an employee of the Internal Revenue Service or a designee of the Secretary at a United States diplomatic mission or consular post.

''(2) REQUIRED DOCUMENTATION.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'required documentation' includes such documentation as the Secretary may require that proves the individual's identity, foreign status, and residency.

''(B) VALIDITY OF DOCUMENTS.—The Secretary may accept only original documents or certified copies meeting the requirements of the Secretary.

''(3) TERM OF ITIN.—

''(A) IN GENERAL.—An individual taxpayer identification number issued after December 31, 2012, shall remain in effect unless the individual to whom such number is issued does not file a return of tax (or is not included as a dependent on the return of tax of another taxpayer) for 3 consecutive taxable years. In the case of an individual described in the preceding sentence, such number shall expire on the last day of such third consecutive taxable year.

''(B) SPECIAL RULE FOR EXISTING ITINS.—In the case of an individual with respect to whom an individual taxpayer identification number was issued before January 1, 2013, such number shall remain in effect until the earlier of—

''(i) the applicable date, or

''(ii) if the individual does not file a return of tax (or is not included as a dependent on the return of tax of another taxpayer) for 3 consecutive taxable years, the earlier of—

''(I) the last day of such third consecutive taxable year, or

''(II) the last day of the taxable year that includes the date of the enactment of this subsection.

''(C) APPLICABLE DATE.—For purposes of subparagraph (B), the term 'applicable date' means—

''(i) January 1, 2017, in the case of an individual taxpayer identification number issued before January 1, 2008,

''(ii) January 1, 2018, in the case of an individual taxpayer identification number issued in 2008,

''(iii) January 1, 2019, in the case of an individual taxpayer identification number issued in 2009 or 2010, and

''(iv) January 1, 2020, in the case of an individual taxpayer identification number issued in 2011 or 2012.

''(4) DISTINGUISHING ITINS ISSUED SOLELY FOR PURPOSES OF TREATY BENEFITS.—The Secretary shall implement a system that ensures that individual taxpayer identification numbers issued solely for purposes of claiming tax treaty benefits are used only for such purposes, by distinguishing such numbers from other individual taxpayer identification numbers issued.''.

(b) AUDIT BY TIGTA.—Not later than 2 years after the date of the enactment of this Act, and every 2 years thereafter, the Treasury Inspector General for Tax Administration shall conduct an audit of the program of the Internal Revenue Service for the issuance of individual taxpayer identification numbers pursuant to section 6109(i) of the Internal Revenue Code of 1986 (as added by this section) and report the results of such audit to the Committee on Finance of the Senate and the Committee on the Ways and Means of the House of Representatives.

(c) COMMUNITY-BASED CERTIFIED ACCEPTANCE AGENTS.—The Secretary of the Treasury, or the Secretary's delegate, shall maintain a program for training and approving community-based certified acceptance agents for purposes of section 6109(i)(1)(A)(i) of the Internal Revenue Code of 1986 (as added by this section). Persons eligible to be acceptance agents under such program include—

(1) financial institutions (as defined in section 265(b)(5) of such Code and the regulations thereunder),

(2) colleges and universities which are described in section 501(c)(3) of such Code and exempt from taxation under section 501(a) of such Code,

(3) Federal agencies (as defined in section 6402(h) of such Code),

(4) State and local governments, including agencies responsible for vital records,

(5) community-based organizations which are described in subsection (c)(3) or (d) of section 501 of such Code and exempt from taxation under section 501(a) of such Code,

(6) persons that provide assistance to taxpayers in the preparation of their tax returns, and

(7) other persons or categories of persons as authorized by regulations or other guidance of the Secretary of the Treasury.

(d) ITIN STUDY.—

(1) IN GENERAL.—The Secretary of the Treasury, or the Secretary's delegate, shall conduct a study on the effectiveness of the application process for individual taxpayer identification numbers before the implementation of the amendments made by this section, the effects of the amendments made by this section on such application process, the comparative effectiveness of an in-person review process for application versus other methods of reducing fraud in the ITIN program and improper payments to ITIN holders as a result, and possible administrative and legislative recommendations to improve such process.

(2) SPECIFIC REQUIREMENTS.—Such study shall include an evaluation of the following:

(A) Possible administrative and legislative recommendations to reduce fraud and improper payments through the use of individual taxpayer identification numbers (hereinafter referred to as ''ITINs'').

(B) If data supports an in-person initial review of ITIN applications to reduce fraud and improper payments, the administrative and legislative steps needed to implement such an in-person initial review of ITIN applications, in conjunction with an expansion of the community-based certified acceptance agent program under subsection (c), with a goal of transitioning to such a program by 2020.

(C) Strategies for more efficient processing of ITIN applications.

(D) The acceptance agent program as in existence on the date of the enactment of this Act and ways to expand the geographic availability of agents through the community-based certified acceptance agent program under subsection (c).

(E) Strategies for the Internal Revenue Service to work with other Federal agencies, State and local governments, and other organizations and persons described in subsection (c) to encourage participation in the community-based certified acceptance agent program under subsection (c) to facilitate in-person initial review of ITIN applications.

(F) Typical characteristics (derived from Form W–7 and other sources) of mail applications for ITINs as compared with typical characteristics of in-person applications.

(G) Typical characteristics (derived from 17 Form W–7 and other sources) of ITIN applications before the Internal Revenue Service revised its application procedures in 2012 as compared with typical characteristics of ITIN applications made after such revisions went into effect.

(3) REPORT.—The Secretary, or the Secretary's delegate, shall submit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives a report detailing the study under paragraph (1) and its findings not later than 1 year after the date of the enactment of this Act.

(4) ADMINISTRATIVE STEPS.—The Secretary of the Treasury shall implement any administrative steps identified by the report under paragraph (3) not later than 180 days after submitting such report.

(e) MATHEMATICAL OR CLERICAL ERROR AUTHORITY.—Paragraph (2) of section 6213(g) of the Internal Revenue Code of 1986 is amended by striking ''and'' at the end of subparagraph (M), by striking the period at the end of subparagraph (N) and inserting '', and'', and by inserting after subparagraph (N) the following new subparagraph:

''(O) the inclusion on a return of an individual taxpayer identification number issued under section 6109(i) which has expired, been revoked by the Secretary, or is otherwise invalid.''.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to applications for individual taxpayer identification numbers made after the date of the enactment of this Act.

SEC. 204. PREVENTION OF RETROACTIVE CLAIMS OF EARNED INCOME CREDIT AFTER ISSUANCE OF SOCIAL SECURITY NUMBER.

(a) IN GENERAL.—Section 32(m) is amended by inserting ''on or before the due date for filing the return for the taxable year'' before the period at the end.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendment made by this

section shall apply to any return of tax, and any amendment or supplement to any return of tax, which is filed after the date of the enactment of this Act.

(2) EXCEPTION FOR TIMELY-FILED 2015 RETURNS.—The amendment made by this section shall not apply to any return of tax (other than an amendment or supplement to any return of tax) for any taxable year which includes the date of the enactment of this Act if such return is filed on or before the due date for such return of tax.

SEC. 205. PREVENTION OF RETROACTIVE CLAIMS OF CHILD TAX CREDIT.

(a) QUALIFYING CHILD IDENTIFICATION REQUIREMENT.—Section 24(e) is amended by inserting ''and such taxpayer identification number was issued on or before the due date for filing such return'' before the period at the end.

(b) TAXPAYER IDENTIFICATION REQUIREMENT.—Section 24(e), as amended by subsection (a) is amended—

(1) by striking ''IDENTIFICATION REQUIREMENT.—No credit shall be allowed'' and inserting the following: ''IDENTIFICATION REQUIREMENTS.—

''(1) QUALIFYING CHILD IDENTIFICATION REQUIREMENT.—No credit shall be allowed'', and

(2) by adding at the end the following new paragraph:

''(2) TAXPAYER IDENTIFICATION REQUIREMENT.—No credit shall be allowed under this section if the identifying number of the taxpayer was issued after the due date for filing the return for the taxable year.''.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to any return of tax, and any amendment or supplement to any return of tax, which is filed after the date of the enactment of this Act.

(2) EXCEPTION FOR TIMELY-FILED 2015 RETURNS.—The amendments made by this section shall not apply to any return of tax (other than an amendment or supplement to any return of tax) for any taxable year which includes the date of the enactment of this Act if such return is filed on or before the due date for such return of tax.

SEC. 206. PREVENTION OF RETROACTIVE CLAIMS OF AMERICAN OPPORTUNITY TAX CREDIT.

(a) IN GENERAL.—Section 25A(i) is amended—

(1) by striking paragraph (6), and

(2) by inserting after paragraph (5) the following new paragraph:

''(6) IDENTIFICATION NUMBERS.—

''(A) STUDENT.—The requirements of subsection (g)(1) shall not be treated as met with respect to the Hope Scholarship Credit unless the individual's taxpayer identification number was issued on or before the due date for filing the return of tax for the taxable year.

''(B) TAXPAYER.—No Hope Scholarship Credit shall be allowed under this section if the identifying number of the taxpayer was issued after the due date for filing the return for the taxable year.''.

(b) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendment made by subsection (a)(2) shall apply to any return of tax, and any amendment or supplement to any return of tax, which is filed after the date of the enactment of this Act.

(2) EXCEPTION FOR TIMELY-FILED 2015 RETURNS.—The amendment made by subsection (a)(2) shall not apply to any return of tax (other than an amendment or supplement to any return of tax) for any taxable year which includes the date of the enactment of this Act if such return is filed on or before the due date for such return of tax.

(3) REPEAL OF DEADWOOD.—The amendment made by subsection (a)(1) shall take effect on the date of the enactment of this Act.

SEC. 207. PROCEDURES TO REDUCE IMPROPER CLAIMS.

(a) DUE DILIGENCE REQUIREMENTS.—Section 6695(g) is amended—

(1) by striking ''section 32''and inserting ''section 24, 25A(a)(1), or 32'', and

(2) in the heading by inserting ''CHILD TAX CREDIT; AMERICAN OPPORTUNITY TAX CREDIT; AND'' before ''EARNED INCOME CREDIT''.

(b) RETURN PREPARER DUE DILIGENCE STUDY.—

(1) IN GENERAL.—The Secretary of the Treasury, or his delegate, shall conduct a study of the effectiveness of tax return preparer due diligence requirements for claiming the earned income tax credit under section 32 of the Internal Revenue Code of 1986, the child tax credit under section 24 of such Code, and the American opportunity tax credit under section 25A(i) of such Code.

(2) REQUIREMENTS.—Such study shall include an evaluation of the following:

(A) The effectiveness of the questions currently asked as part of the due-diligence requirement with respect to minimizing error and fraud.

(B) Whether all such questions are necessary and support improved compliance.

(C) The comparative effectiveness of such questions relative to other means of determining (i) eligibility for these tax credits and (ii) the correct amount of tax credit.

(D) Whether due diligence of this type should apply to other methods of tax filing and whether such requirements should vary based on the methods to increase effectiveness.

(E) The effectiveness of the preparer penalty under section 6695(g) in enforcing the due diligence requirements.

(3) REPORT.—The Secretary, or his delegate, shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report detailing the study and its findings—

(A) in the case of the portion of the study that relates to the earned income tax credit, not later than 1 year after the date of enactment of this Act, and

(B) in the case of the portions of the study that relate to the child tax credit and the American opportunity tax credit, not later than 2 years after the date of the enactment of this Act.

(c) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2015.

SEC. 208. RESTRICTIONS ON TAXPAYERS WHO IMPROPERLY CLAIMED CREDITS IN PRIOR YEAR.

(a) RESTRICTIONS.—

(1) CHILD TAX CREDIT.—Section 24 is amended by adding at the end the following new subsection:

''(g) RESTRICTIONS ON TAXPAYERS WHO IMPROPERLY CLAIMED CREDIT IN PRIOR YEAR.—

''(1) TAXPAYERS MAKING PRIOR FRAUDULENT OR RECKLESS CLAIMS.—

''(A) IN GENERAL.—No credit shall be allowed under this section for any taxable year in the disallowance period.

''(B) DISALLOWANCE PERIOD.—For purposes of subparagraph (A), the disallowance period is—

''(i) the period of 10 taxable years after the most recent taxable year for which there was a final determination that the taxpayer's claim of credit under this section was due to fraud, and

''(ii) the period of 2 taxable years after the most recent taxable year for which there was a final determination that the taxpayer's claim of credit under this section was due to reckless or intentional disregard of rules and regulations (but not due to fraud).

''(2) TAXPAYERS MAKING IMPROPER PRIOR CLAIMS.—In the case of a taxpayer who is denied credit under this section for any taxable year as a result of the deficiency procedures under subchapter B of chapter 63, no credit shall be allowed under this section for any subsequent taxable year unless the taxpayer provides such information as the Secretary may require to demonstrate eligibility for such credit.''.

(2) AMERICAN OPPORTUNITY TAX CREDIT.—Section 25A(i), as amended by the preceding provisions of this Act, is amended by adding at the end the following new paragraph:

''(7) RESTRICTIONS ON TAXPAYERS WHO IMPROPERLY CLAIMED CREDIT IN PRIOR YEAR.—

''(A) TAXPAYERS MAKING PRIOR FRAUDULENT OR RECKLESS CLAIMS.—

''(i) IN GENERAL.—No credit shall be allowed under this section for any taxable year in the disallowance period.

''(ii) DISALLOWANCE PERIOD.—For purposes of clause (i), the disallowance period is—

''(I) the period of 10 taxable years after the most recent taxable year for which there was a final determination that the taxpayer's claim of credit under this section was due to fraud, and

''(II) the period of 2 taxable years after the most recent taxable year for which there was a final determination that the taxpayer's claim of credit under this section was due to reckless or intentional disregard of rules and regulations (but not due to fraud).

''(B) TAXPAYERS MAKING IMPROPER PRIOR CLAIMS.—In the case of a taxpayer who is denied credit under this section for any taxable year as a result of the deficiency procedures under subchapter B of chapter 63, no credit shall be allowed under this section for any subsequent taxable year unless the taxpayer provides such information as the Secretary may require to demonstrate eligibility for such credit.''.

(b) MATH ERROR AUTHORITY.—

(1) EARNED INCOME TAX CREDIT.—Section 6213(g)(2)(K) is amended by inserting before the comma at the end the following: ''or an entry on the return claiming the credit under section 32 for a taxable year for which the credit is disallowed under subsection (k)(1) thereof''.

(2) AMERICAN OPPORTUNITY TAX CREDIT AND CHILD TAX CREDIT.—Section 6213(g)(2), as amended by the preceding provisions of this Act, is amended by striking ''and'' at the end of subparagraph (N), by striking the period at the end of subparagraph (O), and by inserting after subparagraph (O) the following new subparagraphs:

''(P) an omission of information required by section 24(h)(2) or an entry on the return claiming the credit under section 24 for a taxable year for which the credit is disallowed under subsection (h)(1) thereof, and

''(Q) an omission of information required by section 25A(i)(8)(B) or an entry on the return claiming the credit determined under section 25A(i) for a taxable year for which the credit is disallowed under paragraph (8)(A) thereof.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2015.

SEC. 209. TREATMENT OF CREDITS FOR PURPOSES OF CERTAIN PENALTIES.

(a) APPLICATION OF UNDERPAYMENT PENALTIES.—Section 6664(a) is amended by adding at the end the following: ''A rule similar to the rule of section 6211(b)(4) shall apply for purposes of this subsection.''.

(b) PENALTY FOR ERRONEOUS CLAIM OF CREDIT MADE APPLICABLE TO EARNED INCOME

CREDIT.—Section 6676(a) is amended by striking ''(other than a claim for a refund or credit relating to the earned income credit under section 32)''.

(c) REASONABLE CAUSE EXCEPTION FOR ERRONEOUS CLAIM FOR REFUND OR CREDIT.—

(1) IN GENERAL.—Section 6676(a) is amended by striking ''has a reasonable basis'' and inserting ''is due to reasonable cause''.

(2) NONECONOMIC SUBSTANCE TRANSACTIONS.—Section 6676(c) is amended by striking ''having a reasonable basis'' and inserting ''due to reasonable cause''.

(d) EFFECTIVE DATES.—

(1) UNDERPAYMENT PENALTIES.—The amendment made by subsection (a) shall apply to—

(A) returns filed after the date of the enactment of this Act, and

(B) returns filed on or before such date if the period specified in section 6501 of the Internal Revenue Code of 1986 for assessment of the taxes with respect to which such return relates has not expired as of such date.

(2) PENALTY FOR ERRONEOUS CLAIM OF CREDIT.—The amendment made by subsection (b) shall apply to claims filed after the date of the enactment of this Act.

SEC. 210. INCREASE THE PENALTY APPLICABLE TO PAID TAX PREPARERS WHO ENGAGE IN WILLFUL OR RECKLESS CONDUCT.

(a) IN GENERAL.—Section 6694(b)(1)(B) is amended by striking ''50 percent'' and inserting ''75 percent''.

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

SEC. 211. EMPLOYER IDENTIFICATION NUMBER REQUIRED FOR AMERICAN OPPORTUNITY TAX CREDIT.

(a) IN GENERAL.—Section 25A(i)(6), as added by this Act, is amended by adding at the end the following new subparagraph:

''(C) INSTITUTION.—No Hope Scholarship Credit shall be allowed under this section unless the taxpayer includes the employer identification number of any institution to which qualified tuition and related expenses were paid with respect to the individual.''.

(b) INFORMATION REPORTING.—Section 6050S(b)(2) is amended by striking ''and'' at the end of subparagraph (B), by redesignating subparagraph (C) as subparagraph (D), and by inserting after subparagraph (B) the following new subparagraph:

''(C) the employer identification number of the institution, and''.

(c) EFFECTIVE DATE.—

(1) SUBSECTION (a).—The amendments made by subsection (a) shall apply to taxable years beginning after December 31, 2015.

(2) SUBSECTION (b).—The amendments made by subsection (b) shall apply to expenses paid after December 31, 2015, for education furnished in academic periods beginning after such date.

SEC. 212. HIGHER EDUCATION INFORMATION REPORTING ONLY TO INCLUDE QUALIFIED TUITION AND RELATED EXPENSES ACTUALLY PAID.

(a) IN GENERAL.—Section 6050S(b)(2)(B)(i) is amended by striking ''or the aggregate amount billed''.

(b) EFFECTIVE DATE.—The amendments made by subsection (b) shall apply to expenses paid after December 31, 2015, for education furnished in academic periods beginning after such date.

TITLE III—MISCELLANEOUS PROVISIONS

Subtitle A—Family Tax Relief

SEC. 301. EXCLUSION FOR AMOUNTS RECEIVED UNDER THE WORK COLLEGES PROGRAM.

(a) IN GENERAL.—Paragraph (2) of section 117(c) 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) a comprehensive student work-learning-service program (as defined in section 448(e) of the Higher Education Act of 1965) operated by a work college (as defined in such section).''.

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

SEC. 302. IMPROVEMENTS TO SECTION 529 ACCOUNTS.

(a) COMPUTER TECHNOLOGY AND EQUIPMENT PERMANENTLY ALLOWED AS A QUALIFIED HIGHER EDUCATION EXPENSE FOR SECTION 529 ACCOUNTS.—

(1) IN GENERAL.—Section 529(e)(3)(A)(iii) is amended to read as follows:

''(iii) expenses for the purchase of computer or peripheral equipment (as defined in section 168(i)(2)(B)), computer software (as defined in section 197(e)(3)(B)), or Internet access and related services, if such equipment, software, or services are to be used primarily by the beneficiary during any of the years the beneficiary is enrolled at an eligible educational institution.''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to taxable years beginning after December 31, 2014.

(b) ELIMINATION OF DISTRIBUTION AGGREGATION REQUIREMENTS.—

(1) IN GENERAL.—Section 529(c)(3) is amended by striking subparagraph (D).

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to distributions after December 31, 2014.

(c) RECONTRIBUTION OF REFUNDED AMOUNTS.—

(1) IN GENERAL.—Section 529(c)(3), as amended by subsection (b), is amended by adding at the end the following new subparagraph:

''(D) SPECIAL RULE FOR CONTRIBUTIONS OF REFUNDED AMOUNTS.—In the case of a beneficiary who receives a refund of any qualified higher education expenses from an eligible educational institution, subparagraph (A) shall not apply to that portion of any distribution for the taxable year which is recontributed to a qualified tuition program of which such individual is a beneficiary, but only to the extent such recontribution is made not later than 60 days after the date of such refund and does not exceed the refunded amount.''.

(2) EFFECTIVE DATE.—

(A) IN GENERAL.—The amendment made by this subsection shall apply with respect to refunds of qualified higher education expenses after December 31, 2014.

(B) TRANSITION RULE.—In the case of a refund of qualified higher education expenses received after December 31, 2014, and before the date of the enactment of this Act, section 529(c)(3)(D) of the Internal Revenue Code of 1986 (as added by this subsection) shall be applied by substituting ''not later than 60 days after the date of the enactment of this subparagraph'' for ''not later than 60 days after the date of such refund''.

SEC. 303. ELIMINATION OF RESIDENCY REQUIREMENT FOR QUALIFIED ABLE PROGRAMS.

(a) IN GENERAL.—Section 529A(b)(1) is amended by striking subparagraph (C), by inserting ''and'' at the end of subparagraph (B), and by redesignating subparagraph (D) as subparagraph (C).

(b) CONFORMING AMENDMENTS.—

(1) The second sentence of section 529A(d)(3) is amended by striking ''and State of residence''.

(2) Section 529A(e) is amended by striking paragraph (7).

(c) TECHNICAL AMENDMENTS.—

(1) Section 529A(d)(4) is amended by striking ''section 4'' and inserting ''section 103''.

(2) Section 529A(c)(1)(C)(i) is amended by striking ''family member'' and inserting ''member of the family''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2014.

SEC. 304. EXCLUSION FOR WRONGFULLY INCARCERATED INDIVIDUALS.

(a) IN GENERAL.—Part III of subchapter B of chapter 1 is amended by inserting before section 140 the following new section:

''SEC. 139F. CERTAIN AMOUNTS RECEIVED BY WRONGFULLY INCARCERATED INDIVIDUALS.

''(a) EXCLUSION FROM GROSS INCOME.—In the case of any wrongfully incarcerated individual, gross income shall not include any civil damages, restitution, or other monetary award (including compensatory or statutory damages and restitution imposed in a criminal matter) relating to the incarceration of such individual for the covered offense for which such individual was convicted.

''(b) WRONGFULLY INCARCERATED INDIVIDUAL.—For purposes of this section, the term 'wrongfully incarcerated individual' means an individual—

''(1) who was convicted of a covered offense,

''(2) who served all or part of a sentence of imprisonment relating to that covered offense, and

''(3)(A) who was pardoned, granted clemency, or granted amnesty for that covered offense because that individual was innocent of that covered offense, or

''(B)(i) for whom the judgment of conviction for that covered offense was reversed or vacated, and

''(ii) for whom the indictment, information, or other accusatory instrument for that covered offense was dismissed or who was found not guilty at a new trial after the judgment of conviction for that covered offense was reversed or vacated.

''(c) COVERED OFFENSE.—For purposes of this section, the term 'covered offense' means any criminal offense under Federal or State law, and includes any criminal offense arising from the same course of conduct as that criminal offense.''.

(b) CONFORMING AMENDMENT.—The table of sections for part III of subchapter B of chapter 1 is amended by inserting after the item relating to section 139E the following new item:

''Sec. 139F. Certain amounts received by wrongfully incarcerated individuals.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning before, on, or after the date of the enactment of this Act.

(d) WAIVER OF LIMITATIONS.—If the credit or refund of any overpayment of tax resulting from the application of this Act to a period before the date of enactment of this Act is prevented as of such date by the operation of any law or rule of law (including res judicata), such credit or refund may nevertheless be allowed or made if the claim therefor is filed before the close of the 1-year period beginning on the date of the enactment of this Act.

