

112TH CONGRESS  
1ST SESSION

# H. R. 12

To provide tax relief for American workers and businesses, to put workers back on the job while rebuilding and modernizing America, and to provide pathways back to work for Americans looking for jobs.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 21, 2011

Mr. LARSON of Connecticut (by request): introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Small Business, Transportation and Infrastructure, Education and the Workforce, Energy and Commerce, Financial Services, House Administration, the Judiciary, Oversight and Government Reform, Rules, and Science, Space, and Technology, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To provide tax relief for American workers and businesses, to put workers back on the job while rebuilding and modernizing America, and to provide pathways back to work for Americans looking for jobs.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “American Jobs Act of 2011”.

1 (b) TABLE OF CONTENTS.—The table of contents for  
 2 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. References.
- Sec. 3. Severability.
- Sec. 4. Buy America—Use of American iron, steel, and manufactured goods.
- Sec. 5. Wage rate and employment protection requirements.

TITLE I—RELIEF FOR WORKERS AND BUSINESSES

Subtitle A—Payroll Tax Relief

- Sec. 101. Temporary payroll tax cut for employers, employees, and the self-employed.
- Sec. 102. Temporary tax credit for increased payroll.

Subtitle B—Other Relief for Businesses

- Sec. 111. Extension of temporary 100 percent bonus depreciation for certain business assets.
- Sec. 112. Surety bonds.
- Sec. 113. Delay in application of withholding on government contractors.

TITLE II—PUTTING WORKERS BACK ON THE JOB WHILE  
 REBUILDING AND MODERNIZING AMERICA

Subtitle A—Veterans Hiring Preferences

- Sec. 201. Returning heroes and wounded warriors work opportunity tax credits.

Subtitle B—Teacher Stabilization

- Sec. 202. Purpose.
- Sec. 203. Grants for the outlying areas and the Secretary of the Interior; availability of funds.
- Sec. 204. State allocation.
- Sec. 205. State application.
- Sec. 206. State reservation and responsibilities.
- Sec. 207. Local educational agencies.
- Sec. 208. Early learning.
- Sec. 209. Maintenance of effort.
- Sec. 210. Reporting.
- Sec. 211. Definitions.
- Sec. 212. Authorization of appropriations.

Subtitle C—First Responder Stabilization

- Sec. 213. Purpose.
- Sec. 214. Grant program.
- Sec. 215. Appropriations.

Subtitle D—School Modernization

PART I—ELEMENTARY AND SECONDARY SCHOOLS

- Sec. 221. Purpose.

- Sec. 222. Authorization of appropriations.
- Sec. 223. Allocation of funds.
- Sec. 224. State use of funds.
- Sec. 225. State and local applications.
- Sec. 226. Use of funds.
- Sec. 227. Private schools.
- Sec. 228. Additional provisions.

#### PART II—COMMUNITY COLLEGE MODERNIZATION

- Sec. 229. Federal assistance for community college modernization.

#### PART III—GENERAL PROVISIONS

- Sec. 230. Definitions.
- Sec. 231. Buy American.

##### Subtitle E—Immediate Transportation Infrastructure Investments

- Sec. 241. Immediate transportation infrastructure investments.

##### Subtitle F—Building and Upgrading Infrastructure for Long-Term Development

- Sec. 242. Short title.
- Sec. 243. Findings and purpose.
- Sec. 244. Definitions.

#### PART I—AMERICAN INFRASTRUCTURE FINANCING AUTHORITY

- Sec. 245. Establishment and general authority of AIFA.
- Sec. 246. Voting members of the Board of Directors.
- Sec. 247. Chief executive officer of AIFA.
- Sec. 248. Powers and duties of the Board of Directors.
- Sec. 249. Senior management.
- Sec. 250. Special Inspector General for AIFA.
- Sec. 251. Other personnel.
- Sec. 252. Compliance.

#### PART II—TERMS AND LIMITATIONS ON DIRECT LOANS AND LOAN GUARANTEES

- Sec. 253. Eligibility criteria for assistance from AIFA and terms and limitations of loans.
- Sec. 254. Loan terms and repayment.
- Sec. 255. Compliance and enforcement.
- Sec. 256. Audits; reports to the President and Congress.

#### PART III—FUNDING OF AIFA

- Sec. 257. Administrative fees.
- Sec. 258. Efficiency of AIFA.
- Sec. 259. Funding.