SEC. 305. CLARIFICATION OF SPECIAL RULE FOR CERTAIN GOVERNMENTAL PLANS.

(a) IN GENERAL.—Paragraph (1) of section 105(j) is amended—

(1) by striking ''the taxpayer'' and inserting ''a qualified taxpayer'', and

(2) by striking ''deceased plan participant's beneficiary'' and inserting ''deceased employee's beneficiary (other than an individual described in paragraph (3)(B))''.

(b) QUALIFIED TAXPAYER.—Subsection (j) of section 105 is amended by adding at the end the following new paragraph:

''(3) QUALIFIED TAXPAYER.—For purposes of paragraph (1), with respect to an accident or health plan described in paragraph (2), the term 'qualified taxpayer' means a taxpayer who is—

''(A) an employee, or

''(B) the spouse, dependent (as defined for purposes of subsection (b)), or child (as defined for purposes of such subsection) of an employee.''.

(c) APPLICATION TO POLITICAL SUBDIVISIONS OF STATES.—Paragraph (2) of section 105(j) is amended—

(1) by inserting ''or established by or on behalf of a State or political subdivision thereof'' after ''public retirement system'', and

(2) by inserting ''or 501(c)(9)'' after ''section 115'' in subparagraph (B).

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to payments after the date of the enactment of this Act.

SEC. 306. ROLLOVERS PERMITTED FROM OTHER RETIREMENT PLANS INTO SIMPLE RETIREMENT ACCOUNTS.

(a) IN GENERAL.—Section 408(p)(1)(B) is amended by inserting ''except in the case of a rollover contribution described in subsection (d)(3)(G) or a rollover contribution otherwise described in subsection (d)(3) or in section 402(c), 403(a)(4), 403(b)(8), or 457(e)(16), which is made after the 2-year period described in section 72(t)(6),'' before ''with respect to which the only contributions allowed''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions made after the date of the enactment of this Act.

SEC. 307. TECHNICAL AMENDMENT RELATING TO ROLLOVER OF CERTAIN AIRLINE PAYMENT AMOUNTS.

(a) IN GENERAL.—Section 1106(a) of the FAA Modernization and Reform Act of 2012 (26 U.S.C. 408 note) is amended by adding at the end the following new paragraph:

''(6) SPECIAL RULE FOR CERTAIN AIRLINE PAYMENT AMOUNTS.—In the case of any amount which became an airline payment amount by reason of the amendments made by section 1(b) of Public Law 113–243 (26 U.S.C. 408 note), paragraph (1) shall be applied by substituting '(or, if later, within the period beginning on December 18, 2014, and ending on the date which is 180 days after the date of enactment of the Protecting Americans from Tax Hikes Act of 2015)' for '(or, if later, within 180 days of the date of the enactment of this Act)'.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in Public Law 113–243 (26 U.S.C. 408 note).

SEC. 308. TREATMENT OF EARLY RETIREMENT DISTRIBUTIONS FOR NUCLEAR MATERIALS COURIERS, UNITED STATES CAPITOL POLICE, SUPREME COURT POLICE, AND DIPLOMATIC SECURITY SPECIAL AGENTS.

(a) IN GENERAL.—Section 72(t)(10)(B)(ii), as added by Public Law 114–26, is amended by striking ''or any'' and inserting ''any'' and by inserting before the period at the end the following: '', any nuclear materials courier described in section 8331(27) or 8401(33) of such title, any member of the United States Capitol Police, any member of the Supreme Court Police, or any diplomatic security special agent of the Department of State''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 2015.

SEC. 309. PREVENTION OF EXTENSION OF TAX COLLECTION PERIOD FOR MEMBERS OF THE ARMED FORCES WHO ARE HOSPITALIZED AS A RESULT OF COMBAT ZONE INJURIES.

(a) IN GENERAL.—Section 7508(e) is amended by adding at the end the following new paragraph:

''(3) COLLECTION PERIOD AFTER ASSESSMENT NOT EXTENDED AS A RESULT OF HOSPITALIZATION.—With respect to any period of continuous qualified hospitalization described in subsection (a) and the next 180 days thereafter, subsection (a) shall not apply in the application of section 6502.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxes assessed before, on, or after the date of the enactment of this Act.

Subtitle B—Real Estate Investment Trusts

SEC. 311. RESTRICTION ON TAX-FREE SPINOFFS INVOLVING REITS.

(a) IN GENERAL.—Section 355 is amended by adding at the end the following new subsection:

''(h) RESTRICTION ON DISTRIBUTIONS INVOLVING REAL ESTATE INVESTMENT TRUSTS.—

''(1) IN GENERAL.—This section (and so much of section 356 as relates to this section) shall not apply to any distribution if either the distributing corporation or controlled corporation is a real estate investment trust.

''(2) EXCEPTIONS FOR CERTAIN SPINOFFS.—

''(A) SPINOFFS OF A REAL ESTATE INVESTMENT TRUST BY ANOTHER REAL ESTATE INVESTMENT TRUST.—Paragraph (1) shall not apply to any distribution if, immediately after the distribution, the distributing corporation and the controlled corporation are both real estate investment trusts.

''(B) SPINOFFS OF CERTAIN TAXABLE REIT SUBSIDIARIES.—Paragraph (1) shall not apply to any distribution if—

''(i) the distributing corporation has been a real estate investment trust at all times during the 3-year period ending on the date of such distribution,

''(ii) the controlled corporation has been a taxable REIT subsidiary (as defined in section 856(l)) of the distributing corporation at all times during such period, and

''(iii) the distributing corporation had control (as defined in section 368(c) applied by taking into account stock owned directly or indirectly, including through one or more corporations or partnerships, by the distributing corporation) of the controlled corporation at all times during such period.

A controlled corporation will be treated as meeting the requirements of clauses (ii) and (iii) if the stock of such corporation was distributed by a taxable REIT subsidiary in a transaction to which this section (or so much of section 356 as relates to this section) applies and the assets of such corporation consist solely of the stock or assets of assets held by one or more taxable REIT subsidiaries of the distributing corporation meeting the requirements of clauses (ii) and (iii). For purposes of clause (iii), control of a partnership means ownership of 80 percent of the profits interest and 80 percent of the capital interests.''.

(b) PREVENTION OF REIT ELECTION FOLLOWING TAX-FREE SPIN OFF.—Section 856(c) is amended by redesignating paragraph (8) as paragraph (9) and by inserting after paragraph (7) the following new paragraph:

''(8) ELECTION AFTER TAX-FREE REORGANIZATION.—If a corporation was a distributing corporation or a controlled corporation (other than a controlled corporation with respect to a distribution described in section 355(h)(2)(A)) with respect to any distribution to which section 355 (or so much of section 356 as relates to section 355) applied, such corporation (and any successor corporation) shall not be eligible to make any election under paragraph (1) for any taxable year beginning before the end of the 10-year period beginning on the date of such distribution.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions on or after December 7, 2015, but shall not apply to any distribution pursuant to a transaction described in a ruling request initially submitted to the Internal Revenue Service on or before such date, which request has not been withdrawn and with respect to which a ruling has not been issued or denied in its entirety as of such date.

SEC. 312. REDUCTION IN PERCENTAGE LIMITATION ON ASSETS OF REIT WHICH MAY BE TAXABLE REIT SUBSIDIARIES.

(a) IN GENERAL.—Section 856(c)(4)(B)(ii) is amended by striking ''25 percent'' and inserting ''20 percent''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 313. PROHIBITED TRANSACTION SAFE HARBORS.

(a) ALTERNATIVE 3–YEAR AVERAGING TEST FOR PERCENTAGE OF ASSETS THAT CAN BE SOLD ANNUALLY.—

(1) IN GENERAL.—Clause (iii) of section 857(b)(6)(C) is amended by inserting before the semicolon at the end the following: '', or (IV) the trust satisfies the requirements of subclause (II) applied by substituting '20 percent' for '10 percent' and the 3-year average adjusted bases percentage for the taxable year (as defined in subparagraph (G)) does not exceed 10 percent, or (V) the trust satisfies the requirements of subclause (III) applied by substituting '20 percent' for '10 percent' and the 3-year average fair market value percentage for the taxable year (as defined in subparagraph (H)) does not exceed 10 percent''.

(2) 3-YEAR AVERAGE ADJUSTED BASES AND FAIR MARKET VALUE PERCENTAGES.—Paragraph (6) of section 857(b) is amended by redesignating subparagraphs (G) and (H) as subparagraphs (I) and (J), respectively, and by inserting after subparagraph (F) the following new subparagraphs:

''(G) 3-YEAR AVERAGE ADJUSTED BASES PERCENTAGE.—The term '3-year average adjusted bases percentage' means, with respect to any taxable year, the ratio (expressed as a percentage) of—

''(i) the aggregate adjusted bases (as determined for purposes of computing earnings and profits) of property (other than sales of foreclosure property or sales to which section 1033 applies) sold during the 3 taxable year period ending with such taxable year, divided by

''(ii) the sum of the aggregate adjusted bases (as so determined) of all of the assets of the trust as of the beginning of each of the 3 taxable years which are part of the period referred to in clause (i).

''(H) 3-YEAR AVERAGE FAIR MARKET VALUE PERCENTAGE.—The term '3-year average fair market value percentage' means, with respect to any taxable year, the ratio (expressed as a percentage) of—

''(i) the fair market value of property (other than sales of foreclosure property or sales to which section 1033 applies) sold during the 3 taxable year period ending with such taxable year, divided by

''(ii) the sum of the fair market value of all of the assets of the trust as of the beginning of each of the 3 taxable years which are part of the period referred to in clause (i).''.

(3) CONFORMING AMENDMENTS.—Clause (iv) of section 857(b)(6)(D) is amended by adding ''or'' at the end of subclause (III) and by adding at the end the following new subclauses:

''(IV) the trust satisfies the requirements of subclause (II) applied by substituting '20 percent' for '10 percent' and the 3-year average adjusted bases percentage for the taxable

year (as defined in subparagraph (G)) does not exceed 10 percent, or

''(V) the trust satisfies the requirements of subclause (III) applied by substituting '20 percent' for '10 percent' and the 3-year average fair market value percentage for the taxable year (as defined in subparagraph (H)) does not exceed 10 percent,''.

(b) APPLICATION OF SAFE HARBORS INDEPENDENT OF DETERMINATION WHETHER REAL ESTATE ASSET IS INVENTORY PROPERTY.—

(1) IN GENERAL.—Subparagraphs (C) and (D) of section 857(b)(6) are each amended by striking ''and which is described in section 1221(a)(1)'' in the matter preceding clause (i).

(2) NO INFERENCE FROM SAFE HARBORS.—Subparagraph (F) of section 857(b)(6) is amended to read as follows:

''(F) NO INFERENCE WITH RESPECT TO TREATMENT AS INVENTORY PROPERTY.—The determination of whether property is described in section 1221(a)(1) shall be made without regard to this paragraph.''.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by subsection (a) shall apply to taxable years beginning after the date of the enactment of this Act.

(2) APPLICATION OF SAFE HARBORS.—

(A) IN GENERAL.—Except as provided in subparagraph (B), the amendments made by subsection (b) shall take effect as if included in section 3051 of the Housing Assistance Tax Act of 2008.

(B) RETROACTIVE APPLICATION OF NO INFERENCE NOT APPLICABLE TO CERTAIN TIMBER PROPERTY PREVIOUSLY TREATED AS NOT INVENTORY PROPERTY.—The amendment made by subsection (b)(2) shall not apply to any sale of property to which section 857(b)(6)(G) of the Internal Revenue Code of 1986 (as in effect on the day before the date of the enactment of this Act) applies.

SEC. 314. REPEAL OF PREFERENTIAL DIVIDEND RULE FOR PUBLICLY OFFERED REITS.

(a) IN GENERAL.—Section 562(c) is amended by inserting ''or a publicly offered REIT'' after ''a publicly offered regulated investment company (as defined in section 67(c)(2)(B))''.

(b) PUBLICLY OFFERED REIT.—Section 562(c), as amended by subsection (a), is amended—

(1) by striking ''Except in the case of'' and inserting the following:

''(1) IN GENERAL.—Except in the case of'', and

(2) by adding at the end the following new paragraph:

''(2) PUBLICLY OFFERED REIT.—For purposes of this subsection, the term 'publicly offered REIT' means a real estate investment trust which is required to file annual and periodic reports with the Securities and Exchange Commission under the Securities Exchange Act of 1934.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions in taxable years beginning after December 31, 2014.

SEC. 315. AUTHORITY FOR ALTERNATIVE REMEDIES TO ADDRESS CERTAIN REIT DISTRIBUTION FAILURES.

(a) IN GENERAL.—Subsection (e) of section 562 is amended—

(1) by striking ''In the case of a real estate investment trust'' and inserting the following:

''(1) DETERMINATION OF EARNINGS AND PROFITS FOR PURPOSES OF DIVIDENDS PAID DEDUCTION.—In the case of a real estate investment trust'', and

(2) by adding at the end the following new paragraph:

''(2) AUTHORITY TO PROVIDE ALTERNATIVE REMEDIES FOR CERTAIN FAILURES.—In the case of a failure of a distribution by a real estate investment trust to comply with the requirements of subsection (c), the Secretary may provide an appropriate remedy to cure such failure in lieu of not considering the distribution to be a dividend for purposes of computing the dividends paid deduction if—

''(A) the Secretary determines that such failure is inadvertent or is due to reasonable cause and not due to willful neglect, or

''(B) such failure is of a type of failure which the Secretary has identified for purposes of this paragraph as being described in subparagraph (A).''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions in taxable years beginning after December 31, 2015.

SEC. 316. LIMITATIONS ON DESIGNATION OF DIVIDENDS BY REITS.

(a) IN GENERAL.—Section 857 is amended by redesignating subsection (g) as subsection (h) and by inserting after subsection (f) the following new subsection:

''(g) LIMITATIONS ON DESIGNATION OF DIVIDENDS.—

''(1) OVERALL LIMITATION.—The aggregate amount of dividends designated by a real estate investment trust under subsections (b)(3)(C) and (c)(2)(A) with respect to any taxable year may not exceed the dividends paid by such trust with respect to such year. For purposes of the preceding sentence, dividends paid after the close of the taxable year described in section 858 shall be treated as paid with respect to such year.

''(2) PROPORTIONALITY.—The Secretary may prescribe regulations or other guidance requiring the proportionality of the designation of particular types of dividends among shares or beneficial interests of a real estate investment trust.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions in taxable years beginning after December 31, 2015.

SEC. 317. DEBT INSTRUMENTS OF PUBLICLY OFFERED REITS AND MORTGAGES TREATED AS REAL ESTATE ASSETS.

(a) DEBT INSTRUMENTS OF PUBLICLY OFFERED REITS TREATED AS REAL ESTATE ASSETS.—

(1) IN GENERAL.—Subparagraph (B) of section 856(c)(5) is amended—

(A) by striking ''and shares'' and inserting '', shares'', and

(B) by inserting '', and debt instruments issued by publicly offered REITs'' before the period at the end of the first sentence.

(2) INCOME FROM NONQUALIFIED DEBT INSTRUMENTS OF PUBLICLY OFFERED REITS NOT QUALIFIED FOR PURPOSES OF SATISFYING THE 75 PERCENT GROSS INCOME TEST.—Subparagraph (H) of section 856(c)(3) is amended by inserting ''(other than a nonqualified publicly offered REIT debt instrument)'' after ''real estate asset''.

(3) 25 PERCENT ASSET LIMITATION ON HOLDING OF NONQUALIFIED DEBT INSTRUMENTS OF PUBLICLY OFFERED REITS.—Subparagraph (B) of section 856(c)(4) is amended by redesignating clause (iii) as clause (iv) and by inserting after clause (ii) the following new clause:

''(iii) not more than 25 percent of the value of its total assets is represented by nonqualified publicly offered REIT debt instruments, and''.

(4) DEFINITIONS RELATED TO DEBT INSTRUMENTS OF PUBLICLY OFFERED REITS.—Paragraph (5) of section 856(c) is amended by adding at the end the following new subparagraph:

''(L) DEFINITIONS RELATED TO DEBT INSTRUMENTS OF PUBLICLY OFFERED REITS.—

''(i) PUBLICLY OFFERED REIT.—The term 'publicly offered REIT' has the meaning given such term by section 562(c)(2).

''(ii) NONQUALIFIED PUBLICLY OFFERED REIT DEBT INSTRUMENT.—The term 'nonqualified publicly offered REIT debt instrument' means any real estate asset which would cease to be a real estate asset if subparagraph (B) were applied without regard to the reference to 'debt instruments issued by publicly offered REITs'.''.

(b) INTERESTS IN MORTGAGES ON INTERESTS IN REAL PROPERTY TREATED AS REAL ESTATE ASSETS.—Subparagraph (B) of section 856(c)(5) is amended by inserting ''or on interests in real property'' after ''interests in mortgages on real property''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2015.

SEC. 318. ASSET AND INCOME TEST CLARIFICATION REGARDING ANCILLARY PERSONAL PROPERTY.

(a) IN GENERAL.—Subsection (c) of section 856, as amended by the preceding provisions of this Act, is amended by redesignating paragraph (9) as paragraph (10) and by inserting after paragraph (8) the following new paragraph:

''(9) SPECIAL RULES FOR CERTAIN PERSONAL PROPERTY WHICH IS ANCILLARY TO REAL PROPERTY.—

''(A) CERTAIN PERSONAL PROPERTY LEASED IN CONNECTION WITH REAL PROPERTY.—Personal property shall be treated as a real estate asset for purposes of paragraph (4)(A) to the extent that rents attributable to such personal property are treated as rents from real property under subsection (d)(1)(C).

''(B) CERTAIN PERSONAL PROPERTY MORTGAGED IN CONNECTION WITH REAL PROPERTY.—In the case of an obligation secured by a mortgage on both real property and personal property, if the fair market value of such personal property does not exceed 15 percent of the total fair market value of all such property, such obligation shall be treated—

''(i) for purposes of paragraph (3)(B), as an obligation described therein, and

''(ii) for purposes of paragraph (4)(A), as a real estate asset.

For purposes of the preceding sentence, the fair market value of all such property shall be determined in the same manner as the fair market value of real property is determined for purposes of apportioning interest income between real property and personal property under paragraph (3)(B).''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2015.

SEC. 319. HEDGING PROVISIONS.

(a) MODIFICATION TO PERMIT THE TERMINATION OF A HEDGING TRANSACTION USING AN ADDITIONAL HEDGING INSTRUMENT.—Subparagraph (G) of section 856(c)(5) is amended by striking ''and'' at the end of clause (i), by striking the period at the end of clause (ii) and inserting '', and'', and by adding at the end the following new clause:

''(iii) if—

''(I) a real estate investment trust enters into one or more positions described in clause (i) with respect to indebtedness described in clause (i) or one or more positions described in clause (ii) with respect to property which generates income or gain described in paragraph (2) or (3),

''(II) any portion of such indebtedness is extinguished or any portion of such property is disposed of, and

''(III) in connection with such extinguishment or disposition, such trust enters into one or more transactions which would be hedging transactions described in clause (ii) or (iii) of section 1221(b)(2)(A) with respect to any position referred to in subclause (I) if such position were ordinary property,

any income of such trust from any position referred to in subclause (I) and from any

transaction referred to in subclause (III) (including gain from the termination of any such position or transaction) shall not constitute gross income under paragraphs (2) and (3) to the extent that such transaction hedges such position.''.

(b) IDENTIFICATION REQUIREMENTS.—

(1) IN GENERAL.—Subparagraph (G) of section 856(c)(5), as amended by subsection (a), 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) clauses (i), (ii), and (iii) shall not apply with respect to any transaction unless such transaction satisfies the identification requirement described in section 1221(a)(7) (determined after taking into account any curative provisions provided under the regulations referred to therein).''.

(2) CONFORMING AMENDMENTS.—Subparagraph (G) of section 856(c)(5) is amended—

(A) by striking ''which is clearly identified pursuant to section 1221(a)(7)'' in clause (i), and

(B) by striking '', but only if such transaction is clearly identified as such before the close of the day on which it was acquired, originated, or entered into (or such other time as the Secretary may prescribe)'' in clause (ii).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2015.

SEC. 320. MODIFICATION OF REIT EARNINGS AND PROFITS CALCULATION TO AVOID DUPLICATE TAXATION.

(a) EARNINGS AND PROFITS NOT INCREASED BY AMOUNTS ALLOWED IN COMPUTING TAXABLE INCOME IN PRIOR YEARS.—Section 857(d) is amended—

(1) by amending paragraph (1) to read as follows:

''(1) IN GENERAL.—The earnings and profits of a real estate investment trust for any taxable year (but not its accumulated earnings) shall not be reduced by any amount which—

''(A) is not allowable in computing its taxable income for such taxable year, and

''(B) was not allowable in computing its taxable income for any prior taxable year.'', and

(2) by adding at the end the following new paragraphs:

''(4) REAL ESTATE INVESTMENT TRUST.—For purposes of this subsection, the term 'real estate investment trust' includes a domestic corporation, trust, or association which is a real estate investment trust determined without regard to the requirements of subsection (a).

''(5) SPECIAL RULES FOR DETERMINING EARNINGS AND PROFITS FOR PURPOSES OF THE DEDUCTION FOR DIVIDENDS PAID.—For special rules for determining the earnings and profits of a real estate investment trust for purposes of the deduction for dividends paid, see section 562(e)(1).''.

(b) EXCEPTION FOR PURPOSES OF DETERMINING DIVIDENDS PAID DEDUCTION.—Section 562(e)(1), as amended by the preceding provisions of this Act, is amended by striking ''deduction, the earnings'' and all that follows and inserting the following: ''deduction—

''(A) the earnings and profits of such trust for any taxable year (but not its accumulated earnings) shall be increased by the amount of gain (if any) on the sale or exchange of real property which is taken into account in determining the taxable income of such trust for such taxable year (and not otherwise taken into account in determining such earnings and profits), and

''(B) section 857(d)(1) shall be applied without regard to subparagraph (B) thereof.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2015.

SEC. 321. TREATMENT OF CERTAIN SERVICES PROVIDED BY TAXABLE REIT SUBSIDIARIES.

(a) TAXABLE REIT SUBSIDIARIES TREATED IN SAME MANNER AS INDEPENDENT CONTRACTORS FOR CERTAIN PURPOSES.—

(1) MARKETING AND DEVELOPMENT EXPENSES UNDER RENTAL PROPERTY SAFE HARBOR.—Clause (v) of section 857(b)(6)(C) is amended by inserting ''or a taxable REIT subsidiary'' before the period at the end.

(2) MARKETING EXPENSES UNDER TIMBER SAFE HARBOR.—Clause (v) of section 857(b)(6)(D) is amended by striking '', in the case of a sale on or before the termination date,''.

(3) FORECLOSURE PROPERTY GRACE PERIOD.—Subparagraph (C) of section 856(e)(4) is amended by inserting ''or through a taxable REIT subsidiary'' after ''receive any income''.

(b) TAX ON REDETERMINED TRS SERVICE INCOME.—

(1) IN GENERAL.—Subparagraph (A) of section 857(b)(7) is amended by striking ''and excess interest'' and inserting ''excess interest, and redetermined TRS service income''.

(2) REDETERMINED TRS SERVICE INCOME.—Paragraph (7) of section 857(b) is amended by redesignating subparagraphs (E) and (F) as subparagraphs (F) and (G), respectively, and inserting after subparagraph (D) the following new subparagraph:

''(E) REDETERMINED TRS SERVICE INCOME.—

''(i) IN GENERAL.—The term 'redetermined TRS service income' means gross income of a taxable REIT subsidiary of a real estate investment trust attributable to services provided to, or on behalf of, such trust (less deductions properly allocable thereto) to the extent the amount of such income (less such deductions) would (but for subparagraph (F)) be increased on distribution, apportionment, or allocation under section 482.