#### PART IV—EXTENSION OF EXEMPTION FROM ALTERNATIVE MINIMUM TAX TREATMENT FOR CERTAIN TAX-EXEMPT BONDS

- Sec. 260. Extension of exemption from alternative minimum tax treatment for certain tax-exempt bonds.

Subtitle G—Project Rebuild

Sec. 261. Project rebuild.

Subtitle H—National Wireless Initiative

Sec. 271. Definitions.

PART I—AUCTIONS OF SPECTRUM AND SPECTRUM MANAGEMENT

Sec. 272. Clarification of authorities to repurpose Federal spectrum for commercial purposes.

Sec. 273. Incentive auction authority.

Sec. 274. Requirements when repurposing certain mobile satellite services spectrum for terrestrial broadband use.

Sec. 275. Permanent extension of auction authority.

Sec. 276. Authority to auction licenses for domestic satellite services.

Sec. 277. Directed auction of certain spectrum.

Sec. 278. Authority to establish spectrum license user fees.

PART II—PUBLIC SAFETY BROADBAND NETWORK

Sec. 281. Reallocation of D block for public safety.

Sec. 282. Flexible use of narrowband spectrum.

Sec. 283. Single public safety wireless network licensee.

Sec. 284. Establishment of public safety broadband corporation.

Sec. 285. Board of directors of the corporation.

Sec. 286. Officers, employees, and committees of the corporation.

Sec. 287. Nonprofit and nonpolitical nature of the corporation.

Sec. 288. Powers, duties, and responsibilities of the corporation.

Sec. 289. Initial funding for corporation.

Sec. 290. Permanent self-funding; duty to assess and collect fees for network use.

Sec. 291. Audit and report.

Sec. 292. Annual report to Congress.

Sec. 293. Provision of technical assistance.

Sec. 294. State and local implementation.

Sec. 295. State and local implementation fund.

Sec. 296. Public safety wireless communications research and development.

Sec. 297. Public safety trust fund.

Sec. 298. FCC report on efficient use of public safety spectrum.

Sec. 299. Public safety roaming and priority access.

TITLE III—ASSISTANCE FOR THE UNEMPLOYED AND PATHWAYS  
BACK TO WORK

Subtitle A—Supporting Unemployed Workers

Sec. 301. Short title.

PART I—EXTENSION OF EMERGENCY UNEMPLOYMENT COMPENSATION AND  
CERTAIN EXTENDED BENEFITS PROVISIONS, AND ESTABLISHMENT OF  
SELF-EMPLOYMENT ASSISTANCE PROGRAM

Sec. 311. Extension of emergency unemployment compensation program.

Sec. 312. Temporary extension of extended benefit provisions.

Sec. 313. Reemployment services and reemployment and eligibility assessment activities.

- Sec. 314. Federal-State agreements to administer a self-employment assistance program.
- Sec. 315. Conforming amendment on payment of Bridge to Work wages.
- Sec. 316. Additional extended unemployment benefits under the Railroad Unemployment Insurance Act.

#### PART II—REEMPLOYMENT NOW PROGRAM

- Sec. 321. Establishment of reemployment NOW program.
- Sec. 322. Distribution of funds.
- Sec. 323. State plan.
- Sec. 324. Bridge to Work program.
- Sec. 325. Wage insurance.
- Sec. 326. Enhanced reemployment strategies.
- Sec. 327. Self-employment programs.
- Sec. 328. Additional innovative programs.
- Sec. 329. Guidance and additional requirements.
- Sec. 330. Report of information and evaluations to Congress and the public.
- Sec. 331. State.

#### PART III—SHORT-TIME COMPENSATION PROGRAM

- Sec. 341. Treatment of short-time compensation programs.
- Sec. 342. Temporary financing of short-time compensation payments in states with programs in law.
- Sec. 343. Temporary financing of short-time compensation agreements.
- Sec. 344. Grants for short-time compensation programs.
- Sec. 345. Assistance and guidance in implementing programs.
- Sec. 346. Reports.

#### Subtitle B—Long Term Unemployed Hiring Preferences

- Sec. 351. Long term unemployed workers work opportunity tax credits.

#### Subtitle C—Pathways Back to Work

- Sec. 361. Short title.
- Sec. 362. Establishment of pathways back to work fund.
- Sec. 363. Availability of funds.
- Sec. 364. Subsidized employment for unemployed, low-income adults.
- Sec. 365. Summer employment and year-round employment opportunities for low-income youth.
- Sec. 366. Work-based employment strategies of demonstrated effectiveness.
- Sec. 367. General requirements.
- Sec. 368. Definitions.

#### Subtitle D—Prohibition of Discrimination in Employment on the Basis of an Individual's Status as Unemployed

- Sec. 371. Short title.
- Sec. 372. Findings and purpose.
- Sec. 373. Definitions.
- Sec. 374. Prohibited acts.
- Sec. 375. Enforcement.
- Sec. 376. Federal and State immunity.
- Sec. 377. Relationship to other laws.
- Sec. 378. Severability.

Sec. 379. Effective date.

#### TITLE IV—OFFSETS

##### Subtitle A—28 Percent Limitation on Certain Deductions and Exclusions

Sec. 401. 28 percent limitation on certain deductions and exclusions.

##### Subtitle B—Tax Carried Interest in Investment Partnerships as Ordinary Income

Sec. 411. Partnership interests transferred in connection with performance of services.

Sec. 412. Special rules for partners providing investment management services to partnerships.

##### Subtitle C—Close Loophole for Corporate Jet Depreciation

Sec. 421. General aviation aircraft treated as 7-year property.

##### Subtitle D—Repeal Oil Subsidies

Sec. 431. Repeal of deduction for intangible drilling and development costs in the case of oil and gas wells.

Sec. 432. Repeal of deduction for tertiary injectants.

Sec. 433. Repeal of percentage depletion for oil and gas wells.

Sec. 434. Section 199 deduction not allowed with respect to oil, natural gas, or primary products thereof.

Sec. 435. Repeal oil and gas working interest exception to passive activity rules.

Sec. 436. Repeal enhanced oil recovery credit.

Sec. 437. Uniform seven-year amortization for geological and geophysical expenditures.

Sec. 438. Repeal marginal well production credit.

##### Subtitle E—Dual Capacity Taxpayers

Sec. 441. Modifications of foreign tax credit rules applicable to dual capacity taxpayers.

Sec. 442. Separate basket treatment taxes paid on foreign oil and gas income.

##### Subtitle F—Increased Target and Trigger for Joint Select Committee on Deficit Reduction

Sec. 451. Increased target and trigger for joint select committee on deficit reduction.

## 1 **SEC. 2. REFERENCES.**

2       Except as expressly provided otherwise, any reference  
3 to “this Act” contained in any subtitle of this Act shall  
4 be treated as referring only to the provisions of that sub-  
5 title.

1 **SEC. 3. SEVERABILITY.**

2 If any provision of this Act, or the application thereof  
3 to any person or circumstance, is held invalid, the remain-  
4 der of the Act and the application of such provision to  
5 other persons or circumstances shall not be affected there-  
6 by.

7 **SEC. 4. BUY AMERICAN—USE OF AMERICAN IRON, STEEL,**  
8 **AND MANUFACTURED GOODS.**

9 (a) None of the funds appropriated or otherwise made  
10 available by this Act may be used for a project for the  
11 construction, alteration, maintenance, or repair of a public  
12 building or public work unless all of the iron, steel, and  
13 manufactured goods used in the project are produced in  
14 the United States.

15 (b) Subsection (a) shall not apply in any case or cat-  
16 egory of cases in which the head of the Federal depart-  
17 ment or agency involved finds that—

18 (1) applying subsection (a) would be incon-  
19 sistent with the public interest;

20 (2) iron, steel, and the relevant manufactured  
21 goods are not produced in the United States in suffi-  
22 cient and reasonably available quantities and of a  
23 satisfactory quality; or

24 (3) inclusion of iron, steel, and manufactured  
25 goods produced in the United States will increase

1 the cost of the overall project by more than 25 per-  
2 cent.

3 (c) If the head of a Federal department or agency  
4 determines that it is necessary to waive the application  
5 of subsection (a) based on a finding under subsection (b),  
6 the head of the department or agency shall publish in the  
7 Federal Register a detailed written justification as to why  
8 the provision is being waived.

9 (d) This section shall be applied in a manner con-  
10 sistent with United States obligations under international  
11 agreements.