''(ii) COORDINATION WITH REDETERMINED RENTS.—Clause (i) shall not apply with respect to gross income attributable to services furnished or rendered to a tenant of the real estate investment trust (or to deductions properly allocable thereto).''.

(3) CONFORMING AMENDMENTS.—Subparagraphs (B)(i) and (C) of section 857(b)(7) are each amended by striking ''subparagraph (E)'' and inserting ''subparagraph (F)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2015.

SEC. 322. EXCEPTION FROM FIRPTA FOR CERTAIN STOCK OF REITS.

(a) MODIFICATIONS OF OWNERSHIP RULES.—

(1) IN GENERAL.—Section 897 is amended by adding at the end the following new subsection:

''(k) SPECIAL RULES RELATING TO REAL ESTATE INVESTMENT TRUSTS.—

''(1) INCREASE IN PERCENTAGE OWNERSHIP FOR EXCEPTIONS FOR PERSONS HOLDING PUBLICLY TRADED STOCK.—

''(A) DISPOSITIONS.—In the case of any disposition of stock in a real estate investment trust, paragraphs (3) and (6)(C) of subsection (c) shall each be applied by substituting 'more than 10 percent' for 'more than 5 percent'.

''(B) DISTRIBUTIONS.—In the case of any distribution from a real estate investment trust, subsection (h)(1) shall be applied by substituting '10 percent' for '5 percent'.

''(2) STOCK HELD BY QUALIFIED SHAREHOLDERS NOT TREATED AS USRPI.—

''(A) IN GENERAL.—Except as provided in subparagraph (B)—

''(i) stock of a real estate investment trust which is held directly (or indirectly through 1 or more partnerships) by a qualified shareholder shall not be treated as a United States real property interest, and

''(ii) notwithstanding subsection (h)(1), any distribution to a qualified shareholder shall not be treated as gain recognized from the sale or exchange of a United States real property interest to the extent the stock of the real estate investment trust held by such qualified shareholder is not treated as a United States real property interest under clause (i).

''(B) EXCEPTION.—In the case of a qualified shareholder with 1 or more applicable investors—

''(i) subparagraph (A)(i) shall not apply to so much of the stock of a real estate investment trust held by a qualified shareholder as bears the same ratio to the value of the interests (other than interests held solely as a creditor) held by such applicable investors in the qualified shareholder bears to value of all interests (other than interests held solely as a creditor) in the qualified shareholder, and

''(ii) a percentage equal to the ratio determined under clause (i) of the amounts realized by the qualified shareholder with respect to any disposition of stock in the real estate investment trust or with respect to any distribution from the real estate investment trust attributable to gain from sales or exchanges of a United States real property interest shall be treated as amounts realized from the disposition of United States real property interests.

''(C) SPECIAL RULE FOR CERTAIN DISTRIBUTIONS TREATED AS SALE OR EXCHANGE.—If a distribution by a real estate investment trust is treated as a sale or exchange of stock under section 301(c)(3), 302, or 331 with respect to a qualified shareholder—

''(i) in the case of an applicable investor, subparagraph (B) shall apply with respect to such distribution, and

''(ii) in the case of any other person, such distribution shall be treated under section 857(b)(3)(F) as a dividend from a real estate investment trust notwithstanding any other provision of this title.

''(D) APPLICABLE INVESTOR.—For purposes of this paragraph, the term 'applicable investor' means, with respect to any qualified shareholder holding stock in a real estate investment trust, a person (other than a qualified shareholder) which—

''(i) holds an interest (other than an interest solely as a creditor) in such qualified shareholder, and

''(ii) holds more than 10 percent of the stock of such real estate investment trust (whether or not by reason of the person's ownership interest in the qualified shareholder).

''(E) CONSTRUCTIVE OWNERSHIP RULES.—For purposes of subparagraphs (B)(i) and (C) and paragraph (4), the constructive ownership rules under subsection (c)(6)(C) shall apply.

''(3) QUALIFIED SHAREHOLDER.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'qualified shareholder' means a foreign person which—

''(i)(I) is eligible for benefits of a comprehensive income tax treaty with the United States which includes an exchange of information program and the principal class of interests of which is listed and regularly traded on 1 or more recognized stock exchanges (as defined in such comprehensive income tax treaty), or

''(II) is a foreign partnership that is created or organized under foreign law as a limited partnership in a jurisdiction that has an agreement for the exchange of information with respect to taxes with the United States and has a class of limited partnership units which is regularly traded on the New York Stock Exchange or Nasdaq Stock Market and such class of limited partnership units value is greater than 50 percent of the value of all the partnership units,

''(ii) is a qualified collective investment vehicle, and

''(iii) maintains records on the identity of each person who, at any time during the foreign person's taxable year, holds directly 5 percent or more of the class of interest described in subclause (I) or (II) of clause (i), as the case may be.

''(B) QUALIFIED COLLECTIVE INVESTMENT VEHICLE.—For purposes of this subsection, the term 'qualified collective investment vehicle' means a foreign person—

''(i) which, under the comprehensive income tax treaty described in subparagraph (A)(i), is eligible for a reduced rate of withholding with respect to ordinary dividends paid by a real estate investment trust even if such person holds more than 10 percent of the stock of such real estate investment trust,

''(ii) which—

''(I) is a publicly traded partnership (as defined in section 7704(b)) to which subsection (a) of section 7704 does not apply,

''(II) is a withholding foreign partnership for purposes of chapters 3, 4, and 61,

''(III) if such foreign partnership were a United States corporation, would be a United States real property holding corporation (determined without regard to paragraph (1)) at any time during the 5-year period ending on the date of disposition of, or distribution with respect to, such partnership's interests in a real estate investment trust, or

''(iii) which is designated as a qualified collective investment vehicle by the Secretary and is either—

''(I) fiscally transparent within the meaning of section 894, or

''(II) required to include dividends in its gross income, but entitled to a deduction for distributions to persons holding interests (other than interests solely as a creditor) in such foreign person.

''(4) PARTNERSHIP ALLOCATIONS.—

''(A) IN GENERAL.—For the purposes of this subsection, in the case of an applicable investor who is a nonresident alien individual or a foreign corporation and is a partner in a partnership that is a qualified shareholder, if such partner's proportionate share of USRPI gain for the taxable year exceeds such partner's distributive share of USRPI gain for the taxable year, then

''(i) such partner's distributive share of the amount of gain taken into account under subsection (a)(1) by the partner for the taxable year (determined without regard to this paragraph) shall be increased by the amount of such excess, and

''(ii) such partner's distributive share of items of income or gain for the taxable year that are not treated as gain taken into account under subsection (a)(1) (determined without regard to this paragraph) shall be decreased (but not below zero) by the amount of such excess.

''(B) USRPI GAIN.—For the purposes of this paragraph, the term 'USRPI gain' means the excess (if any) of—

''(i) the sum of—

''(I) any gain recognized from the disposition of a United States real property interest, and

''(II) any distribution by a real estate investment trust that is treated as gain recognized from the sale or exchange of a United States real property interest, over

''(ii) any loss recognized from the disposition of a United States real property interest.

''(C) PROPORTIONATE SHARE OF USRPI GAIN.—For purposes of this paragraph, an applicable investor's proportionate share of USRPI gain shall be determined on the basis of such investor's share of partnership items of income or gain (excluding gain allocated under section 704(c)), whichever results in the largest proportionate share. If the investor's share of partnership items of income or gain (excluding gain allocated under section 704(c)) may vary during the period such investor is a partner in the partnership, such share shall be the highest share such investor may receive.''.

(2) CONFORMING AMENDMENTS.—

(A) Section 897(c)(1)(A) is amended by inserting ''or subsection (k)'' after ''subparagraph (B)'' in the matter preceding clause (i).

(B) Section 857(b)(3)(F) is amended by inserting ''or subparagraph (A)(ii) or (C) of section 897(k)(2)'' after ''897(h)(1)''.

(b) DETERMINATION OF DOMESTIC CONTROL.—

(1) SPECIAL OWNERSHIP RULES.—

(A) IN GENERAL.—Section 897(h)(4) is amended by adding at the end the following new subparagraph:

''(E) SPECIAL OWNERSHIP RULES.—For purposes of determining the holder of stock under subparagraphs (B) and (C)—

''(i) in the case of any class of stock of the qualified investment entity which is regularly traded on an established securities market in the United States, a person holding less than 5 percent of such class of stock at all times during the testing period shall be treated as a United States person unless the qualified investment entity has actual knowledge that such person is not a United States person,

''(ii) any stock in the qualified investment entity held by another qualified investment entity—

''(I) any class of stock of which is regularly traded on an established securities market, or

''(II) which is a regulated investment company which issues redeemable securities (within the meaning of section 2 of the Investment Company Act of 1940),

shall be treated as held by a foreign person, except that if such other qualified investment entity is domestically controlled (determined after application of this subparagraph), such stock shall be treated as held by a United States person, and

''(iii) any stock in the qualified investment entity held by any other qualified investment entity not described in subclause (I) or (II) of clause (ii) shall only be treated as held by a United States person in proportion to the stock of such other qualified investment entity which is (or is treated under clause (ii) or (iii) as) held by a United States person.''.

(B) CONFORMING AMENDMENT.—The heading for paragraph (4) of section 897(h) is amended by inserting ''AND SPECIAL RULES'' after ''DEFINITIONS''.

(2) TECHNICAL AMENDMENT.—Clause (ii) of section 897(h)(4)(A) is amended by inserting ''and for purposes of determining whether a real estate investment trust is a domestically controlled qualified investment entity under this subsection'' after ''real estate investment trust''.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by subsection (a) shall take effect on the date of enactment and shall apply to—

(A) any disposition on and after the date of the enactment of this Act, and

(B) any distribution by a real estate investment trust on or after the date of the enactment of this Act which is treated as a deduction for a taxable year of such trust ending after such date.

(2) DETERMINATION OF DOMESTIC CONTROL.—The amendments made by subsection (b)(1) shall take effect on the date of the enactment of this Act.

(3) TECHNICAL AMENDMENT.—The amendment made by subsection (b)(2) shall take effect on January 1, 2015.

SEC. 323. EXCEPTION FOR INTERESTS HELD BY FOREIGN RETIREMENT OR PENSION FUNDS.

(a) IN GENERAL.—Section 897, as amended by the preceding provisions of this Act, is amended by adding at the end the following new subsection:

''(l) EXCEPTION FOR INTERESTS HELD BY FOREIGN PENSION FUNDS.—

''(1) IN GENERAL.—This section shall not apply to any United States real property interest held directly (or indirectly through 1 or more partnerships) by, or to any distribution received from a real estate investment trust by—

''(A) a qualified foreign pension fund, or

''(B) any entity all of the interests of which are held by a qualified foreign pension fund.

''(2) QUALIFIED FOREIGN PENSION FUND.—For purposes of this subsection, the term 'qualified foreign pension fund' means any trust, corporation, or other organization or arrangement—

''(A) which is created or organized under the law of a country other than the United States,

''(B) which is established to provide retirement or pension benefits to participants or beneficiaries that are current or former employees (or persons designated by such employees) of one or more employers in consideration for services rendered,

''(C) which does not have a single participant or beneficiary with a right to more than five percent of its assets or income,

''(D) which is subject to government regulation and provides annual information reporting about its beneficiaries to the relevant tax authorities in the country in which it is established or operates, and

''(E) with respect to which, under the laws of the country in which it is established or operates—

''(i) contributions to such trust, corporation, organization, or arrangement which would otherwise be subject to tax under such laws are deductible or excluded from the gross income of such entity or taxed at a reduced rate, or

''(ii) taxation of any investment income of such trust, corporation, organization or arrangement is deferred or such income is taxed at a reduced rate.

''(3) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this subsection.''.

(b) EXEMPTION FROM WITHHOLDING.—Section 1445(f)(3) is amended by striking ''any person'' and all that follows and inserting the following: ''any person other than—

''(A) a United States person, and

''(B) except as otherwise provided by the Secretary, an entity with respect to which section 897 does not apply by reason of subsection (l) thereof.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to dispositions and distributions after the date of the enactment of this Act.

SEC. 324. INCREASE IN RATE OF WITHHOLDING OF TAX ON DISPOSITIONS OF UNITED STATES REAL PROPERTY INTERESTS.

(a) IN GENERAL.—Subsections (a), (e)(3), (e)(4), and (e)(5) of section 1445 are each amended by striking ''10 percent'' and inserting ''15 percent''.

(b) EXCEPTION FOR CERTAIN RESIDENCES.—Section 1445(c) is amended by adding at the end the following new paragraph:

''(4) REDUCED RATE OF WITHHOLDING FOR RESIDENCE WHERE AMOUNT REALIZED DOES NOT EXCEED $1,000,000.—In the case of a disposition—

''(A) of property which is acquired by the transferee for use by the transferee as a residence,

''(B) with respect to which the amount realized for such property does not exceed $1,000,000, and

''(C) to which subsection (b)(5) does not apply,

subsection (a) shall be applied by substituting '10 percent' for '15 percent'.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to dispositions after the date which is 60 days after the date of the enactment of this Act.

SEC. 325. INTERESTS IN RICS AND REITS NOT EXCLUDED FROM DEFINITION OF UNITED STATES REAL PROPERTY INTERESTS.

(a) IN GENERAL.—Section 897(c)(1)(B) is amended by striking ''and'' at the end of clause (i), by striking the period at the end of clause (ii)(II) and inserting '', and'', and by adding at the end the following new clause:

''(iii) neither such corporation nor any predecessor of such corporation was a regulated investment company or a real estate investment trust at any time during the shorter of the periods described in subparagraph (A)(ii).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to dispositions on or after the date of the enactment of this Act.

SEC. 326. DIVIDENDS DERIVED FROM RICS AND REITS INELIGIBLE FOR DEDUCTION FOR UNITED STATES SOURCE PORTION OF DIVIDENDS FROM CERTAIN FOREIGN CORPORATIONS.

(a) IN GENERAL.—Section 245(a) is amended by adding at the end the following new paragraph:

''(12) DIVIDENDS DERIVED FROM RICS AND REITS INELIGIBLE FOR DEDUCTION.—Regulated investment companies and real estate investment trusts shall not be treated as domestic corporations for purposes of paragraph (5)(B).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to dividends received from regulated investment companies and real estate investment trusts on or after the date of the enactment of this Act.

(c) NO INFERENCE.—Nothing contained in this section or the amendments made by this section shall be construed to create any inference with respect to the proper treatment under section 245 of the Internal Revenue Code of 1986 of dividends received from regulated investment companies or real estate investment trusts before the date of the enactment of this Act.

Subtitle C—Additional Provisions

SEC. 331. DEDUCTIBILITY OF CHARITABLE CONTRIBUTIONS TO AGRICULTURAL RESEARCH ORGANIZATIONS.

(a) IN GENERAL.—Subparagraph (A) of section 170(b)(1) is amended by striking ''or'' at the end of clause (vii), by striking the comma at the end of clause (viii) and inserting '', or'', and by inserting after clause (viii) the following new clause:

''(ix) an agricultural research organization directly engaged in the continuous active conduct of agricultural research (as defined in section 1404 of the Agricultural Research, Extension, and Teaching Policy Act of 1977) in conjunction with a land-grant college or university (as defined in such section) or a non-land grant college of agriculture (as defined in such section), and during the calendar year in which the contribution is made such organization is committed to spend such contribution for such research before January 1 of the fifth calendar year which begins after the date such contribution is made,''.

(b) EXPENDITURES TO INFLUENCE LEGISLATION.—Paragraph (4) of section 501(h) is amended by redesignating subparagraphs (E) and (F) as subparagraphs (F) and (G), respectively, and by inserting after subparagraph (D) the following new subparagraph:

''(E) section 170(b)(1)(A)(ix) (relating to agricultural research organizations),''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions made on and after the date of the enactment of this Act.

SEC. 332. REMOVAL OF BOND REQUIREMENTS AND EXTENDING FILING PERIODS FOR CERTAIN TAXPAYERS WITH LIMITED EXCISE TAX LIABILITY.

(a) FILING REQUIREMENTS.—Paragraph (4) of section 5061(d) of the Internal Revenue Code of 1986 is amended—

(1) in subparagraph (A)—

(A) by striking ''In the case of'' and inserting the following:

''(i) MORE THAN $1,000 AND NOT MORE THAN $50,000 IN TAXES.—Except as provided in clause (ii), in the case of'',

(B) by striking ''under bond for deferred payment'', and

(C) by adding at the end the following new clause:

''(ii) NOT MORE THAN $1,000 IN TAXES.—In the case of any taxpayer who reasonably expects to be liable for not more than $1,000 in taxes imposed with respect to distilled spirits, wines, and beer under subparts A, C, and D and section 7652 for the calendar year and who was liable for not more than $1,000 in such taxes in the preceding calendar year, the last day for the payment of tax on withdrawals, removals, and entries (and articles brought into the United States from Puerto Rico) shall be the 14th day after the last day of the calendar year.'', and

(2) in subparagraph (B)—

(A) by striking ''Subparagraph (A)'' and inserting the following:

''(i) EXCEEDS $50,000 LIMIT.—Subparagraph (A)(i)'', and

(B) by adding at the end the following new clause:

''(ii) EXCEEDS $1,000 LIMIT.—Subparagraph (A)(ii) shall not apply to any taxpayer for any portion of the calendar year following the first date on which the aggregate amount of tax due under subparts A, C, and D and section 7652 from such taxpayer during such calendar year exceeds $1,000, and any tax under such subparts which has not been paid on such date shall be due on the 14th day after the last day of the calendar quarter in which such date occurs.''.

(b) BOND REQUIREMENTS.—

(1) IN GENERAL.—Section 5551 of such Code is amended—

(A) in subsection (a), by striking ''No individual'' and inserting ''Except as provided under subsection (d), no individual'', and

(B) by adding at the end the following new subsection:

''(d) REMOVAL OF BOND REQUIREMENTS.—

''(1) IN GENERAL.—During any period to which subparagraph (A) of section 5061(d)(4) applies to a taxpayer (determined after application of subparagraph (B) thereof), such taxpayer shall not be required to furnish any bond covering operations or withdrawals of distilled spirits or wines for nonindustrial use or of beer.

''(2) SATISFACTION OF BOND REQUIREMENTS.—Any taxpayer for any period described in paragraph (1) shall be treated as if sufficient bond has been furnished for purposes of covering operations and withdrawals of distilled spirits or wines for nonindustrial use or of beer for purposes of any requirements relating to bonds under this chapter.''.

(2) CONFORMING AMENDMENTS.—

(A) BONDS FOR DISTILLED SPIRITS PLANTS.—Section 5173(a) of such Code is amended—

(i) in paragraph (1), by striking ''No person'' and inserting ''Except as provided under section 5551(d), no person'', and

(ii) in paragraph (2), by striking ''No distilled spirits'' and inserting ''Except as provided under section 5551(d), no distilled spirits''.

(B) BONDED WINE CELLARS.—Section 5351 of such Code is amended—

(i) by striking ''Any person'' and inserting the following:

''(a) IN GENERAL.—Any person'',

(ii) by inserting '', except as provided under section 5551(d),'' before ''file bond'',

(iii) by striking ''Such premises shall'' and all that follows through the period, and

(iv) by adding at the end the following new subsection:

''(b) DEFINITIONS.—For purposes of this chapter—

''(1) BONDED WINE CELLAR.—The term 'bonded wine cellar' means any premises described in subsection (a), including any such premises established by a taxpayer described in section 5551(d).

''(2) BONDED WINERY.—At the discretion of the Secretary, any bonded wine cellar that engages in production operations may be designated as a 'bonded winery'.''.

(C) BONDS FOR BREWERIES.—Section 5401 of such Code is amended by adding at the end the following new subsection:

''(c) EXCEPTION FROM BOND REQUIREMENTS FOR CERTAIN BREWERIES.—Subsection (b) shall not apply to any taxpayer for any period described in section 5551(d).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to any calendar quarters beginning more than 1 year after the date of the enactment of this Act.

SEC. 333. MODIFICATIONS TO ALTERNATIVE TAX FOR CERTAIN SMALL INSURANCE COMPANIES.

(a) ADDITIONAL REQUIREMENT FOR COMPANIES TO WHICH ALTERNATIVE TAX APPLIES.—

(1) ADDED REQUIREMENT.—

(A) IN GENERAL.—Subparagraph (A) of section 831(b)(2) is amended—

(i) by striking ''(including interinsurers and reciprocal underwriters)'', and

(ii) by striking ''and'' at the end of clause (i), by redesignating clause (ii) as clause (iii), and by inserting after clause (i) the following new clause:

''(ii) such company meets the diversification requirements of subparagraph (B), and''.

(B) DIVERSIFICATION REQUIREMENT.—Paragraph (2) of section 831(b) is amended by redesignating subparagraphs (B) as subparagraph (C) and by inserting after subparagraph (A) the following new subparagraph:

''(B) DIVERSIFICATION REQUIREMENTS.—

''(i) IN GENERAL.—An insurance company meets the requirements of this subparagraph if—

''(I) no more than 20 percent of the net written premiums (or, if greater, direct written premiums) of such company for the taxable year is attributable to any one policyholder, or

''(II) such insurance company does not meet the requirement of subclause (I) and no person who holds (directly or indirectly) an interest in such insurance company is a specified holder who holds (directly or indirectly) aggregate interests in such insurance company which constitute a percentage of the entire interests in such insurance company which is more than a de minimis percentage higher than the percentage of interests in the specified assets with respect to such insurance company held (directly or indirectly) by such specified holder.

''(ii) DEFINITIONS.—For purposes of clause (i)(II)—

''(I) SPECIFIED HOLDER.—The term 'specified holder' means, with respect to any insurance company, any individual who holds (directly or indirectly) an interest in such insurance company and who is a spouse or lineal descendant (including by adoption) of an individual who holds an interest (directly

or indirectly) in the specified assets with respect to such insurance company.

''(II) SPECIFIED ASSETS.—The term 'specified assets' means, with respect to any insurance company, the trades or businesses, rights, or assets with respect to which the net written premiums (or direct written premiums) of such insurance company are paid.

''(III) INDIRECT INTEREST.—An indirect interest includes any interest held through a trust, estate, partnership, or corporation.

''(IV) DE MINIMIS.—Except as otherwise provided by the Secretary in regulations or other guidance, 2 percentage points or less shall be treated as de minimis.''.

(C) CONFORMING AMENDMENTS.—The second sentence section 831(b)(2)(A) is amended—

(i) by striking ''clause (ii)'' and inserting ''clause (iii)'', and

(ii) by striking ''clause (i)'' and inserting ''clauses (i) and (ii)''.

(2) TREATMENT OF RELATED POLICYHOLDERS.—Clause (i) of section 831(b)(2)(C), as redesignated by paragraph (1)(B), is amended—

(A) by striking ''For purposes of subparagraph (A), in determining'' and inserting ''For purposes of this paragraph—

''(I) in determining'',

(B) by striking the period at the end and inserting '', and'', and

(C) by adding at the end the following new subclause:

''(II) in determining the attribution of premiums to any policyholder under subparagraph (B)(i), all policyholders which are related (within the meaning of section 267(b) or 707(b)) or are members of the same controlled group shall be treated as one policyholder.''.

(3) REPORTING.—Section 831 is amended by redesignating subsection (d) as subsection (e) and by inserting after subsection (c) the following new subsection:

''(d) REPORTING.—Every insurance company for which an election is in effect under subsection (b) for any taxable year shall furnish to the Secretary at such time and in such manner as the Secretary shall prescribe such information for such taxable year as the Secretary shall require with respect to the requirements of subsection (b)(2)(A)(ii).''.