12 **SEC. 5. WAGE RATE AND EMPLOYMENT PROTECTION RE-**  
13 **QUIREMENTS.**

14 (a) Notwithstanding any other provision of law and  
15 in a manner consistent with other provisions in this Act,  
16 all laborers and mechanics employed by contractors and  
17 subcontractors on projects funded directly by or assisted  
18 in whole or in part by and through the Federal Govern-  
19 ment pursuant to this Act shall be paid wages at rates  
20 not less than those prevailing on projects of a character  
21 similar in the locality as determined by the Secretary of  
22 Labor in accordance with subchapter IV of chapter 31 of  
23 title 40, United States Code.

24 (b) With respect to the labor standards specified in  
25 this section, the Secretary of Labor shall have the author-



1 ity and functions set forth in Reorganization Plan Num-  
2 bered 14 of 1950 (64 Stat. 1267; 5 U.S.C. App.) and sec-  
3 tion 3145 of title 40, United States Code.

4 (c) Projects as defined under title 49, United States  
5 Code, funded directly by or assisted in whole or in part  
6 by and through the Federal Government pursuant to this  
7 Act shall be subject to the requirements of section 5333(b)  
8 of title 49, United States Code.

9 **TITLE I—RELIEF FOR WORKERS**  
10 **AND BUSINESSES**

11 **Subtitle A—Payroll Tax Relief**

12 **SEC. 101. TEMPORARY PAYROLL TAX CUT FOR EMPLOYERS,**  
13 **EMPLOYEES, AND THE SELF-EMPLOYED.**

14 (a) WAGES.—Notwithstanding any other provision of  
15 law—

16 (1) with respect to remuneration received dur-  
17 ing the payroll tax holiday period, the rate of tax  
18 under 3101(a) of the Internal Revenue Code of 1986  
19 shall be 3.1 percent (including for purposes of deter-  
20 mining the applicable percentage under sections  
21 3201(a) and 3211(a) of such Code), and

22 (2) with respect to remuneration paid during  
23 the payroll tax holiday period, the rate of tax under  
24 3111(a) of such Code shall be 3.1 percent (including  
25 for purposes of determining the applicable percent-

1 age under sections 3221(a) and 3211(a) of such  
2 Code).

3 (3) Subsection (a)(2) shall only apply to—

4 (A) employees performing services in a  
5 trade or business of a qualified employer, or

6 (B) in the case of a qualified employer ex-  
7 empt from tax under section 501(a), in further-  
8 ance of the activities related to the purpose or  
9 function constituting the basis of the employer's  
10 exemption under section 501.

11 (4) Subsection (a)(2) shall apply only to the  
12 first \$5 million of remuneration or compensation  
13 paid by a qualified employer subject to section  
14 3111(a) or a corresponding amount of compensation  
15 subject to section 3221(a).

16 (b) SELF-EMPLOYMENT TAXES.—

17 (1) IN GENERAL.—Notwithstanding any other  
18 provision of law, with respect to any taxable year  
19 which begins in the payroll tax holiday period, the  
20 rate of tax under section 1401(a) of the Internal  
21 Revenue Code of 1986 shall be—

22 (A) 6.2 percent on the portion of net earn-  
23 ings from self-employment subject to section  
24 1401(a) during the payroll tax period that does  
25 not exceed the amount of the excess of \$5 mil-

1 lion over total remuneration, if any, subject to  
2 section 3111(a) paid during the payroll tax holi-  
3 day period to employees of the self-employed  
4 person, and

5 (B) 9.3 percent for any portion of net  
6 earnings from self-employment not subject to  
7 subsection (b)(1)(A).

8 (2) COORDINATION WITH DEDUCTIONS FOR EM-  
9 PLOYMENT TAXES.—For purposes of the Internal  
10 Revenue Code of 1986, in the case of any taxable  
11 year which begins in the payroll tax holiday period—

12 (A) DEDUCTION IN COMPUTING NET EARN-  
13 INGS FROM SELF-EMPLOYMENT.—The deduc-  
14 tion allowed under section 1402(a)(12) of such  
15 Code shall be the sum of (i) 4.55 percent times  
16 the amount of the taxpayer’s net earnings from  
17 self-employment for the taxable year subject to  
18 subsection (b)(1)(A) of this section, plus (ii)  
19 7.65 percent of the taxpayer’s net earnings  
20 from self-employment in excess of that amount.

21 (B) INDIVIDUAL DEDUCTION.—The deduc-  
22 tion under section 164(f) of such Code shall be  
23 equal to the sum of (i) one-half of the taxes im-  
24 posed by section 1401 (after the application of  
25 this section) with respect to the taxpayer’s net

1 earnings from self-employment for the taxable  
2 year subject to subsection (b)(1)(A) of this sec-  
3 tion plus (ii) 62.7 percent of the taxes imposed  
4 by section 1401 (after the application of this  
5 section) with respect to the excess.

6 (c) REGULATORY AUTHORITY.—The Secretary may  
7 prescribe any such regulations or other guidance necessary  
8 or appropriate to carry out this section, including the allo-  
9 cation of the excess of \$5 million over total remuneration  
10 subject to section 3111(a) paid during the payroll tax holi-  
11 day period among related taxpayers treated as a single  
12 qualified employer.

13 (d) DEFINITIONS.—

14 (1) PAYROLL TAX HOLIDAY PERIOD.—The term  
15 “payroll tax holiday period” means calendar year  
16 2012.

17 (2) QUALIFIED EMPLOYER.—For purposes of  
18 this paragraph:

19 (A) IN GENERAL.—The term “qualified  
20 employer” means any employer other than the  
21 United States, any State or possession of the  
22 United States, or any political subdivision  
23 thereof, or any instrumentality of the foregoing.

24 (B) TREATMENT OF EMPLOYEES OF POST-  
25 SECONDARY EDUCATIONAL INSTITUTIONS.—

1           Notwithstanding subparagraph (A), the term  
2           “qualified employer” includes any employer  
3           which is a public institution of higher education  
4           (as defined in section 101 of the Higher Edu-  
5           cation Act of 1965).

6           (3) AGGREGATION RULES.—For purposes of  
7           this subsection rules similar to sections 414(b),  
8           414(c), 414(m), and 414(o) shall apply to determine  
9           when multiple entities shall be treated as a single  
10          employer, and rules with respect to predecessor and  
11          successor employers may be applied, in such manner  
12          as may be prescribed by the Secretary.

13          (e) TRANSFERS OF FUNDS.—

14               (1) TRANSFERS TO FEDERAL OLD-AGE AND  
15               SURVIVORS INSURANCE TRUST FUND.—There are  
16               hereby appropriated to the Federal Old-Age and  
17               Survivors Trust Fund and the Federal Disability In-  
18               surance Trust Fund established under section 201  
19               of the Social Security Act (42 U.S.C. 401) amounts  
20               equal to the reduction in revenues to the Treasury  
21               by reason of the application of subsections (a) and  
22               (b) to employers other than those described in sub-  
23               section (e)(2). Amounts appropriated by the pre-  
24               ceding sentence shall be transferred from the general  
25               fund at such times and in such manner as to rep-

1       licate to the extent possible the transfers which  
2       would have occurred to such Trust Fund had such  
3       amendments not been enacted.

4               (2) TRANSFERS TO SOCIAL SECURITY EQUIVA-  
5       LENT BENEFIT ACCOUNT.—There are hereby appro-  
6       priated to the Social Security Equivalent Benefit Ac-  
7       count established under section 15A(a) of the Rail-  
8       road Retirement Act of 1974 (45 U.S.C. 231n–1(a))  
9       amounts equal to the reduction in revenues to the  
10      Treasury by reason of the application of subsection  
11      (a) to employers subject to the Railroad Retirement  
12      Tax. Amounts appropriated by the preceding sen-  
13      tence shall be transferred from the general fund at  
14      such times and in such manner as to replicate to the  
15      extent possible the transfers which would have oc-  
16      curred to such Account had such amendments not  
17      been enacted.

18              (f) COORDINATION WITH OTHER FEDERAL LAWS.—  
19      For purposes of applying any provision of Federal law  
20      other than the provisions of the Internal Revenue Code  
21      of 1986, the rate of tax in effect under section 3101(a)  
22      of such Code shall be determined without regard to the  
23      reduction in such rate under this section.