(b) INCREASE IN LIMITATION ON PREMIUMS.—

(1) IN GENERAL.—Clause (i) of section 831(b)(2)(A) is amended by striking ''$1,200,000'' and inserting ''$2,200,000''.

(2) INFLATION ADJUSTMENT.—Paragraph (2) of section 831(b), as amended by subsection (a)(1)(B), is amended by adding at the end the following new subparagraph:

''(D) INFLATION ADJUSTMENT.—In the case of any taxable year beginning in a calendar year after 2015, the dollar amount set forth in subparagraph (A)(i) 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 by substituting 'calendar year 2013' for 'calendar year 1992' in subparagraph (B) thereof.

If the amount as adjusted under the preceding sentence is not a multiple of $50,000, such amount shall be rounded to the next lowest multiple of $50,000.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2016.

SEC. 334. TREATMENT OF TIMBER GAINS.

(a) IN GENERAL.—Section 1201(b) is amended to read as follows:

''(b) SPECIAL RATE FOR QUALIFIED TIMBER GAINS.—

''(1) IN GENERAL.—If, for any taxable year beginning in 2016, a corporation has both a net capital gain and qualified timber gain—

''(A) subsection (a) shall apply to such corporation for the taxable year without regard to whether the applicable tax rate exceeds 35 percent, and

''(B) the tax computed under subsection (a)(2) shall be equal to the sum of—

''(i) 23.8 percent of the least of—

''(I) qualified timber gain,

''(II) net capital gain, or

''(III) taxable income, plus

''(ii) 35 percent of the excess (if any) of taxable income over the sum of the amounts for which a tax was determined under subsection (a)(1) and clause (i).

''(2) QUALIFIED TIMBER GAIN.—For purposes of this section, the term 'qualified timber gain' means, with respect to any taxpayer for any taxable year, the excess (if any) of—

''(A) the sum of the taxpayer's gains described in subsections (a) and (b) of section 631 for such year, over

''(B) the sum of the taxpayer's losses described in such subsections for such year.

For purposes of subparagraphs (A) and (B), only timber held more than 15 years shall be taken into account.''.

(b) CONFORMING AMENDMENT.—Section 55(b) is amended by striking paragraph (4).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2015.

SEC. 335. MODIFICATION OF DEFINITION OF HARD CIDER.

(a) IN GENERAL.—Section 5041 of the Internal Revenue Code of 1986 is amended—

(1) in paragraph (6) of subsection (b), by striking ''which is a still wine'' and all that follows through ''alcohol by volume'', and

(2) by adding at the end the following new subsection:

''(g) HARD CIDER.—For purposes of subsection (b)(6), the term 'hard cider' means a wine—

''(1) containing not more than 0.64 gram of carbon dioxide per hundred milliliters of wine, except that the Secretary may by regulations prescribe such tolerances to this limitation as may be reasonably necessary in good commercial practice,

''(2) which is derived primarily—

''(A) from apples or pears, or

''(B) from—

''(i) apple juice concentrate or pear juice concentrate, and

''(ii) water,

''(3) which contains no fruit product or fruit flavoring other than apple or pear, and

''(4) which contains at least one-half of 1 percent and less than 8.5 percent alcohol by volume.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to hard cider removed during calendar years beginning after December 31, 2016.

SEC. 336. CHURCH PLAN CLARIFICATION.

(a) APPLICATION OF CONTROLLED GROUP RULES TO CHURCH PLANS.—

(1) IN GENERAL.—Section 414(c) is amended—

(A) by striking ''For purposes'' and inserting the following:

''(1) IN GENERAL.—Except as provided in paragraph (2), for purposes'', and

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

''(2) SPECIAL RULES RELATING TO CHURCH PLANS.—

''(A) GENERAL RULE.—Except as provided in subparagraphs (B) and (C), for purposes of this subsection and subsection (m), an organization that is otherwise eligible to participate in a church plan shall not be aggregated with another such organization and treated as a single employer with such other organization for a plan year beginning in a taxable year unless—

''(i) one such organization provides (directly or indirectly) at least 80 percent of the operating funds for the other organization during the preceding taxable year of the recipient organization, and

''(ii) there is a degree of common management or supervision between the organizations such that the organization providing the operating funds is directly involved in the day-to-day operations of the other organization.

''(B) NONQUALIFIED CHURCH-CONTROLLED ORGANIZATIONS.—Notwithstanding subparagraph (A), for purposes of this subsection and subsection (m), an organization that is a nonqualified church-controlled organization shall be aggregated with 1 or more other nonqualified church-controlled organizations, or with an organization that is not exempt from tax under section 501, and treated as a single employer with such other organization, if at least 80 percent of the directors or trustees of such other organization are either representatives of, or directly or indirectly controlled by, such nonqualified church-controlled organization. For purposes of this subparagraph, the term 'nonqualified church-controlled organization' means a church-controlled tax-exempt organization described in section 501(c)(3) that is not a qualified church-controlled organization (as defined in section 3121(w)(3)(B)).

''(C) PERMISSIVE AGGREGATION AMONG CHURCH-RELATED ORGANIZATIONS.—The church or convention or association of churches with which an organization described in subparagraph (A) is associated (within the meaning of subsection (e)(3)(D)), or an organization designated by such church or convention or association of churches, may elect to treat such organizations as a single employer for a plan year. Such election, once made, shall apply to all succeeding plan years unless revoked with notice provided to the Secretary in such manner as the Secretary shall prescribe.

''(D) PERMISSIVE DISAGGREGATION OF CHURCH-RELATED ORGANIZATIONS.—For purposes of subparagraph (A), in the case of a church plan, an employer may elect to treat churches (as defined in section 403(b)(12)(B)) separately from entities that are not churches (as so defined), without regard to whether such entities maintain separate church plans. Such election, once made, shall apply to all succeeding plan years unless revoked with notice provided to the Secretary in such manner as the Secretary shall prescribe.''.

(2) CLARIFICATION RELATING TO APPLICATION OF ANTI-ABUSE RULE.—The rule of 26 CFR 1.414(c)–5(f) shall continue to apply to each paragraph of section 414(c) of the Internal Revenue Code of 1986, as amended by paragraph (1).

(3) EFFECTIVE DATE.—The amendments made by paragraph (1) shall apply to years beginning before, on, or after the date of the enactment of this Act.

(b) APPLICATION OF CONTRIBUTION AND FUNDING LIMITATIONS TO 403(b) GRANDFATHERED DEFINED BENEFIT PLANS.—

(1) IN GENERAL.—Section 251(e)(5) of the Tax Equity and Fiscal Responsibility Act of 1982 (Public Law 97–248), is amended—

(A) by striking ''403(b)(2)'' and inserting ''403(b)'', and

(B) by inserting before the period at the end the following: '', and shall be subject to the applicable limitations of section 415(b) of such Code as if it were a defined benefit plan under section 401(a) of such Code (and not to the limitations of section 415(c) of such Code).''.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to years beginning before, on, or after the date of the enactment of this Act.

(c) AUTOMATIC ENROLLMENT BY CHURCH PLANS.—

(1) IN GENERAL.—This subsection shall supersede any law of a State that relates to wage, salary, or payroll payment, collection, deduction, garnishment, assignment, or withholding which would directly or indirectly prohibit or restrict the inclusion in any church plan (as defined in section 414(e) of the Internal Revenue Code of 1986) of an automatic contribution arrangement.

(2) DEFINITION OF AUTOMATIC CONTRIBUTION ARRANGEMENT.—For purposes of this subsection, the term ''automatic contribution arrangement'' means an arrangement—

(A) under which a participant may elect to have the plan sponsor or the employer make payments as contributions under the plan on behalf of the participant, or to the participant directly in cash,

(B) under which a participant is treated as having elected to have the plan sponsor or the employer make such contributions in an amount equal to a uniform percentage of compensation provided under the plan until the participant specifically elects not to have such contributions made (or specifically elects to have such contributions made at a different percentage), and

(C) under which the notice and election requirements of paragraph (3), and the investment requirements of paragraph (4), are satisfied.

(3) NOTICE REQUIREMENTS.—

(A) IN GENERAL.—The plan sponsor of, or plan administrator or employer maintaining, an automatic contribution arrangement shall, within a reasonable period before the first day of each plan year, provide to each participant to whom the arrangement applies for such plan year notice of the participant's rights and obligations under the arrangement which—

(i) is sufficiently accurate and comprehensive to apprise the participant of such rights and obligations, and

(ii) is written in a manner calculated to be understood by the average participant to whom the arrangement applies.

(B) ELECTION REQUIREMENTS.—A notice shall not be treated as meeting the requirements of subparagraph (A) with respect to a participant unless—

(i) the notice includes an explanation of the participant's right under the arrangement not to have elective contributions made on the participant's behalf (or to elect to have such contributions made at a different percentage),

(ii) the participant has a reasonable period of time, after receipt of the explanation described in clause (i) and before the first elective contribution is made, to make such election, and

(iii) the notice explains how contributions made under the arrangement will be invested in the absence of any investment election by the participant.

(4) DEFAULT INVESTMENT.—If no affirmative investment election has been made with respect to any automatic contribution arrangement, contributions to such arrangement shall be invested in a default investment selected with the care, skill, prudence, and diligence that a prudent person selecting an investment option would use.

(5) EFFECTIVE DATE.—This subsection shall take effect on the date of the enactment of this Act.

(d) ALLOW CERTAIN PLAN TRANSFERS AND MERGERS.—

(1) IN GENERAL.—Section 414 is amended by adding at the end the following new subsection:

''(z) CERTAIN PLAN TRANSFERS AND MERGERS.—

''(1) IN GENERAL.—Under rules prescribed by the Secretary, except as provided in paragraph (2), no amount shall be includible in gross income by reason of—

''(A) a transfer of all or a portion of the accrued benefit of a participant or beneficiary, whether or not vested, from a church plan that is a plan described in section 401(a) or an annuity contract described in section 403(b) to an annuity contract described in section 403(b), if such plan and annuity contract are both maintained by the same church or convention or association of churches,

''(B) a transfer of all or a portion of the accrued benefit of a participant or beneficiary, whether or not vested, from an annuity contract described in section 403(b) to a church plan that is a plan described in section 401(a), if such plan and annuity contract are both maintained by the same church or convention or association of churches, or

''(C) a merger of a church plan that is a plan described in section 401(a), or an annuity contract described in section 403(b), with an annuity contract described in section 403(b), if such plan and annuity contract are both maintained by the same church or convention or association of churches.

''(2) LIMITATION.—Paragraph (1) shall not apply to a transfer or merger unless the participant's or beneficiary's total accrued benefit immediately after the transfer or merger is equal to or greater than the participant's or beneficiary's total accrued benefit immediately before the transfer or merger, and such total accrued benefit is nonforfeitable after the transfer or merger.

''(3) QUALIFICATION.—A plan or annuity contract shall not fail to be considered to be described in section 401(a) or 403(b) merely because such plan or annuity contract engages in a transfer or merger described in this subsection.

''(4) DEFINITIONS.—For purposes of this subsection—

''(A) CHURCH OR CONVENTION OR ASSOCIATION OF CHURCHES.—The term 'church or convention or association of churches' includes an organization described in subparagraph (A) or (B)(ii) of subsection (e)(3).

''(B) ANNUITY CONTRACT.—The term 'annuity contract' includes a custodial account described in section 403(b)(7) and a retirement income account described in section 403(b)(9).

''(C) ACCRUED BENEFIT.—The term 'accrued benefit' means—

''(i) in the case of a defined benefit plan, the employee's accrued benefit determined under the plan, and

''(ii) in the case of a plan other than a defined benefit plan, the balance of the employee's account under the plan.''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to transfers or mergers occurring after the date of the enactment of this Act.

(e) INVESTMENTS BY CHURCH PLANS IN COLLECTIVE TRUSTS.—

(1) IN GENERAL.—In the case of—

(A) a church plan (as defined in section 414(e) of the Internal Revenue Code of 1986), including a plan described in section 401(a) of such Code and a retirement income account described in section 403(b)(9) of such Code, and

(B) an organization described in section 414(e)(3)(A) of such Code the principal purpose or function of which is the administration of such a plan or account,

the assets of such plan, account, or organization (including any assets otherwise permitted to be commingled for investment purposes with the assets of such a plan, account, or organization) may be invested in a group trust otherwise described in Internal Revenue Service Revenue Ruling 81–100 (as modified by Internal Revenue Service Revenue Rulings 2004–67, 2011–1, and 2014–24), or any subsequent revenue ruling that supersedes or modifies such revenue ruling, without adversely affecting the tax status of the group trust, such plan, account, or organization, or any other plan or trust that invests in the group trust.

(2) EFFECTIVE DATE.—This subsection shall apply to investments made after the date of the enactment of this Act.

Subtitle D—Revenue Provisions

SEC. 341. UPDATED ASHRAE STANDARDS FOR ENERGY EFFICIENT COMMERCIAL BUILDINGS DEDUCTION.

(a) IN GENERAL.—Paragraph (1) of section 179D(c) is amended by striking ''Standard 90.1–2001'' each place it appears and inserting ''Standard 90.1–2007''.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (2) of section 179D(c) is amended to read as follows:

''(2) STANDARD 90.1–2007.—The term 'Standard 90.1–2007' means Standard 90.1–2007 of the American Society of Heating, Refrigerating, and Air Conditioning Engineers and the Illuminating Engineering Society of North America (as in effect on the day before the date of the adoption of Standard 90.1–2010 of such Societies).''.

(2) Subsection (f) of section 179D is amended by striking ''Standard 90.1–2001'' each place it appears in paragraphs (1) and (2)(C)(i) and inserting ''Standard 90.1–2007''.

(3) Paragraph (1) of section 179D(f) is amended—

(A) by striking ''Table 9.3.1.1'' and inserting ''Table 9.5.1'', and

(B) by striking ''Table 9.3.1.2'' and inserting ''Table 9.6.1''.

(c) EFFECTIVE DATE.—The amendments made by this subsection shall apply to property placed in service after December 31, 2015.

SEC. 342. EXCISE TAX CREDIT EQUIVALENCY FOR LIQUIFIED PETROLEUM GAS AND LIQUIFIED NATURAL GAS.

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

''(j) ENERGY EQUIVALENCY DETERMINATIONS FOR LIQUEFIED PETROLEUM GAS AND LIQUEFIED NATURAL GAS.—For purposes of determining any credit under this section, any reference to the number of gallons of an alternative fuel or the gasoline gallon equivalent of such a fuel shall be treated as a reference to—

''(1) in the case of liquefied petroleum gas, the energy equivalent of a gallon of gasoline, as defined in section 4041(a)(2)(C), and

''(2) in the case of liquefied natural gas, the energy equivalent of a gallon of diesel, as defined in section 4041(a)(2)(D).''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to fuel sold or used after December 31, 2015.

SEC. 343. EXCLUSION FROM GROSS INCOME OF CERTAIN CLEAN COAL POWER GRANTS TO NON-CORPORATE TAXPAYERS.

(a) GENERAL RULE.—In the case of an eligible taxpayer other than a corporation, gross income for purposes of the Internal Revenue Code of 1986 shall not include any amount received under section 402 of the Energy Policy Act of 2005.

(b) REDUCTION IN BASIS.—The basis of any property subject to the allowance for depreciation under the Internal Revenue Code of 1986 which is acquired with any amount to which subsection (a) applies during the 12-month period beginning on the day such amount is received shall be reduced by an amount equal to such amount. The excess (if any) of such amount over the amount of the reduction under the preceding sentence shall be applied to the reduction (as of the last day of the period specified in the preceding sentence) of the basis of any other property held by the taxpayer. The particular properties to which the reductions required by

this subsection are allocated shall be determined by the Secretary of the Treasury (or the Secretary's delegate) under regulations similar to the regulations under section 362(c)(2) of such Code.

(c) LIMITATION TO AMOUNTS WHICH WOULD BE CONTRIBUTIONS TO CAPITAL.—Subsection (a) shall not apply to any amount unless such amount, if received by a corporation, would be excluded from gross income under section 118 of the Internal Revenue Code of 1986.

(d) ELIGIBLE TAXPAYER.—For purposes of this section, with respect to any amount received under section 402 of the Energy Policy Act of 2005, the term ''eligible taxpayer'' means a taxpayer that makes a payment to the Secretary of the Treasury (or the Secretary's delegate) equal to 1.18 percent of the amount so received. Such payment shall be made at such time and in such manner as such Secretary (or the Secretary's delegate) shall prescribe. In the case of a partnership, such Secretary (or the Secretary's delegate) shall prescribe regulations to determine the allocation of such payment amount among the partners.

(e) EFFECTIVE DATE.—This section shall apply to amounts received under section 402 of the Energy Policy Act of 2005 in taxable years beginning after December 31, 2011.

SEC. 344. CLARIFICATION OF VALUATION RULE FOR EARLY TERMINATION OF CERTAIN CHARITABLE REMAINDER UNITRUSTS.

(a) IN GENERAL.—Section 664(e) is amended—

(1) by adding at the end the following: ''In the case of the early termination of a trust which is a charitable remainder unitrust by reason of subsection (d)(3), the valuation of interests in such trust for purposes of this section shall be made under rules similar to the rules of the preceding sentence.'', and

(2) by striking ''FOR PURPOSES OF CHARITABLE CONTRIBUTION'' in the heading thereof and inserting ''OF INTERESTS''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to terminations of trusts occurring after the date of the enactment of this Act.

SEC. 345. PREVENTION OF TRANSFER OF CERTAIN LOSSES FROM TAX INDIFFERENT PARTIES.

(a) IN GENERAL.—Section 267(d) is amended to read as follows:

''(d) AMOUNT OF GAIN WHERE LOSS PREVIOUSLY DISALLOWED.—

''(1) IN GENERAL.—If—

''(A) in the case of a sale or exchange of property to the taxpayer a loss sustained by the transferor is not allowable to the transferor as a deduction by reason of subsection (a)(1), and

''(B) the taxpayer sells or otherwise disposes of such property (or of other property the basis of which in the taxpayer's hands is determined directly or indirectly by reference to such property) at a gain,

then such gain shall be recognized only to the extent that it exceeds so much of such loss as is properly allocable to the property sold or otherwise disposed of by the taxpayer.

''(2) EXCEPTION FOR WASH SALES.—Paragraph (1) shall not apply if the loss sustained by the transferor is not allowable to the transferor as a deduction by reason of section 1091 (relating to wash sales).

''(3) EXCEPTION FOR TRANSFERS FROM TAX INDIFFERENT PARTIES.—Paragraph (1) shall not apply to the extent any loss sustained by the transferor (if allowed) would not be taken into account in determining a tax imposed under section 1 or 11 or a tax computed as provided by either of such sections.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to sales and other dispositions of property acquired after December 31, 2015, by the taxpayer in a sale or exchange to which section 267(a)(1) of the Internal Revenue Code of 1986 applied.

SEC. 346. TREATMENT OF CERTAIN PERSONS AS EMPLOYERS WITH RESPECT TO MOTION PICTURE PROJECTS.

(a) IN GENERAL.—Chapter 25 (relating to general provisions relating to employment taxes) is amended by adding at the end the following new section:

''SEC. 3512. TREATMENT OF CERTAIN PERSONS AS EMPLOYERS WITH RESPECT TO MOTION PICTURE PROJECTS.

''(a) IN GENERAL.—For purposes of sections 3121(a)(1) and 3306(b)(1), remuneration paid to a motion picture project worker by a motion picture project employer during a calendar year shall be treated as remuneration paid with respect to employment of such worker by such employer during the calendar year. The identity of such employer for such purposes shall be determined as set forth in this section and without regard to the usual common law rules applicable in determining the employer-employee relationship.

''(b) DEFINITIONS.—For purposes of this section—

''(1) MOTION PICTURE PROJECT EMPLOYER.—The term 'motion picture project employer' means any person if—

''(A) such person (directly or through affiliates)—

''(i) is a party to a written contract covering the services of motion picture project workers with respect to motion picture projects in the course of a client's trade or business,

''(ii) is contractually obligated to pay remuneration to the motion picture project workers without regard to payment or reimbursement by any other person,

''(iii) controls the payment (within the meaning of section 3401(d)(1)) of remuneration to the motion picture project workers and pays such remuneration from its own account or accounts,

''(iv) is a signatory to one or more collective bargaining agreements with a labor organization (as defined in 29 U.S.C. 152(5)) that represents motion picture project workers, and

''(v) has treated substantially all motion picture project workers that such person pays as employees and not as independent contractors during such calendar year for purposes of determining employment taxes under this subtitle, and

''(B) at least 80 percent of all remuneration (to which section 3121 applies) paid by such person in such calendar year is paid to motion picture project workers.

''(2) MOTION PICTURE PROJECT WORKER.—The term 'motion picture project worker' means any individual who provides services on motion picture projects for clients who are not affiliated with the motion picture project employer.

''(3) MOTION PICTURE PROJECT.—The term 'motion picture project' means the production of any property described in section 168(f)(3). Such term does not include property with respect to which records are required to be maintained under section 2257 of title 18, United States Code.

''(4) AFFILIATE; AFFILIATED.—A person shall be treated as an affiliate of, or affiliated with, another person if such persons are treated as a single employer under subsection (b) or (c) of section 414.''.

(b) CLERICAL AMENDMENT.—The table of sections for such chapter 25 is amended by adding at the end the following new item:

''Sec. 3512. Treatment of certain persons as employers with respect to motion picture projects.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to remuneration paid after December 31, 2015.

(d) NO INFERENCE.—Nothing in the amendments made by this section shall be construed to create any inference on the law before the date of the enactment of this Act.

TITLE IV—TAX ADMINISTRATION

Subtitle A—Internal Revenue Service Reforms

SEC. 401. DUTY TO ENSURE THAT INTERNAL REVENUE SERVICE EMPLOYEES ARE FAMILIAR WITH AND ACT IN ACCORD WITH CERTAIN TAXPAYER RIGHTS.

(a) IN GENERAL.—Section 7803(a) is amended by redesignating paragraph (3) as paragraph (4) and by inserting after paragraph (2) the following new paragraph:

''(3) EXECUTION OF DUTIES IN ACCORD WITH TAXPAYER RIGHTS.—In discharging his duties, the Commissioner shall ensure that employees of the Internal Revenue Service are familiar with and act in accord with taxpayer rights as afforded by other provisions of this title, including—

''(A) the right to be informed,

''(B) the right to quality service,

''(C) the right to pay no more than the correct amount of tax,

''(D) the right to challenge the position of the Internal Revenue Service and be heard,

''(E) the right to appeal a decision of the Internal Revenue Service in an independent forum,

''(F) the right to finality,

''(G) the right to privacy,

''(H) the right to confidentiality,

''(I) the right to retain representation, and

''(J) the right to a fair and just tax system.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 402. IRS EMPLOYEES PROHIBITED FROM USING PERSONAL EMAIL ACCOUNTS FOR OFFICIAL BUSINESS.

No officer or employee of the Internal Revenue Service may use a personal email account to conduct any official business of the Government.

SEC. 403. RELEASE OF INFORMATION REGARDING THE STATUS OF CERTAIN INVESTIGATIONS.

(a) IN GENERAL.—Section 6103(e) is amended by adding at the end the following new paragraph:

''(11) DISCLOSURE OF INFORMATION REGARDING STATUS OF INVESTIGATION OF VIOLATION OF THIS SECTION.—In the case of a person who provides to the Secretary information indicating a violation of section 7213, 7213A, or 7214 with respect to any return or return information of such person, the Secretary may disclose to such person (or such person's designee)—

''(A) whether an investigation based on the person's provision of such information has been initiated and whether it is open or closed,

''(B) whether any such investigation substantiated such a violation by any individual, and

''(C) whether any action has been taken with respect to such individual (including whether a referral has been made for prosecution of such individual).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to disclosures made on or after the date of the enactment of this Act.