1 **SEC. 102. TEMPORARY TAX CREDIT FOR INCREASED PAY-**  
2 **ROLL.**

3 (a) IN GENERAL.—Notwithstanding any other provi-  
4 sion of law, each qualified employer shall be allowed, with  
5 respect to wages for services performed for such qualified  
6 employer, a payroll increase credit determined as follows:

7 (1) With respect to the period from October 1,  
8 2011 through December 31, 2011, 6.2 percent of  
9 the excess, if any, (but not more than \$12.5 million  
10 of the excess) of the wages subject to tax under sec-  
11 tion 3111(a) of the Internal Revenue Code of 1986  
12 for such period over such wages for the cor-  
13 responding period of 2010.

14 (2) With respect to the period from January 1,  
15 2012 through December 31, 2012,

16 (A) 6.2 percent of the excess, if any, (but  
17 not more than \$50 million of the excess) of the  
18 wages subject to tax under section 3111(a) of  
19 the Internal Revenue Code of 1986 for such pe-  
20 riod over such wages for calendar year 2011,  
21 minus

22 (B) 3.1 percent of the result (but not less  
23 than zero) of subtracting from \$5 million such  
24 wages for calendar year 2011.

25 (3) In the case of a qualified employer for  
26 which the wages subject to tax under section

1       3111(a) of the Internal Revenue Code of 1986 (a)  
2       were zero for the corresponding period of 2010 re-  
3       ferred to in subsection (a)(1), the amount of such  
4       wages shall be deemed to be 80 percent of the  
5       amount of wages taken into account for the period  
6       from October 1, 2011 through December 31, 2011  
7       and (b) were zero for the calendar year 2011 re-  
8       ferred to in subsection (a)(2), then the amount of  
9       such wages shall be deemed to be 80 percent of the  
10      amount of wages taken into account for 2012.

11           (4) This subsection shall only apply with re-  
12      spect to the wages of employees performing services  
13      in a trade or business of a qualified employer or, in  
14      the case of a qualified employer exempt from tax  
15      under section 501(a) of the Internal Revenue Code  
16      of 1986, in furtherance of the activities related to  
17      the purpose or function constituting the basis of the  
18      employer's exemption under section 501.

19      (b) QUALIFIED EMPLOYERS.—For purposes of this  
20      section—

21           (1) IN GENERAL.—The term “qualified em-  
22      ployer” means any employer other than the United  
23      States, any State or possession of the United States,  
24      or any political subdivision thereof, or any instru-  
25      mentality of the foregoing.



1           (2) TREATMENT OF EMPLOYEES OF POST-SEC-  
2           ONDARY EDUCATIONAL INSTITUTIONS.—Notwith-  
3           standing paragraph (1), the term “qualified em-  
4           ployer” includes any employer which is a public in-  
5           stitution of higher education (as defined in section  
6           101 of the Higher Education Act of 1965).

7           (c) AGGREGATION RULES.—For purposes of this sub-  
8           section rules similar to sections 414(b), 414(c), 414(m),  
9           and 414(o) of the Internal Revenue Code of 1986 shall  
10          apply to determine when multiple entities shall be treated  
11          as a single employer, and rules with respect to predecessor  
12          and successor employers may be applied, in such manner  
13          as may be prescribed by the Secretary.

14          (d) APPLICATION OF CREDITS.—The payroll increase  
15          credit shall be treated as a credit allowable under Subtitle  
16          C of the Internal Revenue Code of 1986 under rules pre-  
17          scribed by the Secretary of the Treasury, provided that  
18          the amount so treated for the period described in sub-  
19          section (a)(1) or subsection (a)(2) shall not exceed the  
20          amount of tax imposed on the qualified employer under  
21          section 3111(a) of such Code for the relevant period. Any  
22          income tax deduction by a qualified employer for amounts  
23          paid under section 3111(a) of such Code or similar Rail-  
24          road Retirement Tax provisions shall be reduced by the  
25          amounts so credited.

1           (e) TRANSFERS TO FEDERAL OLD-AGE AND SUR-  
2 VIVORS INSURANCE TRUST FUND.—There are hereby ap-  
3 propriated to the Federal Old-Age and Survivors Trust  
4 Fund and the Federal Disability Insurance Trust Fund  
5 established under section 201 of the Social Security Act  
6 (42 U.S.C. 401) amounts equal to the reduction in reve-  
7 nues to the Treasury by reason of the amendments made  
8 by subsection (d). Amounts appropriated by the preceding  
9 sentence shall be transferred from the general fund at  
10 such times and in such manner as to replicate to the ex-  
11 tent possible the transfers which would have occurred to  
12 such Trust Fund had such amendments not been enacted.