SEC. 404. ADMINISTRATIVE APPEAL RELATING TO ADVERSE DETERMINATIONS OF TAX-EXEMPT STATUS OF CERTAIN ORGANIZATIONS.

(a) IN GENERAL.—Section 7123 is amended by adding at the end of the following:

''(c) ADMINISTRATIVE APPEAL RELATING TO ADVERSE DETERMINATION OF TAX-EXEMPT STATUS OF CERTAIN ORGANIZATIONS.—

''(1) IN GENERAL.—The Secretary shall prescribe procedures under which an organization which claims to be described in section

501(c) may request an administrative appeal (including a conference relating to such appeal if requested by the organization) to the Internal Revenue Service Office of Appeals of an adverse determination described in paragraph (2).

''(2) ADVERSE DETERMINATIONS.—For purposes of paragraph (1), an adverse determination is described in this paragraph if such determination is adverse to an organization with respect to—

''(A) the initial qualification or continuing qualification of the organization as exempt from tax under section 501(a) or as an organization described in section 170(c)(2),

''(B) the initial classification or continuing classification of the organization as a private foundation under section 509(a), or

''(C) the initial classification or continuing classification of the organization as a private operating foundation under section 4942(j)(3).''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to determinations made on or after May 19, 2014.

SEC. 405. ORGANIZATIONS REQUIRED TO NOTIFY SECRETARY OF INTENT TO OPERATE UNDER 501(c)(4).

(a) IN GENERAL.—Part I of subchapter F of chapter 1 is amended by adding at the end the following new section:

''SEC. 506. ORGANIZATIONS REQUIRED TO NOTIFY SECRETARY OF INTENT TO OPERATE UNDER 501(c)(4).

''(a) IN GENERAL.—An organization described in section 501(c)(4) shall, not later than 60 days after the organization is established, notify the Secretary (in such manner as the Secretary shall by regulation prescribe) that it is operating as such.

''(b) CONTENTS OF NOTICE.—The notice required under subsection (a) shall include the following information:

''(1) The name, address, and taxpayer identification number of the organization.

''(2) The date on which, and the State under the laws of which, the organization was organized.

''(3) A statement of the purpose of the organization.

''(c) ACKNOWLEDGMENT OF RECEIPT.—Not later than 60 days after receipt of such a notice, the Secretary shall send to the organization an acknowledgment of such receipt.

''(d) EXTENSION FOR REASONABLE CAUSE.—The Secretary may, for reasonable cause, extend the 60-day period described in subsection (a).

''(e) USER FEE.—The Secretary shall impose a reasonable user fee for submission of the notice under subsection (a).

''(f) REQUEST FOR DETERMINATION.—Upon request by an organization to be treated as an organization described in section 501(c)(4), the Secretary may issue a determination with respect to such treatment. Such request shall be treated for purposes of section 6104 as an application for exemption from taxation under section 501(a).''.

(b) SUPPORTING INFORMATION WITH FIRST RETURN.—Section 6033(f) is amended—

(1) by striking the period at the end and inserting '', and'',

(2) by striking ''include on the return required under subsection (a) the information'' and inserting the following: ''include on the return required under subsection (a)—

''(1) the information'', and

(3) by adding at the end the following new paragraph:

''(2) in the case of the first such return filed by such an organization after submitting a notice to the Secretary under section 506(a), such information as the Secretary shall by regulation require in support of the organization's treatment as an organization described in section 501(c)(4).''.

(c) FAILURE TO FILE INITIAL NOTIFICATION.—Section 6652(c) is amended by redesignating paragraphs (4), (5), and (6) as paragraphs (5), (6), and (7), respectively, and by inserting after paragraph (3) the following new paragraph:

''(4) NOTICES UNDER SECTION 506.—

''(A) PENALTY ON ORGANIZATION.—In the case of a failure to submit a notice required under section 506(a) (relating to organizations required to notify Secretary of intent to operate as 501(c)(4)) on the date and in the manner prescribed therefor, there shall be paid by the organization failing to so submit $20 for each day during which such failure continues, but the total amount imposed under this subparagraph on any organization for failure to submit any one notice shall not exceed $5,000.

''(B) MANAGERS.—The Secretary may make written demand on an organization subject to penalty under subparagraph (A) specifying in such demand a reasonable future date by which the notice shall be submitted for purposes of this subparagraph. If such notice is not submitted on or before such date, there shall be paid by the person failing to so submit $20 for each day after the expiration of the time specified in the written demand during which such failure continues, but the total amount imposed under this subparagraph on all persons for failure to submit any one notice shall not exceed $5,000.''.

(d) CLERICAL AMENDMENT.—The table of sections for part I of subchapter F of chapter 1 is amended by adding at the end the following new item:

''Sec. 506. Organizations required to notify Secretary of intent to operate under 501(c)(4).''.

(e) LIMITATION.—Notwithstanding any other provision of law, any fees collected pursuant to section 506(e) of the Internal Revenue Code of 1986, as added by subsection (a), shall not be expended by the Secretary of the Treasury or the Secretary's delegate unless provided by an appropriations Act.

(f) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to organizations which are described in section 501(c)(4) of the Internal Revenue Code of 1986 and organized after the date of the enactment of this Act.

(2) CERTAIN EXISTING ORGANIZATIONS.—In the case of any other organization described in section 501(c)(4) of such Code, the amendments made by this section shall apply to such organization only if, on or before the date of the enactment of this Act—

(A) such organization has not applied for a written determination of recognition as an organization described in section 501(c)(4) of such Code, and

(B) such organization has not filed at least one annual return or notice required under subsection (a)(1) or (i) (as the case may be) of section 6033 of such Code.

In the case of any organization to which the amendments made by this section apply by reason of the preceding sentence, such organization shall submit the notice required by section 506(a) of such Code, as added by this Act, not later than 180 days after the date of the enactment of this Act.

SEC. 406. DECLARATORY JUDGMENTS FOR 501(c)(4) AND OTHER EXEMPT ORGANIZATIONS.

(a) IN GENERAL.—Section 7428(a)(1) is amended by striking ''or'' at the end of subparagraph (C) and by inserting after subparagraph (D) the following new subparagraph:

''(E) with respect to the initial qualification or continuing qualification of an organization as an organization described in section 501(c) (other than paragraph (3)) or 501(d) and exempt from tax under section 501(a), or''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to pleadings filed after the date of the enactment of this Act.

SEC. 407. TERMINATION OF EMPLOYMENT OF INTERNAL REVENUE SERVICE EMPLOYEES FOR TAKING OFFICIAL ACTIONS FOR POLITICAL PURPOSES.

(a) IN GENERAL.—Paragraph (10) of section 1203(b) of the Internal Revenue Service Restructuring and Reform Act of 1998 is amended to read as follows:

''(10) performing, delaying, or failing to perform (or threatening to perform, delay, or fail to perform) any official action (including any audit) with respect to a taxpayer for purpose of extracting personal gain or benefit or for a political purpose.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

SEC. 408. GIFT TAX NOT TO APPLY TO CONTRIBUTIONS TO CERTAIN EXEMPT ORGANIZATIONS.

(a) IN GENERAL.—Section 2501(a) is amended by adding at the end the following new paragraph:

''(6) TRANSFERS TO CERTAIN EXEMPT ORGANIZATIONS.—Paragraph (1) shall not apply to the transfer of money or other property to an organization described in paragraph (4), (5), or (6) of section 501(c) and exempt from tax under section 501(a), for the use of such organization.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to gifts made after the date of the enactment of this Act.

(c) NO INFERENCE.—Nothing in the amendment made by subsection (a) shall be construed to create any inference with respect to whether any transfer of property (whether made before, on, or after the date of the enactment of this Act) to an organization described in paragraph (4), (5), or (6) of section 501(c) of the Internal Revenue Code of 1986 is a transfer of property by gift for purposes of chapter 12 of such Code.

SEC. 409. EXTEND INTERNAL REVENUE SERVICE AUTHORITY TO REQUIRE TRUNCATED SOCIAL SECURITY NUMBERS ON FORM W–2.

(a) WAGES.—Section 6051(a)(2) is amended by striking ''his social security account number'' and inserting ''an identifying number for the employee''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

SEC. 410. CLARIFICATION OF ENROLLED AGENT CREDENTIALS.

Section 330 of title 31, United States Code, is amended—

(1) by redesignating subsections (b), (c), and (d) as subsections (c), (d), and (e), respectively, and

(2) by inserting after subsection (a) the following new subsection:

''(b) Any enrolled agents properly licensed to practice as required under rules promulgated under subsection (a) shall be allowed to use the credentials or designation of 'enrolled agent', 'EA', or 'E.A.'.''.

SEC. 411. PARTNERSHIP AUDIT RULES.

(a) CORRECTION AND CLARIFICATION TO MODIFICATIONS TO IMPUTED UNDERPAYMENTS.—

(1) Section 6225(c)(4)(A)(i) is amended by striking ''in the case of ordinary income,''.

(2) Section 6225(c) is amended by redesignating paragraphs (5) through (7) as paragraphs (6) through (8), respectively, and by inserting after paragraph (4) the following new paragraph:

''(5) CERTAIN PASSIVE LOSSES OF PUBLICLY TRADED PARTNERSHIPS.—

''(A) IN GENERAL.—In the case of a publicly traded partnership (as defined in section 469(k)(2)), such procedures shall provide—

''(i) for determining the imputed underpayment without regard to the portion

thereof that the partnership demonstrates is attributable to a net decrease in a specified passive activity loss which is allocable to a specified partner, and

''(ii) for the partnership to take such net decrease into account as an adjustment in the adjustment year with respect to the specified partners to which such net decrease relates.

''(B) SPECIFIED PASSIVE ACTIVITY LOSS.—For purposes of this paragraph, the term 'specified passive activity loss' means, with respect to any specified partner of such publicly traded partnership, the lesser of—

''(i) the passive activity loss of such partner which is separately determined with respect to such partnership under section 469(k) with respect to such partner's taxable year in which or with which the reviewed year of such partnership ends, or

''(ii) such passive activity loss so determined with respect to such partner's taxable year in which or with which the adjustment year of such partnership ends.

''(C) SPECIFIED PARTNER.—For purposes of this paragraph, the term 'specified partner' means any person if such person—

''(i) is a partner of the publicly traded partnership referred to in subparagraph (A),

''(ii) is described in section 469(a)(2), and

''(iii) has a specified passive activity loss with respect to such publicly traded partnership,

with respect to each taxable year of such person which is during the period beginning with the taxable year of such person in which or with which the reviewed year of such publicly traded partnership ends and ending with the taxable year of such person in which or with which the adjustment year of such publicly traded partnership ends.''.

(b) CORRECTION AND CLARIFICATION TO JUDICIAL REVIEW OF PARTNERSHIP ADJUSTMENT .—

(1) Section 6226 is amended by adding at the end the following new subsection:

''(d) JUDICIAL REVIEW.—For the time period within which a partnership may file a petition for a readjustment, see section 6234(a).''.

(2) Subsections (a)(3), (b)(1), and (d) of section 6234 are each amended by striking ''the Claims Court'' and inserting ''the Court of Federal Claims''.

(3) The heading for section 6234(b) is amended by striking ''CLAIMS COURT'' and inserting ''COURT OF FEDERAL CLAIMS''.

(c) CORRECTION AND CLARIFICATION TO PERIOD OF LIMITATIONS ON MAKING ADJUSTMENTS.—

(1) Section 6235(a)(2) is amended by striking ''paragraph (4)'' and inserting ''paragraph (7)''.

(2) Section 6235(a)(3) is amended by striking ''270 days'' and inserting ''330 days (plus the number of days of any extension consented to by the Secretary under section 6225(c)(7)''.

(d) TECHNICAL AMENDMENT.—Section 6031(b) is amended by striking the last sentence and inserting the following: ''Except as provided in the procedures under section 6225(c), with respect to statements under section 6226, or as otherwise provided by the Secretary, information required to be furnished by the partnership under this subsection may not be amended after the due date of the return under subsection (a) to which such information relates.''.

(e) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in section 1101 of the Bipartisan Budget Act of 2015.

Subtitle B—United States Tax Court

PART 1—TAXPAYER ACCESS TO UNITED STATES TAX COURT

SEC. 421. FILING PERIOD FOR INTEREST ABATEMENT CASES.

(a) IN GENERAL.—Subsection (h) of section 6404 is amended—

(1) by striking ''REVIEW OF DENIAL'' in the heading and inserting ''JUDICIAL REVIEW'', and

(2) by striking ''if such action is brought'' and all that follows in paragraph (1) and inserting ''if such action is brought—

''(A) at any time after the earlier of—

''(i) the date of the mailing of the Secretary's final determination not to abate such interest, or

''(ii) the date which is 180 days after the date of the filing with the Secretary (in such form as the Secretary may prescribe) of a claim for abatement under this section, and

''(B) not later than the date which is 180 days after the date described in subparagraph (A)(i).''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to claims for abatement of interest filed with the Secretary of the Treasury after the date of the enactment of this Act.

SEC. 422. SMALL TAX CASE ELECTION FOR INTEREST ABATEMENT CASES.

(a) IN GENERAL.—Subsection (f) of section 7463 is amended—

(1) by striking ''and'' at the end of paragraph (1),

(2) by striking the period at the end of paragraph (2) and inserting '', and'', and

(3) by adding at the end the following new paragraph:

''(3) a petition to the Tax Court under section 6404(h) in which the amount of the abatement sought does not exceed $50,000.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to cases pending as of the day after the date of the enactment of this Act, and cases commenced after such date of enactment.

SEC. 423. VENUE FOR APPEAL OF SPOUSAL RELIEF AND COLLECTION CASES.

(a) IN GENERAL.—Paragraph (1) of section 7482(b) is amended—

(1) by striking ''or'' at the end of subparagraph (D),

(2) by striking the period at the end of subparagraph (E), and

(3) by inserting after subparagraph (E) the following new subparagraphs:

''(F) in the case of a petition under section 6015(e), the legal residence of the petitioner, or

''(G) in the case of a petition under section 6320 or 6330—

''(i) the legal residence of the petitioner if the petitioner is an individual, and

''(ii) the principal place of business or principal office or agency if the petitioner is an entity other than an individual.''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to petitions filed after the date of enactment of this Act.

(2) EFFECT ON EXISTING PROCEEDINGS.—Nothing in this section shall be construed to create any inference with respect to the application of section 7482 of the Internal Revenue Code of 1986 with respect to court proceedings filed on or before the date of the enactment of this Act.

SEC. 424. SUSPENSION OF RUNNING OF PERIOD FOR FILING PETITION OF SPOUSAL RELIEF AND COLLECTION CASES.

(a) PETITIONS FOR SPOUSAL RELIEF.—

(1) IN GENERAL.—Subsection (e) of section 6015 is amended by adding at the end the following new paragraph:

''(6) SUSPENSION OF RUNNING OF PERIOD FOR FILING PETITION IN TITLE 11 CASES.—In the case of a person who is prohibited by reason of a case under title 11, United States Code, from filing a petition under paragraph (1)(A) with respect to a final determination of relief under this section, the running of the period prescribed by such paragraph for filing such a petition with respect to such final determination shall be suspended for the period during which the person is so prohibited from filing such a petition, and for 60 days thereafter.''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to petitions filed under section 6015(e) of the Internal Revenue Code of 1986 after the date of the enactment of this Act.

(b) COLLECTION PROCEEDINGS.—

(1) IN GENERAL.—Subsection (d) of section 6330 is amended—

(A) by striking ''appeal such determination to the Tax Court'' in paragraph (1) and inserting ''petition the Tax Court for review of such determination'',

(B) by striking ''JUDICIAL REVIEW OF DETERMINATION'' in the heading of paragraph (1) and inserting ''PETITION FOR REVIEW BY TAX COURT'',

(C) by redesignating paragraph (2) as paragraph (3), and

(D) by inserting after paragraph (1) the following new paragraph:

''(2) SUSPENSION OF RUNNING OF PERIOD FOR FILING PETITION IN TITLE 11 CASES.—In the case of a person who is prohibited by reason of a case under title 11, United States Code, from filing a petition under paragraph (1) with respect to a determination under this section, the running of the period prescribed by such subsection for filing such a petition with respect to such determination shall be suspended for the period during which the person is so prohibited from filing such a petition, and for 30 days thereafter, and''.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to petitions filed under section 6330 of the Internal Revenue Code of 1986 after the date of the enactment of this Act.

(c) CONFORMING AMENDMENT.—Subsection (c) of section 6320 is amended by striking ''(2)(B)'' and inserting ''(3)(B)''.

SEC. 425. APPLICATION OF FEDERAL RULES OF EVIDENCE.

(a) IN GENERAL.—Section 7453 is amended by striking ''the rules of evidence applicable in trials without a jury in the United States District Court of the District of Columbia'' and inserting ''the Federal Rules of Evidence''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to proceedings commenced after the date of the enactment of this Act and, to the extent that it is just and practicable, to all proceedings pending on such date.

PART 2—UNITED STATES TAX COURT ADMINISTRATION

SEC. 431. JUDICIAL CONDUCT AND DISABILITY PROCEDURES.

(a) IN GENERAL.—Part II of subchapter C of chapter 76 is amended by adding at the end the following new section:

''SEC. 7466. JUDICIAL CONDUCT AND DISABILITY PROCEDURES.

''(a) IN GENERAL.—The Tax Court shall prescribe rules, consistent with the provisions of chapter 16 of title 28, United States Code, establishing procedures for the filing of complaints with respect to the conduct of any judge or special trial judge of the Tax Court and for the investigation and resolution of such complaints. In investigating and taking action with respect to any such complaint, the Tax Court shall have the powers granted to a judicial council under such chapter.

''(b) JUDICIAL COUNCIL.—The provisions of sections 354(b) through 360 of title 28, United States Code, regarding referral or certification to, and petition for review in the Judicial Conference of the United States, and action thereon, shall apply to the exercise by the Tax Court of the powers of a judicial council under subsection (a). The determination pursuant to section 354(b) or 355 of title

28, United States Code, shall be made based on the grounds for removal of a judge from office under section 7443(f), and certification and transmittal by the Conference of any complaint shall be made to the President for consideration under section 7443(f).

''(c) HEARINGS.—

''(1) IN GENERAL.—In conducting hearings pursuant to subsection (a), the Tax Court may exercise the authority provided under section 1821 of title 28, United States Code, to pay the fees and allowances described in that section.

''(2) REIMBURSEMENT FOR EXPENSES.—The Tax Court shall have the power provided under section 361 of such title 28 to award reimbursement for the reasonable expenses described in that section. Reimbursements under this paragraph shall be made out of any funds appropriated for purposes of the Tax Court.''.

(b) CLERICAL AMENDMENT.—The table of sections for part II of subchapter C of chapter 76 is amended by adding at the end the following new item:

''Sec. 7466. Judicial conduct and disability procedures.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to proceedings commenced after the date which is 180 days after the date of the enactment of this Act and, to the extent just and practicable, all proceedings pending on such date.

SEC. 432. ADMINISTRATION, JUDICIAL CONFERENCE, AND FEES.

(a) IN GENERAL.—Part III of subchapter C of chapter 76 is amended by inserting before section 7471 the following new sections:

''SEC. 7470. ADMINISTRATION.

''Notwithstanding any other provision of law, the Tax Court may exercise, for purposes of management, administration, and expenditure of funds of the Court, the authorities provided for such purposes by any provision of law (including any limitation with respect to such provision of law) applicable to a court of the United States (as that term is defined in section 451 of title 28, United States Code), except to the extent that such provision of law is inconsistent with a provision of this subchapter.

''SEC. 7470A. JUDICIAL CONFERENCE.

''(a) JUDICIAL CONFERENCE.—The chief judge may summon the judges and special trial judges of the Tax Court to an annual judicial conference, at such time and place as the chief judge shall designate, for the purpose of considering the business of the Tax Court and recommending means of improving the administration of justice within the jurisdiction of the Tax Court. The Tax Court shall provide by its rules for representation and active participation at such conferences by persons admitted to practice before the Tax Court and by other persons active in the legal profession.

''(b) REGISTRATION FEE.—The Tax Court may impose a reasonable registration fee on persons (other than judges and special trial judges of the Tax Court) participating at judicial conferences convened pursuant to subsection (a). Amounts so received by the Tax Court shall be available to the Tax Court to defray the expenses of such conferences.''.

(b) DISPOSITION OF FEES.—Section 7473 is amended to read as follows:

''SEC. 7473. DISPOSITION OF FEES.

''Except as provided in sections 7470A and 7475, all fees received by the Tax Court pursuant to this title shall be deposited into a special fund of the Treasury to be available to offset funds appropriated for the operation and maintenance of the Tax Court.''.

(c) CLERICAL AMENDMENTS.—The table of sections for part III of subchapter C of chapter 76 is amended by inserting before the item relating to section 7471 the following new items:

''Sec. 7470. Administration.

''Sec. 7470A. Judicial conference.''.

PART 3—CLARIFICATION RELATING TO UNITED STATES TAX COURT

SEC. 441. CLARIFICATION RELATING TO UNITED STATES TAX COURT.

Section 7441 is amended by adding at the end the following: ''The Tax Court is not an agency of, and shall be independent of, the executive branch of the Government.''.

TITLE V—TRADE-RELATED PROVISIONS

SEC. 501. MODIFICATION OF EFFECTIVE DATE OF PROVISIONS RELATING TO TARIFF CLASSIFICATION OF RECREATIONAL PERFORMANCE OUTERWEAR.

Section 601(c) of the Trade Preferences Extension Act of 2015 (Public Law 114–27; 129 Stat. 412) is amended—

(1) in paragraph (1), by striking ''the 180th day after the date of the enactment of this Act'' and inserting ''March 31, 2016''; and

(2) in paragraph (2), by striking ''such 180th day'' and inserting ''March 31, 2016''.

SEC. 502. AGREEMENT BY ASIA-PACIFIC ECONOMIC COOPERATION MEMBERS TO REDUCE RATES OF DUTY ON CERTAIN ENVIRONMENTAL GOODS.

Section 107 of the Bipartisan Congressional Trade Priorities and Accountability Act of 2015 (Public Law 114–26; 19 U.S.C. 4206) is amended by adding at the end the following:

''(c) AGREEMENT BY ASIA-PACIFIC ECONOMIC COOPERATION MEMBERS TO REDUCE RATES OF DUTY ON CERTAIN ENVIRONMENTAL GOODS.—Notwithstanding the notification requirement described in section 103(a)(2), the President may exercise the proclamation authority provided for in section 103(a)(1)(B) to implement an agreement by members of the Asia-Pacific Economic Cooperation (APEC) to reduce any rate of duty on certain environmental goods included in Annex C of the APEC Leaders Declaration issued on September 9, 2012, if (and only if) the President, as soon as feasible after the date of the enactment of this subsection, and before exercising proclamation authority under section 103(a)(1)(B), notifies Congress of the negotiations relating to the agreement and the specific United States objectives in the negotiations.''.

TITLE VI—BUDGETARY EFFECTS

SEC. 601. BUDGETARY EFFECTS.

(a) PAYGO SCORECARD.—The budgetary effects of this Act shall not be entered on either PAYGO scorecard maintained pursuant to section 4(d) of the Statutory Pay-As-You-Go Act of 2010.

(b) SENATE PAYGO SCORECARD.—The budgetary effects of this Act shall not be entered on any PAYGO scorecard maintained for purposes of section 201 of S. Con. Res. 21 (110th Congress).

The SPEAKER pro tempore. Pursuant to House Resolution 566, the question shall be divided among the two House amendments.

Pursuant to section 2(a) of House Resolution 566, the portion of the divided question comprising the amendment specified in section 3(b) of House Resolution 566 shall be considered first.

This portion shall be debatable for 1 hour equally divided and controlled by the Chair and ranking minority member of the Committee on Ways and Means.

The gentleman from Texas (Mr. BRADY) and the gentleman from Michigan (Mr. LEVIN) each will control 30 minutes.

The Chair recognizes the gentleman from Texas.

GENERAL LEAVE

Mr. BRADY of Texas. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on H.R. 2029.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BRADY of Texas. Mr. Speaker, I yield myself such time as I may consume.

After months of negotiations, I am honored today to talk to Americans about the Protecting Americans from Tax Hikes Act, also known as the PATH Act.

The most important thing for the American people to know is that this bill prevents their taxes from increasing, helps create more jobs in their communities, and makes it easier for them to do their taxes. It also reins in the IRS and protects taxpayers from waste and fraud within the large tax credit programs administered by the IRS.

Now I would like to take a moment to talk about the six specific ways this bill helps American taxpayers.

First, this bill provides $629 billion of tax relief that families and businesses can rely on. It is financially responsible because preventing a tax increase is never a cost.

Republicans have always worked to stop Washington from taking more money from the hardworking Americans who earned it. This is not Washington's money. It is the taxpayers'. We shouldn't have to raise taxes on some people to prevent taxes on other people from going up.

Secondly, by making a number of temporary tax provisions permanent, this will deliver predictability, clarity, and certainty for individual taxpayers as well as people managing businesses and trying to invest for the future.

As we know all too well, how our country manages its Tax Code makes absolutely no sense. How can families and local businesses count on tax relief each year as long as Congress can't decide what is permanent and what is not? That confusion ends with this bill.

With this bill in place, Americans will no longer have to worry each December if Congress will take action to extend certain tax relief measures that they have come to rely upon, including allowing State and local sales tax deductions for families, providing small businesses tax relief, and offering incentives—true incentives—for innovation, including the research and development tax credit.

Third, this is a progrowth bill. This permanent tax relief will make it easier for employees to plan ahead, hire new workers, grow their businesses, and invest in the community.

Fourth, Americans who are frustrated by Washington waste will be pleased to know that our bill contains stronger measures to fight fraud and abuse in these tax credit programs.

While these provisions are significant, they are only a down payment on Republican efforts to make these tax programs, which are far too prone to error, abuse, and waste today, more accountable.

Fifth, our bill reins in the IRS and protects taxpayers, delivers the power to fire IRS employees who take politically motivated actions against taxpayers, requires IRS employees to respect the Taxpayer Bill of Rights, and prohibits IRS employees from using personal email accounts for official business.

After witnessing years of abuse at the IRS, we can all agree that these provisions are important taxpayer victories.

Finally, this bill serves as a path forward to progrowth tax reform by ensuring that we will no longer have to spend months each year debating temporary tax extensions. Instead, Congress can focus on delivering a simpler, fairer, and flatter Tax Code that is built for growth.

I am proud of this legislation and grateful for all the Members of Congress who have helped throughout the course of these negotiations. This bill includes literally dozens of provisions drawn from bills and marked up by the Ways and Means Committee this past year. That is a reflection of the regular order that I am committed to extending and expanding next year as the committee digs in on tax reform and other critical measures.

There is a lot in this bill, but those are the key principles. The bottom line is this legislation prevents tax increases, creates more job opportunities, and makes it easier for Americans to do their taxes. That is a great gift, an overdue gift, for the American taxpayers and the people who want and deserve a stronger U.S. economy.

Mr. Speaker, I reserve the balance of my time.

□ 1115

Mr. LEVIN. Mr. Speaker, I yield myself such time as I may consume.

This bill adds $622 billion to the deficit, the vast majority of which is through permanent tax provisions. For those who propose to have the increase in the deficit continue to drive down defense domestic spending, this bill will almost certainly accomplish this. By FY17, nondefense discretionary spending will have already fallen to its lowest level, as a share of the economy, since 1962. These cuts seriously threaten programs that assist the middle class or those who are striving to reach the middle class, programs like Head Start and Pell Grants and those in job training and those in basic health research.

For those who want, as they have for years, to make tax breaks permanent so that they will not have to be offset in revenue-neutral tax reform, this bill will help them carry it out, leaving more room to cut taxes for the very wealthy, which they will say will pay for themselves.

For those who want to continue tax cuts that were only intended for a specific period, like expensive bonus depreciation, the purpose of which is to ease recovery from the recession and to lose its effectiveness otherwise, this bill will help do that.

For those who want to continue international tax proposals, often serving as a loophole and helping to move resources overseas, this bill will help do that. The active financing international tax provision, made permanent in this bill at a cost of $78 billion, and the extension of the CFC look-through provision for 5 years, at a cost of $8 billion, which often promotes tax savings, should be thoroughly reexamined as part of comprehensive tax reform—and the sooner the better.

This bill is a piecemeal approach to tax reform. It is the opposite of what was done by former Ways and Means Chairman Dave Camp, who kept some provisions, who changed some, who ended some, like bonus depreciation, and who paid for his revenue-neutral comprehensive tax reform proposal.

These shortcomings must be weighed against the provisions that are important priorities for Democrats—the child tax credit, the earned income tax credit, and the American opportunity tax credit. But the long-term negative dangers of this legislation make the price too high. Therefore, I oppose this legislation.

Mr. Speaker, I reserve the balance of my time.

Mr. BRADY of Texas. Mr. Speaker, I yield myself such time as I may consume.

As chairman of the Committee on Ways and Means, I have asked that the nonpartisan Joint Committee on Taxation make available to the public a technical explanation of the Protecting Americans from Tax Hikes Act of 2015, which the House is considering today.

The Joint Committee on Taxation has issued that technical explanation as JCX–144–15, and it expresses the Ways and Means Committee's understanding and legislative intent behind this important legislation. It is available on the Joint Committee on Taxation's Web site at www.jct.gov.

Mr. Speaker, I yield 2 minutes to the gentleman from Louisiana (Mr. BOUSTANY), who leads the Subcommittee on Tax Policy for the Committee on Ways and Means.

Mr. BOUSTANY. I thank the chairman for the fine work he and his staff have done in negotiating this package.

Mr. Speaker, Speaker RYAN has talked about restoring confidence in America, which is something I think we can all agree on. Things we need to do to achieve that involve restoring American leadership abroad, protecting our American values, and, very importantly, restoring American prosperity. We can't do that until we reform the Tax Code. That is at the center of all of the efforts to restore American prosperity through economic growth.

I rise in rigorous support of this bill as it stops the cycle of just extending these provisions without vetting them year after year and in the last hours of the year. It is time to stop that, and we are doing that. We are making some of these provisions permanent. We are creating certainty for American families and for American businesses at a time of economic uncertainty. This is real tax relief that sets the stage for tax reform.

There are a number of important provisions in this. Mr. PAULSEN has worked very hard to repeal the device tax, which stifles American innovation, and we are going to put this on hold for 2 years. We are going to stop the health insurance tax for 1 year, which is causing health insurance premium hikes for American families. By some estimates, it is $350 to $400 a year for American families, and this is wrong.

The R&D tax credit is made permanent. American innovation is what we want to see to get growth. It also has a whole bunch of other provisions that help small businesses and families. We do work very hard to create program integrity in our EITC and child tax credit, something that is very much needed.

I believe this is a very important step forward for tax reform. It sets the stage. We have broken that disastrous cycle of just a knee-jerk extension of these provisions, and we have, actually, vetted a lot of these tax provisions to be made permanent—we have run them through committee; we have had hearings; we have had markups; we have taken them to the floor. We are trying to restore regular order.

Ladies and gentlemen, this will be seen as a first step in restoring American confidence. I am confident of that. Let's pass this package and move on.

Mr. LEVIN. Mr. Speaker, I yield 3 minutes to the gentleman from Maryland (Mr. HOYER), the Democratic whip.

Mr. HOYER. I thank the gentleman for yielding.

Mr. Speaker, as for the last speaker, I heard that speech in 1981. I heard it in 2001. I heard it in 2003. The certainty of this bill is that we will explode further deficits and provide for disinvestment. That is the certainty of this bill, and I rise in strong opposition to it.

This package will raise deficits by approximately $622 billion over the next 10 years. Add to that the $58 billion in unpaid-for tax provisions in the omnibus bill of approximately $680 billion. When you add interest to that, it is almost $800 billion in additional debt, Mr. and Mrs. America.

I came to this floor on Tuesday and spoke in greater detail about my opposition to this package. I, again, want to highlight one major issue, and that is how enacting this legislation will set the stage for the next round of painful sequester cuts, otherwise known as disinvestment in growing our economy and jobs.

Do my colleagues not see the tragic symmetry of this package's almost $800

billion in new deficits and the sequester's $813 billion in cuts that were imposed for the sake of deficit reduction?

Republicans will again insist upon hundreds of billions of cuts from domestic discretionary investment—i.e., growing jobs and the economy—in order to make up for the budget shortfall incurred by the extension of these tax credits, some of which are made permanent.

There are, certainly, good reasons to make a number of these tax credits and deductions permanent, and I support making many of these permanent, but we ought to pay for it in the process, as your predecessor did, Mr. Camp. It was a tough decision he made, and it was dismissed out of hand because it was hard to do.

This is easy to do. There is no courage required to vote for this bill. All you have to do is suspend common sense. This legislation flies in the face of the basic budgeting principle, which hardworking families all across our Nation understand and have to live with every month.

Maya MacGuineas, president of the Committee for a Responsible Federal Budget, wrote in The Washington Post last week:

''How do we explain to our children that we borrowed more than $1 trillion—counting interest—not because it was a national emergency or to make critical investments in the future but because we just don't like paying our bills?''

Republicans would answer as they always do—that tax cuts somehow, magically, pay for themselves. I have been here 35 years. It has never happened.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. LEVIN. I yield the gentleman an additional 30 seconds.

Mr. HOYER. Mr. Speaker, we have seen that notion disproven several times over, and the results of experimenting with that idea have been higher deficits and a ballooning debt that fuel Republican efforts to disinvest in our future and to dismantle Medicare, Social Security, and safety net programs. Let's not make the same mistake again.

Instead, we ought to be voting on a straightforward, 2-year extension, and then commit ourselves to meaningful tax reform as David Camp did. It is tough to do, I understand that, but it is the right thing to do. Let us show that we have courage as well as common sense. Defeat this bill. Let us move on to meaningful tax reform and to growing our economy.

Mr. BRADY of Texas. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio (Mr. TIBERI), one of our key leaders on tax reform.

Mr. TIBERI. I thank Chairman BRADY and Speaker RYAN for their leadership.

Mr. Speaker, to the previous gentleman, I say Mr. and Mrs. America would be stunned to know that, to keep current policy in place, we have to raise taxes to keep tax cuts, some of which have been in place for 30 years. The R&D tax credit has been around for 30 years. The horrible way that we make policy here on a retroactive basis or on a ''1-year forward and then we will address it again'' basis is changing today.

Tom and Judy Price, who are farmers in my district, have been thinking about buying a loader this year. They can now, actually, buy one, and they can, actually, plan for the next 10 years on how to operate their farm and to make investments. There is that small business guy who wants to expense or that person to whom R&D is so important, but they weren't sure what we were going to do with the R&D tax credit even though it has been around for decades.

For decades, the current policy has been the R&D tax credit. Yet, making that current policy permanent was being argued by some on the other side as our having to raise taxes to pay for this current policy. No wonder Americans shake their heads.

This is a good bill. This is an amazing bill. Go talk to your small business owners. Go talk to the accountant at the YMCA who puts together tax filings for people who care about the child tax credit and about the permanency in the child tax credit, about the New Markets tax credit—things that have an amazing impact on our communities, like the Low-Income Housing tax credit that Mr. NEAL and I have worked on. Section 179's permanency is unbelievable. It is going to impact communities from coast to coast, including my district in Ohio and farmers as well. This is going to provide amazing certainty.

I have been so pleased to work on a number of these issues with my Republican and Democrat colleagues. This, ladies and gentlemen, is a wonderful bridge to comprehensive tax reform.

Mr. LEVIN. Mr. Speaker, I yield 1½ minutes to the gentleman from New York (Mr. RANGEL).

Mr. RANGEL. Mr. Speaker, I don't know how proud we can be as legislators to say, at the end of the year, instead of legislating—having hearings, listening to what this is going to do to help America, and where it is going to hurt—we are so proud of the fact that we are negotiating. Here we are talking about $680 billion of tax cuts, yet, we all know that, when we get home, there is nobody in the world who is going to think that their pockets, that their jobs, that their educations are going to be better.

The world should be screaming for America to provide the leadership and to say that we have a system based on a Tax Code that we can depend on. Yes, we shouldn't have to extend these every year. We should work together to bring all of this together so that we know exactly what is going on.

I hate to say this. People talk about the earned income tax credit. I fought for this. I am one of the people who goes against loopholes, and I guess I have really tried to get more loopholes in it in order for poor people to get some justice out of the tax system. The truth of the matter is, because of the disparity in incomes, because people work hard every day and they are still in poverty, we are going to use the Tax Code in order to say that we will give them a refundable tax credit.

No. What this is going to do is to remove the ability for this great country of ours to have the discretionary funds to do the right thing, which is really conditioned in what we call the pursuit of happiness. We should not be using the Tax Code for social welfare, nor should we be using the Tax Code in order to have certain companies benefit from it.

□ 1130

What we should be doing is reforming the entire Tax Code so America would know where we are going and where we should be going.

Mr. BRADY of Texas. Mr. Speaker, I yield 2 minutes to the gentlewoman from Kansas (Ms. JENKINS), a key member of our tax writing committee.

Ms. JENKINS of Kansas. Mr. Speaker, I thank the gentleman for his good work on this issue.

As I visit with folks at home in Kansas, they often express their frustration with Washington. Uncertainty is the enemy, whether in tax policy, regulatory policy, or health policy. Folks simply need to know what the rules will be so they can plan accordingly.

As a former CPA who worked in the tax area and a former State treasurer, I have seen firsthand how uncertain tax policies that expire every year negatively impact our hardworking businesses and families. I am pleased we have secured a tax package that will bring much more certainty to families and businesses across the country fighting to create jobs in our still-struggling economy. This legislation will help bring us closer to the stable tax policies our economy desperately needs.

This bill is another step in the right direction toward a confident America, built on principles and values that hard work should equal success. This legislation will grow our economy, put more money back in the folks' pockets, and rein in the IRS. With these foundations, we can continue to make strides towards a progrowth agenda that helps businesses succeed, creates more jobs, and stimulates the economy.

Mr. LEVIN. Mr. Speaker, I yield 1 minute to the distinguished gentlewoman from California (Ms. PELOSI).

Ms. PELOSI. Mr. Speaker, I thank the gentleman for yielding, and I thank him for his leadership on bigger paychecks for America's working families and in so many areas. Thank you, Mr. LEVIN, for your leadership.

I congratulate Chairman BRADY for assuming his new position. We all wish him success and look forward to working with him.

The bill before us today calls for very serious discussion. We in this body have a very big responsibility to make decisions as architects of our children's future, where we are making decisions that strengthen the middle class and that take us to our responsibility to be custodians of our democracy.

The middle class is the backbone of our democracy, and this legislation undermines the success of the middle class. In terms of children, their education, the financial security of their families, the pension security of their grandparents, the health of the environment in which they live, all of that is seriously affected by this legislation.

Let's put it in perspective, because this is part of a grand scheme that started after President Clinton left office. In his term of office, because of the Budget Act of 1993 which passed with Democratic support, it unleashed a remarkable era of job creation, and it took us on a path to deficit reduction. In fact, five of his last budgets were even or in surplus, and that was taking us to a path of reducing not only the deficit—of course it would be eliminated—but the national debt.

Along came tax cuts for the middle class, and in just a few years, all of the progress in reducing the deficit that occurred during the Clinton administration was reversed by the Bush tax cuts—unpaid for—for the wealthiest. That unpaid for is really what my problem is here today.

There are many provisions in this bill that we Democrats take ownership of and I personally take some personal pride in having worked on. For example, the earned income tax credit and the childcare tax credit, those initiatives we negotiated with President Bush to take them to the place that they are. They are a stimulus. They were debated and passed at the time as part of President Bush's stimulus package.

When it comes to some of the initiatives like R&D, we have all been talking about modernizing and making permanent the research and development tax credit. The problem is, unpaid for.

When we talk about 179, that is a creation of which Democrats were very much a part, which were the initiatives to help small businesses. We fully subscribe to that. But when we make them permanent—and that might be a good idea—and they are unpaid for, it also hurts our ability to do something broader in the Tax Code and take advantage of that opportunity.

So low-income housing tax credits, again, I think I am second to none—except maybe Mr. RANGEL—in this body in my advocacy for that, when Mr. Rostenkowski was the chairman of the committee. It is important that they are in this legislation, and they should be permanent.

My problem with it all is why are these things—look, this is an engine to send jobs overseas with some of the provisions that are in the legislation, so it is like a Trojan horse. There are many good things, and then all of a sudden you find out what is in the belly of them.

So the fact that they are permanent means that, for certain things like bonus depreciation and things like that, if they are for a short term, people will take advantage of them. We get the boost in our economy, and our Treasury from that.

Here is what it comes down to: You go down this path of $600-plus billion of permanent, unpaid for tax extenders largely benefiting corporate America and say that doesn't have to be paid for. Oh, but, by the way, if you want to do $7 billion to honor the work of 9/11 first responders, you have to pay for every penny of it, find a way to do it by cuts or outlay or some other way.

So what is the symmetry in all of this? Tax cuts for businesses to send jobs overseas, unpaid for and permanent; 9/11, which is an emergency, would you not agree? If there ever were an emergency, it would be 9/11. And the costs related to honoring our commitments, both in health and compensation to those workers, should be held up because we couldn't find pay-fors. Now we have, so that is good. We had to find the pay-fors.

What I question very seriously is: What are the costs in the outyears? It is hard to determine, but they are there.

What they are going to do is increase the deficit with such seriousness that our country will have to borrow from the Social Security trust fund to stay afloat, seriously undermining Social Security—and as our distinguished whip said, Social Security, Medicare, and the rest. It seriously affects this legislation, seriously affects our ability to make the discretionary investments in the education of our children, the promotion of growth, and the rest of that.

So I think what it comes down to is, yes, there are some good ideas in here. We developed them. We support them. We don't even care if some of them are permanent. It is the unpaid for part of it that is mortgaging our children's future, that is threatening Social Security, and that undermines our ability to reduce the deficit and reduce the interest payments on the national debt.

Again, we are walking away from what President Clinton did so successfully with a very difficult vote. We lost the Congress after that for that and other reasons. Some Members did. They said: I did the right thing because it took us on a path of fiscal soundness, and it took us on a path of economic growth. This, of course, was reversed in the Bush years. The $5.5 trillion of deficit reduction was—there was an $11 trillion reversal, one of the biggest, up until that time, of a reversal.

My colleagues, I sympathize with some who say, well, I have always been for R&D tax credits, and others who say, well, it has to do with the tax stuff in my State and all that. I appreciate that, and I respect your judgment on it.

There is a bigger picture here, and the bigger picture is our responsibility to the future. The chickens will come home to roost on this. We will have to pay. You know who is going to pay? Our children, their families, the Social Security system, and the rest.

For that reason, I will not be supporting this, and I join our distinguished Whip HOYER in urging our colleagues to vote against it as well. I know it sounds good. But, as I said, it is a Trojan horse, and we should not be fooled.

Mr. BRADY of Texas. Mr. Speaker, I yield 2 minutes to the gentleman from Minnesota (Mr. PAULSEN), the House leader of the efforts to stop the medical device tax.

Mr. PAULSEN. Mr. Speaker and Members, the United States is the only country in the world that lets important parts of its Tax Code expire each and every year, and we are changing that here today. This bipartisan tax package prioritizes permanent tax relief for families and businesses so that they can keep more of their own money, they can hire new workers, and they can invest in new equipment.

It also does include the repeal of the medical device tax that has been in place, and it stops it for the next 2 years, a tax that has cost our economy jobs and has also reduced innovation.

What has been the result of this tax? One small business I spoke with said it is pretty simple. Instead of having 10 projects, I will have 6, which means 2 fewer engineers and 2 fewer technicians.

Another company I spoke to says, because it is a tax on sales and not on profit, they testified it is a 79 percent effective tax rate that they have. How can anyone justify a 79 percent effective tax rate? Another company said they are borrowing money from the bank every single month just to pay the tax in the hopes and taking the risk that they will actually become profitable.

Of course, a constituent I spoke to, Jim, he told the story of losing his job at a medical device company that he had for 21 years. He was laid off. He eventually was rehired, but his job paid $40,000 less, his vacation time was halved, and his health costs skyrocketed.

Of course, patients are suffering also because we have fewer lifesaving and life-improving technologies here developed in the United States.

Mr. Speaker, this tax package helps our economy, and it gets us back on track with a progrowth Tax Code. I will say that our local businesses are really excited about ending the guessing game of 6-month, 1-year, retroactive tax policy and instead giving clarity, predictability, and certainty so they can invest in their people and they can invest in their equipment.

I ask my colleagues to support this legislation.

I thank the chairman for his leadership.

Mr. LEVIN. Mr. Speaker, I yield 3 minutes to the gentleman from Massachusetts (Mr. NEAL).

Mr. NEAL. Mr. Speaker, the bill we have before us today is the universal legislator's dilemma: the possible versus the perfect.

I rise in support of this legislation today. I stand with President Obama in support of this legislation today.

I rise to prevent 18 million Americans, including 8 million children, from falling deeper into poverty.

I rise to ensure that, during this special time of the year, nonprofits will continue their important work to improve the lives of millions of Americans through charitable activity.

I rise to unleash billions of dollars in economic development to rebuild, to rehab, and to refurbish our neighborhoods and our communities.

I rise to incentivize American innovation and the millions of jobs that it creates. At this bill's core is a modest progrowth jobs bill, one that, given the current headwinds of our economy, is sorely needed.

I have spent the better part of my career in Congress as a champion of the earned income tax credit and expanding it, as a champion of the child tax credit and expanding it, as a champion of the low-income housing tax credit and expanding it and the expansion of the New Markets Tax Credit Program, which my DNA clearly is on.

Taken together, these credits will go a long way to toward improving the lives of millions of Americans across the country in our typically overlooked communities.

□ 1145

This is not the easiest way to accomplish an end. We should be very critical of ourselves now for the backup manner in which we do these undertakings—voting on 12 legislative appropriations bills tomorrow wrapped into 1; tax policy that is done in this shape and manner.

I will also say something else that we need to remind ourselves of: the breakdown of the committee structure in Congress. What has happened to the procedures that we all use to vet controversial legislation? Amendments could be offered and people could speak their minds.

Today we are taking up issues that should have been vetted over the course of the last 3 years. I offer a gentle rebuke to my colleagues on the other side. Chairman Camp had the backbone to put out a decent piece of legislation. It didn't mean we were going to embrace it or endorse it, but it was a courageous act, and it was his own side that shot it down.

In Cambridge, Massachusetts, Kendall Square has the highest concentration of research and development today in the world. Making the R&D tax credit permanent is going to enhance that opportunity. I have worked on the R&D credit and pushed for a more aggressive, predictable R&D credit through my entire years in this Congress.

This is not perfect, what we are doing today. It is far from it. But it represents a compromise or, as The New York Times called it, an acceptable compromise that is necessary to move the country forward.

Mr. Speaker, I urge its adoption.

Mr. BRADY of Texas. Mr. Speaker, I yield 2 minutes to the gentleman from Washington (Mr. REICHERT), the former leader of our Subcommittee on Tax Policy.

Mr. REICHERT. Mr. Speaker, I thank the chairman for yielding and for his hard work on this bill.