13           (f) APPLICATION TO RAILROAD RETIREMENT  
14 TAXES.—For purposes of qualified employers that are em-  
15 ployers under section 3231(a) of the Internal Revenue  
16 Code of 1986, subsections (a)(1) and (a)(2) of this section  
17 shall apply by substituting section 3221 for section 3111,  
18 and substituting the term “compensation” for “wages” as  
19 appropriate.

1                   **Subtitle B—Other Relief for**  
2                   **Businesses**

3   **SEC. 111. EXTENSION OF TEMPORARY 100 PERCENT BONUS**  
4                   **DEPRECIATION FOR CERTAIN BUSINESS AS-**  
5                   **SETS.**

6           (a) IN GENERAL.—Paragraph (5) of section 168(k)  
7 of the Internal Revenue Code is amended—

8                   (1) by striking “January 1, 2012” each place  
9                   it appears and inserting “January 1, 2013”, and

10                   (2) by striking “January 1, 2013” and insert-  
11                   ing “January 1, 2014”.

12           (b) CONFORMING AMENDMENT.—The heading for  
13 paragraph (5) of section 168(k) of the Internal Revenue  
14 Code is amended by striking “PRE-2012 PERIODS” and in-  
15 serting “PRE-2013 PERIODS”.

16   **SEC. 112. SURETY BONDS.**

17           (a) MAXIMUM BOND AMOUNT.—Section 411(a)(1) of  
18 the Small Business Investment Act of 1958 (15 U.S.C.  
19 694b(a)(1)) is amended by striking “\$2,000,000” and in-  
20 serting “\$5,000,000”.

21           (b) DENIAL OF LIABILITY.—Section 411(e)(2) of the  
22 Small Business Investment Act of 1958 (15 U.S.C.  
23 694b(e)(2)) is amended by striking “\$2,000,000” and in-  
24 serting “\$5,000,000”.

1 (c) SUNSET.—The amendments made by subsections  
2 (a) and (b) of this section shall remain in effect until Sep-  
3 tember 30, 2012.

4 (d) FUNDING.—There is appropriated out of any  
5 money in the Treasury not otherwise appropriated,  
6 \$3,000,000, to remain available until expended, for addi-  
7 tional capital for the Surety Bond Guarantees Revolving  
8 Fund, as authorized by the Small Business Investment  
9 Act of 1958, as amended.

10 **SEC. 113. DELAY IN APPLICATION OF WITHHOLDING ON**  
11 **GOVERNMENT CONTRACTORS.**

12 Subsection (b) of section 511 of the Tax Increase  
13 Prevention and Reconciliation Act of 2005 is amended by  
14 striking “December 31, 2011” and inserting “December  
15 31, 2013”.

16 **TITLE II—PUTTING WORKERS**  
17 **BACK ON THE JOB WHILE RE-**  
18 **BUILDING AND MODERNIZING**  
19 **AMERICA**  
20 **Subtitle A—Veterans Hiring**  
21 **Preferences**

22 **SEC. 201. RETURNING HEROES AND WOUNDED WARRIORS**  
23 **WORK OPPORTUNITY TAX CREDITS.**

24 (a) IN GENERAL.—Paragraph (3) of section 51(b) of  
25 the Internal Revenue Code is amended by striking

1 “(\$12,000 per year in the case of any individual who is  
2 a qualified veteran by reason of subsection (d)(3)(A)(ii))”  
3 and inserting “(\$12,000 per year in the case of any indi-  
4 vidual who is a qualified veteran by reason of subsection  
5 (d)(3)(A)(ii)(I), \$14,000 per year in the case of any indi-  
6 vidual who is a qualified veteran by reason of subsection  
7 (d)(3)(A)(iv), and \$24,000 per year in the case of any in-  
8 dividual who is a qualified veteran by reason of subsection  
9 (d)(3)(A)(ii)(II))”.

10 (b) RETURNING HEROES TAX CREDITS.—Section  
11 51(d)(3)(A) of the Internal Revenue Code is amended by  
12 striking “or” at the end of clause (3)(A)(i), and inserting  
13 the following new clauses after clause (ii)—

14 “(iii) having aggregate periods of un-  
15 employment during the 1-year period end-  
16 ing on the hiring date which equal or ex-  
17 ceed 4 weeks (but less than 6 months), or

18 “(iv) having aggregate periods of un-  
19 employment during the 1-year period end-  
20 ing on the hiring date which equal or ex-  
21 ceed 6 months.”.