We are here in Washington, D.C., talking about tax reform, and we are throwing around tax terms like built-in gains, bonus depreciation, research and development, R&D, and on and on and on.

People back home I think really, for the most part, don't get all of that talk, but they do understand when we are talking about reducing their taxes, when we are creating an environment where businesses can thrive, where businesses can reinvest their capital back into their hard work, their small businesses, create jobs, sell their products, and hire more people. That is what this bill is about.

Just three quick examples of constituencies that I am hearing from in my district:

One, the teachers in Washington State. They really appreciate the fact that there is certainty now that they can deduct the amount of money they spend up to $500 on school equipment to help our children learn. Every year or 2 years we go through this exercise of deciding whether or not we are going to support our teachers. They have certainty. This is not about big businesses. These are teachers.

Two, small businesses, S Corporations, can now with certainty have access to revenue. Rather than waiting 10 years, they can have it in 5. They can sell equipment that they had to sit on for 5 years or 7 years. Now they can sell that equipment and buy new equipment, creating more jobs and selling more products.

Three, for Washington State especially, the permanency in sales tax is a big deal. The permanency in our ability in Washington State—I think one of seven States in this country—to deduct our sales tax from our Federal income tax creates certainty for every taxpaying citizen in Washington State. This is a big deal.

These three small, little provisions are big deals for the average American across this country in Washington State and in the Eighth District of Washington State that I serve.

Mr. LEVIN. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. DOGGETT), another distinguished member of our committee.

Mr. DOGGETT. Mr. Speaker, the nonpartisan Committee for a Responsible Federal Budget has said that, over two decades, this very bill will add over $2 trillion to the national debt.

For anyone who hides behind poor kids to justify that $2 trillion in debt, understand that there is no poor child in America who will get a dime out of this bill next year. Their tax credits do not expire now. We have more than another year to resolve that matter.

No, this isn't about poor children. It is about big gifts. Indeed, in the holiday spirit, the biggest bow of all has been put on a special gift for Wall Street. The world's largest financial institutions, you know, the ones that brought America to its economic knees with the debacle over finances and then came forward and got a majority of this Congress—not me—to vote for a taxpayer bailout, well, they are back here again, and they are getting a reward.

They are getting a tax subsidy that is made permanent. It just happens to be a tax subsidy that was removed from our Tax Code originally in a bill that Ronald Reagan signed into law. When it got put back in on a temporary basis, Bill Clinton sought to veto the provision because it was so unjustified.

Christmas, of course, is not cheap. This bill, this gift to Wall Street, costs $78 billion—not paid for—borrowed from the Saudis and from the Chinese to give Wall Street $78 billion, with a ''B.''

How much money is that? Well, about the same amount is included in the bill this will be a part of. It funds all the medical research at the National Institutes of Health, the Centers for Disease Control, all of Head Start across the country, and all of the education for the disabled and disadvantaged that is provided by the Federal Government. All of that combined is $78 billion. But you can be sure that Wall Street is never disabled or disadvantaged in the Capitol.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. LEVIN. Mr. Speaker, I yield an additional 30 seconds to the gentleman.

Mr. DOGGETT. This $78 billion tax subsidy is called the ''active financing exception.'' My, my, these bankers have been active here. They may have been very naughty to the American people. They may have been very naughty to the American economy. But they have been, oh, so nice to some Members of Congress.

Republicans and some Democratic enablers are helping keep a provision in here that will only lead to shipping jobs overseas. They are borrowing from overseas to put this burden on the American people. This is the kind of provision that causes Americans to be so concerned about their government and a feeling that it has run away from them because these kinds of provisions are running away our debt and denying the support for Make It In America that we need.

Mr. Speaker, I urge the rejection of this package that will do so much harm to our country.

GENERAL LEAVE

Mr. BRADY of Texas. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to include extraneous materials to the motion now under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BRADY of Texas. Mr. Speaker, I yield 1½ minutes to the gentleman from Nebraska (Mr. SMITH), a big fighter for American agriculture who serves on the Committee on Ways and Means.

Mr. SMITH of Nebraska. Mr. Speaker, I thank the chairman for his efforts on better tax policy. The U.S. Congress owes the American people better tax policy than we currently have.

We currently have so many temporary provisions that so many Americans are wondering and trying to predict what the tax policy will be by the end of the year. That is not what we should be about. We should be about establishing permanent tax policy whenever we can.

I appreciate the bipartisan interest in today's bill because I know a lot of work has gone into this. I know that constituents in Nebraska's Third District can appreciate what permanent tax policy can deliver, especially as it sets us on a trajectory to comprehensive tax reform.

We hear from both sides that we need comprehensive tax reform. I agree. This is a great way to move the ball down the field. We can end up with better tax policy today as a result of this legislation. I urge my colleagues to adopt this legislation.

Mr. LEVIN. Mr. Speaker, how much time remains on each side?

The SPEAKER pro tempore. The gentleman from Michigan has 15½ minutes remaining. The gentleman from Texas has 15 minutes remaining.

Mr. LEVIN. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. THOMPSON), another distinguished member of our committee.

Mr. THOMPSON of California. Mr. Speaker, I stand today in support of many of the provisions that are in this bill. I, too, believe that we need to bring permanency to our tax policy.

One of the pieces of this legislation that we are debating today is one that is very near and dear to my heart, something I have worked on since the day I got to Congress, and that is the conservation easement provision, which has helped all of our districts a great deal. That, too, needs to be made permanent.

But I stand in opposition to the overall bill. It is not because it is bad policy. We all agree that a lot of the provisions in this bill are good public policy. We should pass them. We should make them permanent.

But, sadly, this bill is fiscally reckless. We are going to pass this policy, and we are going to send a nearly $700 billion bill on to the taxpayers of this country.

In his comments, my friend, the gentleman from Louisiana, said that, for every piece of legislation in here, they have had hearings, they have had markups, and they have taken these to the floor. He is absolutely correct.

We have done everything except make sure this bill is paid for. That is a responsibility that all of us should take seriously. We should not pass tax expenditures without paying for them.

I urge a ''no'' vote on the bill.

Mr. BRADY of Texas. Mr. Speaker, I yield 1 minute to the gentlewoman from Tennessee (Mrs. BLACK), a member of our committee who is a champion of the State and local sales tax deduction.

Mrs. BLACK. Mr. Speaker, I rise today in strong support of the Protecting Americans from Tax Hikes Act, which includes a permanent extension of the sales tax deduction that is so critical for Tennessee. We are proud to be one of only nine States in the Union without an income tax on wages.

Taxpayers in other States are able to deduct their State income tax on their Federal returns. It only makes sense that a similar deduction would be made available in States like mine that exercise our right not to pile on additional income tax on our own.

As the only Member of the Committee on Ways and Means from the State of Tennessee, I was proud to work with Chairman Brady to ensure the inclusion of this much-needed provision in today's bill. I am also pleased that this legislation includes language to combat educational tax fraud.

Specifically, this bill requires that individuals claiming the American Opportunity Tax Credit provide the employer identification number of the educational institution they are attending, in turn, saving our tax system an estimated $837 million in fraudulent payments.

I urge passage of the Protecting Americans from Tax Hikes Act.

Mr. LEVIN. Mr. Speaker, I yield 2½ minutes to the gentleman from Oregon (Mr. BLUMENAUER).

Mr. BLUMENAUER. Mr. Speaker, I, too, have been deeply concerned about the long-term trends of our failing to come forward with revenue to pay for America's priorities. I found the Bush tax cuts a disaster.

I have repeatedly brought before my friends in Congress proposals to actually fund our priorities. I look forward to doing so again, either stand-alone or in the context of comprehensive tax reform.

I am prepared, however, today to support the provisions before us. First of all, I think the cost ought to be put in perspective because these items are ones that have been routinely approved year in and year out, not particularly paid for, and they are ones that will be approved again.

My friend, the distinguished minority whip, talked about it is better to do just 2 years. Doing it on an ongoing basis for 2 years continues to have the same cost, but provides uncertainty for people who depend upon it.

There are a number of provisions here that we all worked on: wind, solar, new markets, short line, transit parity, CIDER Act. These are items people deserve to have some clarity on moving forward for numerous provisions that ultimately would pass, but we would hold people in suspense until the end.

But I want to speak to one particular item here. My good friend from Texas said you don't have to worry about the earned income tax credit or the child tax credit because they don't expire until next year.

Well, I would respectfully suggest that, if we followed that path and waited until 2017, not in the context of this total package, I think we are putting at risk significant tax relief for working, low-income Americans and their families.

□ 1200

Left alone, there would be a huge price to be extracted from some in Congress who aren't particularly supportive of this Democratic priority. It would put at risk the support for these 16 million Americans, half of whom are children, and 164,000 Oregonians.

I think adopting it in this package and making it permanent is a far superior approach to guarantee that. Then, by all means, let's roll up our sleeves and work on the provisions together. There is going to be lots to argue about, but in the meantime, I feel comfortable supporting those priorities—and particularly for low- and moderate-income Americans.

Mr. BRADY of Texas. Mr. Speaker, I yield 1½ minutes to the gentleman from New York (Mr. REED), who has been a key leader of the Ways and Means Committee on manufacturing and energy.

Mr. REED. Mr. Speaker, I thank the chairman for yielding, and I thank him for his hard work, as well as the folks on the other side of the aisle who have come together to support this legislation, as I do, today.

Mr. Speaker, hardworking taxpayers across America deserve a fairer, simpler Tax Code, and one that allows them to keep more of their hard-earned dollars. That is exactly why I support this legislation, as it is a step in the right direction along that path.

The other important aspect of this legislation is it brings certainty to our manufacturers and the energy sector in regard to these provisions that are temporarily extended each and every year, as my colleagues have recognized over and over again, and now, to a large extent, we make permanent. That allows them to plan for tomorrow. That allows them to make the investments with their hard-earned dollars in the places they choose to put that money. And they can rely on a Tax Code now that is certain, simpler, and fairer on their behalf.

We also take care of hardworking families in this bill. We also take care

of people in our bill, the Mortgage Forgiveness Act and the America Gives More Act, where we talk about charitable donation of food inventories.

That is the right policy for the American people. That is the right policy for hardworking taxpayers across America. And I am glad that we have on the floor today an opportunity to demonstrate to hardworking taxpayers that we care about them and that we are going to put their interests first and foremost, rather than those of Washington, D.C., and of the elected officials here.

Mr. BRADY of Texas. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania (Mr. KELLY), another key member of our committee, who brings such local business sense to the issue of taxes.

Mr. KELLY of Pennsylvania. I thank the chairman for yielding.

Mr. Speaker, I rise in strong support. This is one of the things that I think really makes us a little bit different. It is about certainty. And where I am from, there is an old saying: If you don't know where you are going, any road will get you there. Well, people who run businesses actually have to know where they are going before they start. So this does bring some honesty to what it is that we need to do.

But in a time when people talk about ''I'' and ''me''—and that is what I hear most of the time—I want to talk about all the other people: the ''we's'' that got together. This is truly a joint effort between a lot of staff members. It is not just Members of Congress, but staff members.

So, if I could just for a second thank the committee's tax team: George Callas, Mark Warren, Harold Hancock, John Sandell, Aharon Friedman, and Jennifer Acuna. They have put in unbelievable amounts of time on this to get this done not for the Republican Party, but for the American people. How refreshing it is at this time of the year to actually give back and do something for others—and do it in a way that just makes common sense to everybody out there who has to know where it is that they are going.

There is something about certainty that gives us the confidence to go forward and that gives us that assuredness that we can actually get there. This is an incredible opportunity. This is really historic.

So I want to thank Members on both sides. I think the American people will sit back and say: This is the place where these guys and girls can't get together on anything. I would just say that is not true. This is truly bipartisan. It has taken an awful lot of work by an awful lot of people. So I want to take time to thank them for what they did. They are incredible people and great patriots.

Mr. LEVIN. Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin (Mr. KIND), another distinguished member of our committee.

Mr. KIND. I thank my friend for yielding.

Mr. Speaker, I am all for certainty. I am all for predictability. I am all for a lot of the policy initiatives that are contained in this legislation before us. But what I am not in favor of is the fact that this $700 billion bill is not paid for. Not a nickle of it is offset.

When I go home to Wisconsin, I constantly hear from folks back home for Congress to pay our bills and to get our fiscal house in order. This legislation doesn't do it. It is $700 billion over the first 10 years. It explodes to $2 trillion in the second 10 years.

There is nothing more dangerous for the long-term success of Social Security and Medicaid or our children's future than these end-of-the-year, large tax cut packages that are not paid for and that are not offset.

It is a missed opportunity. We should be doing this within the context of comprehensive reform. I submit that by going forward and making permanent many of these provisions in the legislation today, it takes the wind out of the sails of tax reform in the future.

There has been an implicit agreement when we do comprehensive reform that we are going to do it in a way that builds in certainty, encourages investments, makes us more competitive globally, but we don't blow a hole in the deficit and our children's future at the same time. Chairman Camp recognized that with the discussion draft. He made hard choices to pay for the lowering of rates and the broadening of the base. We are ducking that responsibility here today.

The irony is that every bipartisan deficit reduction commission that has been asked to try to come up with a plan to get our fiscal house in order has reached the same conclusion: We are going to need some additional revenue in the future and long-term spending reforms in order to accomplish it. This legislation fails on both of those fronts.

So I would encourage my colleagues to vote ''no'' on this legislation. We can continue temporarily to extend many of these important provisions today, but let's keep the pressure on comprehensive reform. By doing this now, I submit that we are punting on the opportunity in the very short future to take on a Tax Code that has been long overdue for reform since 1987.

I encourage my colleagues to vote ''no.''

Mr. BRADY of Texas. Mr. Speaker, I yield 1½ minutes to the gentleman from Ohio (Mr. RENACCI), a key member of our committee who has extensive business experience.

Mr. RENACCI. Mr. Speaker, I want to thank the chairman and his staff for their hard work.

Mr. Speaker, I rise today in support of the Protecting Americans from Tax Hikes Act, or the PATH Act.

I came to Washington as a business owner and CPA to reform our broken Tax Code and protect hardworking American taxpayers. Many of those taxpayers come to my office on an annual basis, looking at many of these extenders and not really understanding whether they were permanent or not permanent, whether they had them or would have the opportunity to use these credits. This package here makes many of those credits permanent.

The PATH Act is an important first step forward in allowing us to reform our broken Tax Code. This legislation will make several tax policies permanent, such as the R&D credit and small business expensing. It will provide certainty and predictability to our businesses and individuals. And most importantly, it will help open the door to economic growth.

This legislation also removes unnecessary tax compliance burdens. The PATH Act includes a bill I introduced with many of my colleagues, including many on the Bipartisan Working Group that I formed many years ago. The Information Reporting Simplification Act of 2015 is in the bill. This bipartisan, commonsense legislation provides a safe harbor to eliminate the need to correct minor errors on tax forms that have de minimis impact on the tax liability outcome, and helps avoid the waste in time and dollars for businesses and individuals that would otherwise have to refile their tax returns.

Mr. Speaker, the PATH Act is an important first step in fixing our Tax Code, and I urge my colleagues to join me in support.

Mr. LEVIN. Mr. Speaker, I yield 2½ minutes to the gentleman from California (Mr. BECERRA).

Mr. BECERRA. I thank the gentleman for yielding.

Mr. Speaker, there are pockets of Americans who might like the tax break here for corporations or the tax break there for wealthy folks who want to donate some of their IRA. But for the 320 million Americans in the country, and particularly for the 147 million Americans who file Federal tax returns, my guess is they are more concerned about their security and that of their children—their personal security, our national security, and our economic security.

After San Bernardino, Colorado Springs, Charleston, and Newtown, where Americans were senselessly gunned down in our schools, at work, and in our places of worship, the American people want job one of this Congress to be security—personal, national, and economic.

So why, 2 weeks after 32 Americans were terrorized and 14 of them killed in San Bernardino, would we make this massive, $600 billion tax break giveaway and charge it to the government credit card—because remember, it is not paid for—the first major legislation to come before this House for a vote?

We can all agree that the FBI does important work keeping us safe, tracking down terrorists. We all agree that they need to do more. So why would we be voting for this bill, which will rob funding for everything from the FBI to food safety to college Pell grants?

The cost of this bill would fund the FBI for the next 73 years—because, remember, these tax breaks are not paid for. We have got to pay for them somehow. If you were to add up the cost of this tax break bill, it could fund the FBI for 73 years. And why would we use the credit card for people who can give up their IRAs, when most Americans can't even put enough money into one basic IRA?

This is wrong-headed. These are not the American people's priorities. We can do this right. We can reform the Tax Code. But this is not the reform that the American people are asking us for. They are asking us, first and foremost, to keep our eye on the prize: our security, my kids' security, your kids' security, our national security, and our economic security.

You give away this money to corporations, you give it away to wealthy folks, and guess what? Can that person who has to think about the job and worry whether he or she is safe at the job or their kids are safe at school or can you go worship safely, are they going to be able to send their kids to college, buy that home, and retire in security? Think about it.

I urge my colleagues to vote ''no'' on this legislation.

Mr. BRADY of Texas. Mr. Speaker, I yield 1 minute to the gentleman from North Carolina (Mr. HOLDING), a member of the Ways and Means Committee who has focused on making companies competitive here and around the world.

Mr. HOLDING. Mr. Speaker, the PATH Act will provide much-needed certainty to our Nation's families and small businesses and, most importantly, lay the foundation for comprehensive tax reform.

For far too long, folks in North Carolina had to face the burden of trying to grow their businesses and plan for the future while being forced to operate under a tax system comprised of temporary tax provisions whose fate is unpredictable.

With this bill, farmers in my district will be able to purchase a new tractor without having to gamble on whether Congress will extend the expensing provisions they depend on. In the Research Triangle Park, innovative companies will finally be able to access the R&D credit to further support their groundbreaking research without being concerned as to whether Congress will extend the credit or not.

Mr. Speaker, importantly, it is imperative that we continue to build on this progress. This bill is an important first step towards comprehensive tax reform that simplifies the Tax Code, lowers the rate, and makes America competitive around the world.

I urge my colleagues to support the PATH Act.

□ 1215

Mr. LEVIN. Mr. Speaker, I yield 2 minutes to the gentleman from New Jersey (Mr. PASCRELL), a distinguished member of our committee.

Mr. PASCRELL. Mr. Speaker, let's cut to the chase. I support this legislation. It wasn't an easy decision, but I believe that Democrats were able to get a lot of policies into the bill that are good for the middle class. It is going to help 16 million Americans out of poverty.

In New Jersey, 435,000 children and 219,000 families will lose some or all of their working family tax credits if we don't do this.

This package includes a bill introduced by my friend from New York, TOM REED, and myself to help put people back to work. Our tax credit for businesses who hire long-term unemployed Americans—and we have abandoned them, let's face it—will help those families who haven't yet felt the effects of our economic recovery.

Another bill the gentleman from Washington (Mr. REICHERT) and I coauthored supports our Nation's hardworking teachers. You heard him speak about it just several minutes ago.

Both of these bills are part of the tax package before us today. And as the gentleman from Oregon (Mr. BLUMENAUER) said, these things pass routinely anyway.

Who the heck are we kidding? The enemy of the good is the perfect. Over and over and again we prove that here on this floor.

An important provision allowing public safety officers to withdraw from their pensions when they retire early without a tax penalty is included in this package.

There are provisions that support mass transit commuters, small businesses, low-income housing, families paying for college, economic development.

The earned income tax credit and the child tax credit are our biggest forces against poverty in this country, in this Nation. I can't say enough about the significance of making these enhanced credits permanent.

But when faced with the choice between these important priorities for families, for teachers, for public safety officers, I simply can't, in good conscience, vote against them to prove a point that not everything is in there, including the kitchen sink. The bill is far from perfect.

And in conclusion, let me say this. I think this has been a civil debate, and that is healthy for us, all of us, regardless of what happens in the vote.

Mr. BRADY of Texas. Mr. Speaker, I yield 1½ minutes to the gentleman from Illinois (Mr. DOLD), a member of our committee who has focused on working families in Illinois.

Mr. DOLD. Mr. Speaker, I thank the chairman for his leadership and for yielding time.

Today we are voting on a historic bill. Frankly, as a small-business owner, when I came to Congress, it was largely because I felt the government was making it harder and harder for me to put the key in the door and open up my small business each and every day. They should be making it easier for me to open up my business, easier for me to hire that next individual.

I hear from small businesses each and every day, that they need more certainty. If they had the certainty, they would be able to move forward. Instead, they sit on their hands.

These tax policies that we are voting on today, what a difference a year makes. A year ago this December, we were extending these tax extenders, and we made it for 1 year, which was retroactive. My goodness gracious, retroactive tax policy. I can't imagine anything so asinine. This package today, this historic package, talks about making many of these provisions permanent.

The R&D tax credit, if we want to talk about innovation, we want to talk about moving our country forward and being on the leading edge, this R&D tax credit is absolutely vital for small businesses that want to expense equipment. We make that permanent. It is absolutely vital that we are jumpstarting our economy and growing more American jobs.

But it is not just for the businesses in here. We are also protecting families. We are also helping families pay for higher education.

We have incentives for charitable giving. Now listen. There are some that say the government should be the one that determines where these dollars go, but I would argue for putting that choice into the hands of the American people as to where they can put those dollars into the charitable organizations that they care about. Those dollars will go so much further.

That is exactly the type of bipartisan legislation that the American people not only want, but expect, from this body.

We also have so many other great things in this package: transit parity, development for affordable housing.

I urge my colleagues to come together in a bipartisan way and resoundingly pass this package.

Mr. LEVIN. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois (Mr. DANNY K. DAVIS), another very active member of our committee.

Mr. DANNY K. DAVIS of Illinois. Mr. Speaker, I have been told that all that glitters is not gold. There isn't much that is absolutely perfect, and this extender package certainly is not.

However, I am pleased to note that it does make the child tax credit permanent, the American opportunity tax credit permanent, the earned income tax credit permanent, extends deductions for expenses for elementary and secondary schoolteachers, extends deductions for State and local general sales tax, extends deductions for certain charitable giving, and extends deductions for research activities, which helps to create jobs.

The new market tax credit has been beneficial to districts like mine all over the country, and I am indeed pleased to see it extended.

The work opportunity tax credit is a godsend for long-term unemployed. I have worked on an issue called Work Colleges, and I am pleased to note the exemption for students who work under this provision.

I am also pleased to note the elimination of residency requirements for disabled individuals who are eligible for the ABLE program. I am also pleased to note the exclusion for wrongfully incarcerated individuals.

Mr. Speaker, these extensions are good. I am not sure that they are going to do enough. They are not paid for, and I am not sure that they are going to do as much for low- and moderate-income families and communities as I had hoped, or for job creation or for disadvantaged areas. I am convinced that they will do good, but I am not sure that they will do enough.

Mr. BRADY of Texas. Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania (Mr. MEEHAN), one of the members of the Ways and Means Committee focused on small businesses and on ending this medical device tax.

Mr. MEEHAN. Mr. Speaker, I thank the chairman.

Let me express my support for this, really, through the people that I represent. I try to think about: How does it make a difference in their lives?

It does for the person looking for a job. And we see that jobs are created by small business, and this is the kind of a program which we have now given certainty to the entrepreneurs that will create new jobs and, therefore, new revenue by somebody who is back to work.

We appreciate teachers who take money out of their own pocket. It is not a big dollar amount, but we say thank you for making your commitment to our children.

We appreciate our communities with conservation easement that will allow us to preserve the beauty, particularly in areas in which open space continues to be an issue.

But I think it is in the issue of health care, families struggling with diseases, that now we incent the kind of research and development to make a change; and then, ultimately, when we do have the products that we can bring to market, we are not taxing them and driving them further away from the consumer.

For all of these reasons, it makes a difference to the people in a positive way, and that is why I urge my colleagues to be supportive.

Mr. LEVIN. Mr. Speaker, I reserve the balance of my time.

Mr. BRADY of Texas. Mr. Speaker, I yield 1½ minutes to the gentleman from Illinois (Mr. ROSKAM), a key member, the leader of our Oversight Subcommittee who authored many of the IRS reforms that are in this bill.

Mr. ROSKAM. Mr. Speaker, I thank Chairman BRADY.

Not long ago, the Internal Revenue Service reached out its long arm and decided to try and get between donors and 501(c)(4), (c)(5), and (c)(6) organizations. The IRS did something that was really provocative.

What they said was—they created a false impression, and they sent letters to donors that had a chilling effect and said: We know that you made this contribution, but we think we may have a tax liability for you there. You can imagine how this had a shuddering effect all throughout these areas. And lest people think that this is a left-right issue, it is not. Left and right were both under a great deal of threat here.

So I am really pleased that in this extenders package is something that has had broad bipartisan support and bicameral support and support from both the political left and the political right, and that is to say that gifts to 501(c)(4), (c)(5), and (c)(6) organizations should be tax exempt, and the IRS ought not be manipulating and intimidating and so forth. So, Mr. Speaker, what this does is it makes sure that the IRS is boxed in and that there is no gift tax liability.

I strongly support this package, and I thank Chairman BRADY.

Mr. LEVIN. Mr. Speaker, I reserve the balance of my time.

Mr. BRADY of Texas. Mr. Speaker, I am pleased to yield 1 minute to the gentlewoman from Indiana (Mrs. WALORSKI), who has been a key proponent of tax relief for families and small businesses.

Mrs. WALORSKI. I thank the chairman for yielding.

Mr. Speaker, I rise in strong support of the Protecting Americans from Tax Hikes Act. There are many great pieces of this bill, but I want to highlight two in particular that will help Indiana's economy.

For decades, the research and development tax credit has relied on short-term extensions, leaving innovators in complete limbo. Today, we are making it permanent, giving innovative industry the confidence to make investments here in the United States. Indiana is also home to 300 medical device companies, employing over 20,000 people, and stands to benefit greatly from this certainty.

I am also thrilled today that we are delaying the damaging medical device tax for 2 years. This misguided tax will cost jobs, harm patients, and I look forward to the day that we can fully repeal it.

Mr. Speaker, our Tax Code is a mess; but today we have an opportunity to give certainty to individuals, to families, charities, and job creators, and we can take another step forward toward comprehensive tax reform.

Mr. LEVIN. Mr. Speaker, I reserve the balance of my time.

Mr. BRADY of Texas. Mr. Speaker, I yield 1 minute to the gentleman from South Carolina (Mr. SANFORD), who is a strong proponent of progrowth tax reform.

Mr. SANFORD. Mr. Speaker, I rise as a fiscal hawk. I rise as one who believes passionately in the issue of the debt and the deficit and government spending, but one who believes that we can't pretend our way to fixing those problems and that the first part of fixing a problem lies in actually recognizing that you have a problem. Yet the reality is that, for the last 30 years or so, we have pretended that which was permanent was impermanent, which makes, overall, this notion of tax reform incredibly difficult.

Ronald Reagan once observed that the closest thing to eternal life was a government program. It is true with regard to tax policy as well.

So I just applaud the committee for the way that they have moved us to a place where we can move to a fair tax, a flat tax, changing the Tax Code to make the system fairer and flatter, more equitable for all and then, frankly, get rid of some of the provisions that don't belong in this Tax Code.

Mr. LEVIN. Mr. Speaker, I yield myself the balance of my time.

Well, here we go again, $622 billion added to the deficit, and when you include interest on the deficit, far more. No hard choices. We are making a bad choice.

There has been lots of talk here about certainty. What is certain with this bill is that it will lead to further starving what the Republicans call the beast: adequate domestic spending for education, for health, for job training, for nutrition programs.

What is also certain is that it is going to make it easier for Republicans to cut taxes for the very wealthy.

□ 1230

That has always been one of the major purposes of all these bills making permanent unpaid-for tax cuts. It is also certain with this bill that we will keep loopholes that need to be closed.

For all of these reasons, Mr. Speaker, I think the cost is much too high. There are some important provisions here, but their significance I think is really overwhelmed by the fact that we are going to add money to the deficit and have consequences for the long term.

Mr. Speaker, I urge opposition to this bill.

Mr. Speaker, I yield back the balance of my time.

Mr. BRADY of Texas. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I first want to thank the Ways and Means members who have for years and years worked on making these important tax relief provisions permanent and who have continued with me to stay at the table to work through an agreement that finally provides tax relief that families and businesses can count on.

Mr. Speaker, that wouldn't have been possible without an extremely talented professional staff. Our tax team, led by Mr. George Callas, did remarkable work in crafting this tax relief permanent measure. For that I say thank you.

This is a historical day. Today we end business as usual in Congress, and we take an important first step to progrowth tax reform. This bill provides tax relief families and businesses can finally count on. It reins in the IRS and protects taxpayers. It includes the first significant antifraud provisions in the IRS tax credit program since the 1990s. It finally creates true, honest accounting of our Tax Code.

It spends no more than what we spend each year as Congress lurches December to December trying to decide what is permanent, what is temporary, and what can people count on. Today we heard arguments that these tax savings advance terrorism, starve children, and are apparently responsible for the breakup of the Beatles.

The truth of the matter is, Mr. Speaker, extending these provisions year by year is no less—the math is no different than simply acknowledging that it is going to be done and doing it permanently so that we can actually create tax relief our families and businesses can count on.

Mr. Speaker, this is not the end of tax reform. This is a serious first step to progrowth tax reform that is built for growth, built for the growth for families' paychecks, built for the growth of our local businesses, and built for the growth of America.

We have got work to do. Today we start that work. Let's get to work.

Mr. Speaker, I yield back the balance of my time.

Mr. KIND. Mr. Speaker, I rise today in support of a number of the policies included in the PATH Act, but in opposition to fully paying for it.

As a member of the Ways and Means Committee, I have long supported a number of provisions included in the PATH Act on the floor today. A number of these provisions are vital for our businesses to operate; others are critical to helping families plan for the year ahead. I have worked closely with Congressman TIBERI on an enhanced Sec. 179 expensing limitations for small businesses and with Congressman REICHERT on the reduction of S-corporation recognition period for built-in gains tax. I appreciate the dedication of my partners across the aisle to working with me to see these proposals over the finish line and signed into law.

Within the PATH Act, I am pleased that the 50,000 families in my district who receive the Child Tax Credit and the 40,000 who benefit from the Earned Income Tax Credit will be able to count on these benefits in the years to come. Many new provisions in this package are important to me and our communities, including my bill with Congresswoman JENKINS to improve section 529 accounts to help our students save for college more effectively. I am also pleased to see the inclusion of the provision allowing rollovers from 401(k)s to SIMPLE IRAs to help families better save for retirement. The creation of agricultural research organizations, a bill I introduced with Congressman NUNES, will help universities and extensions across the country invest in cutting edge 21st century agricultural research. Finally, I am glad to see that legislation I worked on with Congressman PAULSEN to remove bond requirements for craft beverages is included in the PATH Act.

As lead Democratic sponsor on the Protect Medical Innovation Act that repeals the device tax, I have been, and continue to be, strongly supportive of repealing the medical device tax. The medical device industry is one of the most innovative and creative in the U.S. economy today. Some of the greatest cost savings we've seen in the health care system have come through technological breakthroughs in the medical device and biotechnology industries. I fought against including the medical device tax during debate on the ACA and remain opposed to it now, but I am also committed to fiscal responsibility.

Although this legislation included a number of my bills and proposals, I will be voting against the bill on the floor today. Without offsets, these provisions will cause our deficits to explode. Tax cuts do not pay for themselves, as Republican CPO Director Keith Hall reminded us just this summer. This bill makes comprehensive tax reform even more difficult by narrowing the base and eliminating options. The United States needs comprehensive tax reform that broadens the tax base while lowering rates on businesses and families. The PATH Act narrows that base, and makes no effort to remove any wasteful provisions. This package, while commendable for many of its policy goals, will fuel unsustainable deficit growth and I must oppose the package on these grounds. In the future, I look forward to working on bipartisan tax reform that promotes both a better business climate and supports the middle class.

Mr. VAN HOLLEN. Mr. Speaker, I rise in opposition to the PATH Act. This bill does take some good steps, but the failure to close special interest tax loopholes to offset permanent businesses tax provisions leads to a massive loss in federal revenue, and proves once again that Republicans are committed to using accounting gimmicks that would make Enron blush.

This bill does include extension of some important enhancements to the EITC, Child Tax Credit, and American Opportunity Tax Credit. These are vital pro-work, pro-family income supports, and making the enhancements permanent will help tens of millions of Americans.

But, while a permanent extension of these provisions is a positive first step, this bill stopped short of doing more for working families. The child tax credit did not get indexed, so will not rise with the cost of living. Each year, the credit loses value in real dollars, making it harder and harder for low-income families. There is also bipartisan agreement that the EITC for childless workers is far too low, and yet the EITC for childless workers was left out of the PATH Act. I believe not taking these steps today is a missed opportunity.

The unpaid-for tax cuts in the PATH Act are also more proof that the Republicans' claims of fiscal discipline are at best gimmicks, and at worst out-right fabrications. Between the PATH Act and the tax provisions in the omnibus spending bill, federal revenue is being reduced by $680 billion over the next ten years.

Since my Republican colleagues probably won't say it, I will remind everyone of one key fact—when Republicans passed their budget and claimed that it would balance in ten years, they relied on every single dollar of revenue that is being cut today. Let me repeat that, so it is very clear. Every. Single. Dollar. The Republican budget never really balanced in March, and it certainly does not balance now.

Here are some things which the PATH Act does not do: it does not close the loophole giving a lower tax rate to hedge funds managers; it does not close the inversion loophole allowing companies to dodge their taxes just by changing their mailing address; it does not end all the tax subsidies for the oil and gas industry; and it does not touch the 17% of all tax expenditures that go to the top 1% of earners. We could have significantly reduced the lost revenue if we closed these and other special interest tax loopholes, and failure to do so is another missed opportunity.

So, next time Republicans come to the floor claiming that they care about fiscal discipline, let's all be reminded of just what happened today—more budget gimmickry that doesn't pass the smell test.

The SPEAKER pro tempore. All time for debate has expired.

Pursuant to House Resolution 566, the previous question is ordered on this portion of the divided question.

The question is: Will the House concur in the Senate amendment with the House amendment specified in session 3(b) of House Resolution 566?

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. LEVIN. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 318, nays 109, not voting 6, as follows:

[Roll No. 703]

YEAS—318

Abraham	Cleaver	Frelinghuysen
Aderholt	Coffman	Gabbard
Aguilar	Cohen	Garamendi
Allen	Cole	Garrett
Amodei	Collins (GA)	Gibbs
Ashford	Comstock	Gibson
Babin	Conaway	Gohmert
Barletta	Connolly	Goodlatte
Barr	Cook	Gosar
Barton	Costa	Gowdy
Beatty	Costello (PA)	Graham
Benishek	Courtney	Granger
Bera	Cramer	Graves (GA)
Bilirakis	Crawford	Graves (LA)
Bishop (GA)	Crenshaw	Graves (MO)
Bishop (MI)	Crowley	Green, Al
Bishop (UT)	Culberson	Green, Gene
Black	Curbelo (FL)	Griffith
Blackburn	Davis, Rodney	Grothman
Blum	Delaney	Guinta
Blumenauer	DeLauro	Guthrie
Bonamici	DelBene	Hahn
Bost	Denham	Hanna
Boustany	Dent	Hardy
Boyle, Brendan F.	DeSantis	Harper
	DesJarlais	Harris
Brady (TX)	Diaz-Balart	Hartzler
Brat	Dold	Heck (NV)
Bridenstine	Donovan	Heck (WA)
Brooks (AL)	Duckworth	Hensarling
Brooks (IN)	Duffy	Herrera Beutler
Brownley (CA)	Duncan (SC)	Hice, Jody B.
Buchanan	Duncan (TN)	Higgins
Buck	Ellmers (NC)	Hill
Bucshon	Emmer (MN)	Hinojosa
Burgess	Engel	Holding
Bustos	Esty	Hudson
Byrne	Farenthold	Huelskamp
Calvert	Fincher	Huizenga (MI)
Capuano	Fitzpatrick	Hultgren
Carter (GA)	Fleischmann	Hunter
Carter (TX)	Fleming	Hurd (TX)
Chabot	Flores	Hurt (VA)
Chaffetz	Forbes	Issa
Cicilline	Fortenberry	Jenkins (KS)
Clark (MA)	Foxx	Jenkins (WV)
Clawson (FL)	Franks (AZ)	Johnson (OH)

Johnson, E. B.
Johnson, Sam
Jolly
Jordan
Kaptur
Katko
Keating
Kelly (MS)
Kelly (PA)
Kilmer
King (IA)
King (NY)
Kinzinger (IL)
Kirkpatrick
Kline
Knight
Kuster
Labrador
LaHood
LaMalfa
Lamborn
Lance
Langevin
Larson (CT)
Latta
LoBiondo
Loebsack
Long
Loudermilk
Love
Lowey
Lucas
Luetkemeyer
Lujan Grisham (NM)
Lummis
Lynch
MacArthur
Maloney, Carolyn
Maloney, Sean
Marchant
Marino
Massie
McCarthy
McCaul
McClintock
McGovern
McHenry
McKinley
McMorris Rodgers
McNerney
McSally
Meadows
Meehan
Meeks
Meng
Messer
Mica
Miller (FL)
Miller (MI)
Moolenaar
Mooney (WV)
Moulton
Mullin
Mulvaney
Murphy (FL)
Murphy (PA)
Neal
Neugebauer
Newhouse
Noem
Nolan
Norcross
Nugent
Nunes
Olson
Palazzo
Palmer
Pascrell
Paulsen
Pearce
Perry
Peters
Peterson
Pingree
Pittenger
Pitts
Poe (TX)
Poliquin
Pompeo
Posey
Price (NC)
Price, Tom
Quigley
Ratcliffe
Reed
Reichert
Renacci
Ribble
Rice (NY)
Rice (SC)
Rigell
Roby
Roe (TN)
Rogers (AL)
Rogers (KY)
Rohrabacher
Rokita
Rooney (FL)
Ros-Lehtinen
Roskam
Ross
Rothfus
Rouzer
Royce
Ruiz
Ruppersberger
Russell
Ryan (OH)
Salmon
Sanford
Scalise
Schweikert
Scott, Austin
Scott, David
Sensenbrenner
Sessions
Sherman
Shimkus
Shuster
Simpson
Sinema
Sires
Smith (MO)
Smith (NE)
Smith (NJ)
Smith (TX)
Stefanik
Stewart
Stivers
Stutzman
Swalwell (CA)
Takai
Thompson (PA)
Thornberry
Tiberi
Tipton
Titus
Trott
Turner
Upton
Valadao
Veasey
Vela
Wagner
Walberg
Walden
Walker
Walorski
Walters, Mimi
Walz
Weber (TX)
Webster (FL)
Wenstrup
Westerman
Westmoreland
Whitfield
Williams
Wilson (SC)
Wittman
Womack
Woodall
Yoder
Yoho
Young (AK)
Young (IA)
Young (IN)
Zeldin
Zinke

NAYS—109

Adams
Amash
Bass
Becerra
Beyer
Brady (PA)
Brown (FL)
Butterfield
Capps
Cárdenas
Carney
Carson (IN)
Cartwright
Castor (FL)
Castro (TX)
Chu, Judy
Clarke (NY)
Clay
Clyburn
Collins (NY)
Conyers
Cooper
Cummings
Davis (CA)
Davis, Danny
DeFazio
DeGette
DeSaulnier
Dingell
Doggett
Doyle, Michael F.
Edwards
Ellison
Eshoo
Farr
Fattah
Foster
Frankel (FL)
Fudge
Gallego
Grayson
Grijalva
Gutiérrez
Hastings
Himes
Honda
Hoyer
Huffman
Israel
Jackson Lee
Jeffries
Johnson (GA)
Jones
Kelly (IL)
Kind
Larsen (WA)
Lawrence
Lee
Levin
Lewis
Lieu, Ted
Lipinski
Lofgren
Lowenthal
Luján, Ben Ray (NM)
Matsui
McCollum
McDermott
Moore
Napolitano
O'Rourke
Pallone
Payne
Pelosi
Perlmutter
Pocan
Polis
Rangel
Richmond
Roybal-Allard
Rush
Sánchez, Linda T.
Sanchez, Loretta
Sarbanes
Schakowsky
Schiff
Schrader
Scott (VA)
Serrano
Sewell (AL)
Slaughter
Smith (WA)
Speier
Takano
Thompson (CA)
Thompson (MS)
Tonko
Torres
Tsongas
Van Hollen
Vargas
Velázquez
Visclosky
Wasserman SchultzWaters, Maxine
Watson Coleman
Welch
Wilson (FL)
Yarmuth

NOT VOTING—6

Cuellar
Deutch
Joyce
Kennedy
Kildee
Nadler

□ 1300

Ms. SLAUGHTER changed her vote from ''yea'' to ''nay.''

So the first portion of the divided question was adopted.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The SPEAKER pro tempore. Pursuant to clause 1(c) of rule XIX, further consideration of the pending motion is postponed.

THE JOURNAL

The SPEAKER pro tempore. The unfinished business is the question on agreeing to the Speaker's approval of the Journal, which the Chair will put de novo.

The question is on the Speaker's approval of the Journal.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. PERLMUTTER. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 234, noes 155, answered ''present'' 2, not voting 42, as follows:

[Roll No. 704]

AYES—234

Abraham
Aderholt
Allen
Amodei
Ashford
Barletta
Barr
Barton
Beatty
Bilirakis
Bishop (GA)
Bishop (UT)
Black
Blackburn
Blumenauer
Bonamici
Boustany
Brady (TX)
Brat
Bridenstine
Brooks (AL)
Brooks (IN)
Brown (FL)
Buchanan
Bustos
Butterfield
Calvert
Capps
Carson (IN)
Carter (TX)
Castro (TX)
Chabot
Cicilline
Clawson (FL)
Cleaver
Cohen
Cole
Comstock
Conaway
Conyers
Cook
Cooper
Cramer
Crenshaw
Culberson
Davis (CA)
Davis, Danny
DeGette
DeLauro
DelBene
Dent
DesJarlais
Diaz-Balart
Dingell
Doggett
Donovan
Doyle, Michael F.
Duffy
Duncan (SC)
Duncan (TN)
Edwards
Ellison
Emmer (MN)
Engel
Eshoo
Esty
Farr
Fattah
Fincher
Fleischmann
Forbes
Fortenberry
Foster
Frankel (FL)
Frelinghuysen
Gabbard
Gallego
Garamendi
Goodlatte
Graham
Granger
Grayson
Griffith
Grothman
Guthrie
Hahn
Hardy
Harper
Heck (WA)
Hensarling
Hice, Jody B.
Higgins
Himes
Hinojosa
Huelskamp
Hultgren
Hunter
Israel
Issa
Johnson (GA)
Johnson, Sam
Jolly
Kaptur
Katko
Kelly (MS)
Kelly (PA)
King (IA)
King (NY)
Kline
Kuster
LaHood
LaMalfa
Lamborn
Langevin
Larsen (WA)
Larson (CT)
Latta
Lawrence
Lipinski
Loebsack
Lofgren
Long
Love
Lowenthal
Lucas
Luetkemeyer
Luján, Ben Ray (NM)
Lummis
Lynch
Maloney, Carolyn
Massie
McCarthy
McCaul
McClintock
McCollum
McHenry
McMorris Rodgers
McNerney
McSally
Meadows
Meehan
Meeks
Meng
Messer
Mica
Miller (MI)
Moolenaar
Moulton
Mullin
Murphy (FL)
Murphy (PA)
Neal
Newhouse
Nunes
O'Rourke
Olson
Palmer
Perlmutter
Perry
Pingree
Pocan
Polis
Pompeo
Posey
Price (NC)
Rangel
Rice (SC)
Roby
Rogers (KY)
Rohrabacher
Rokita
Rooney (FL)
Roskam
Ross
Rothfus
Royce
Ruiz
Ruppersberger
Russell
Salmon
Sanford
Scalise
Schrader
Schweikert
Scott (VA)
Scott, Austin
Scott, David
Sensenbrenner
Serrano
Sessions
Sherman
Shimkus
Shuster
Simpson
Sinema
Smith (NE)
Smith (NJ)
Smith (TX)
Smith (WA)
Speier
Stefanik
Stewart
Stutzman
Takano
Thornberry
Titus
Torres
Trott
Tsongas
Upton
Van Hollen
Veasey
Vela
Walden
Walorski
Walters, Mimi
Walz
Wasserman Schultz
Waters, Maxine
Webster (FL)
Welch
Westerman
Westmoreland
Whitfield
Williams
Wilson (FL)
Wilson (SC)
Wittman
Womack
Yarmuth
Young (IA)
Young (IN)
Zeldin
Zinke

NOES—155

Adams
Aguilar
Amash
Babin
Bass
Becerra
Benishek
Bera
Beyer
Bishop (MI)
Blum
Bost
Brady (PA)
Brownley (CA)
Buck
Bucshon
Burgess
Capuano
Cárdenas
Carney
Carter (GA)
Cartwright
Castor (FL)
Clark (MA)
Clarke (NY)
Clyburn
Coffman
Collins (GA)
Connolly
Costa
Costello (PA)
Crawford
Crowley
Cummings
Curbelo (FL)
Davis, Rodney
DeFazio
Delaney
DeSaulnier
Dold
Duckworth
Ellmers (NC)
Farenthold
Fitzpatrick
Fleming
Flores
Foxx
Fudge
Gibson
Graves (GA)
Graves (LA)
Green, Al
Green, Gene
Guinta
Gutiérrez
Hanna
Hartzler
Heck (NV)
Herrera Beutler
Hill
Holding
Honda
Hoyer
Hudson
Huffman
Huizenga (MI)
Hurd (TX)
Jeffries
Jenkins (KS)
Jenkins (WV)
Johnson, E. B.
Jones
Jordan
Keating
Kelly (IL)
Kilmer
Kind
Kinzinger (IL)
Kirkpatrick
Knight
Lance
Lee
Levin
Lewis
LoBiondo
Lowey
MacArthur
Maloney, Sean
Marchant
Marino
McDermott
McGovern
McKinley
Miller (FL)
Mooney (WV)
Moore
Mulvaney
Napolitano
Neugebauer
Noem
Nolan
Norcross
Nugent
Palazzo
Pallone
Paulsen
Pelosi
Peters
Peterson
Pittenger
Poe (TX)
Poliquin
Price, Tom
Ratcliffe
Reed
Reichert
Renacci
Ribble
Rice (NY)
Richmond
Rigell
Roe (TN)
Rogers (AL)
Ros-Lehtinen
Rouzer
Roybal-Allard
Rush
Ryan (OH)
Sánchez, Linda T.
Sanchez, Loretta
Schakowsky
Schiff
Sewell (AL)
Slaughter
Smith (MO)
Stivers
Swalwell (CA)
Thompson (CA)
Thompson (MS)
Thompson (PA)
Tiberi
Tipton
Turner
Valadao
Vargas
Velázquez
Visclosky
Walberg
Walker
Watson Coleman
Weber (TX)
Woodall
Yoder
Yoho
Young (AK)

ANSWERED ''PRESENT''—2

Payne
Tonko

NOT VOTING—42

Boyle, Brendan F.
Byrne
Chaffetz
Chu, Judy
Clay
Collins (NY)
Courtney
Cuellar
Denham
DeSantis
Deutch