22 (c) SIMPLIFIED CERTIFICATION.—Section 51(d) of  
23 the Internal revenue Code is amended by adding a new  
24 paragraph (15) as follows—

1           “(15) CREDIT ALLOWED FOR UNEMPLOYED  
2 VETERANS.—

3           “(A) IN GENERAL.—Any qualified veteran  
4 under paragraphs (3)(A)(ii)(II), (3)(A)(iii), and  
5 (3)(A)(iv) will be treated as certified by the des-  
6 ignated local agency as having aggregate peri-  
7 ods of unemployment if—

8           “(i) in the case of qualified veterans  
9 under paragraphs (3)(A)(ii)(II) and  
10 (3)(A)(iv), the veteran is certified by the  
11 designated local agency as being in receipt  
12 of unemployment compensation under  
13 State or Federal law for not less than 6  
14 months during the 1-year period ending on  
15 the hiring date; or

16           “(ii) in the case of a qualified veteran  
17 under paragraph (3)(A)(iii), the veteran is  
18 certified by the designated local agency as  
19 being in receipt of unemployment com-  
20 pensation under State or Federal law for  
21 not less than 4 weeks (but less than 6  
22 months) during the 1-year period ending  
23 on the hiring date.

1           “(B) REGULATORY AUTHORITY.—The Sec-  
2           retary in his discretion may provide alternative  
3           methods for certification.”.

4           (d) CREDIT MADE AVAILABLE TO TAX-EXEMPT EM-  
5           PLOYERS IN CERTAIN CIRCUMSTANCES.—Section 52(c) of  
6           the Internal Revenue Code is amended—

7           (1) by striking the word “No” at the beginning  
8           of the section and replacing it with “Except as pro-  
9           vided in this subsection, no”;

10          (2) by inserting at the end of section 52(c) the  
11          following new paragraphs—

12           “(1) IN GENERAL.—In the case of a tax-exempt  
13           employer, there shall be treated as a credit allowable  
14           under subpart C (and not allowable under subpart  
15           D) the lesser of—

16           “(A) the amount of the work opportunity  
17           credit determined under this subpart with re-  
18           spect to such employer that is related to the  
19           hiring of qualified veterans described in sections  
20           51(d)(3)(A)(ii)(II), (iii) or (iv); or

21           “(B) the amount of the payroll taxes of the  
22           employer during the calendar year in which the  
23           taxable year begins.

24           “(2) CREDIT AMOUNT.—In calculating for tax-  
25           exempt employers, the work opportunity credit shall

1 be determined by substituting ‘26 percent’ for ‘40  
2 percent’ in section 51(a) and by substituting ‘16.25  
3 percent’ for ‘25 percent’ in section 51(i)(3)(A).

4 “(3) TAX-EXEMPT EMPLOYER.—For purposes  
5 of this subpart, the term ‘tax-exempt employer’  
6 means an employer that is—

7 “(A) an organization described in section  
8 501(c) and exempt from taxation under section  
9 501(a), or

10 “(B) a public higher education institution  
11 (as defined in section 101 of the Higher Edu-  
12 cation Act of 1965).

13 “(4) PAYROLL TAXES.—For purposes of this  
14 subsection—

15 “(A) IN GENERAL.—The term ‘payroll  
16 taxes’ means—

17 “(i) amounts required to be withheld  
18 from the employees of the tax-exempt em-  
19 ployer under section 3401(a),

20 “(ii) amounts required to be withheld  
21 from such employees under section  
22 3101(a), and

23 “(iii) amounts of the taxes imposed on  
24 the tax-exempt employer under section  
25 3111(a).”.



1 (e) TREATMENT OF POSSESSIONS.—

2 (1) PAYMENTS TO POSSESSIONS.—

3 (A) MIRROR CODE POSSESSIONS.—The  
4 Secretary of the Treasury shall pay to each pos-  
5 session of the United States with a mirror code  
6 tax system amounts equal to the loss to that  
7 possession by reason of the application of this  
8 section (other than this subsection). Such  
9 amounts shall be determined by the Secretary  
10 of the Treasury based on information provided  
11 by the government of the respective possession  
12 of the United States.

13 (B) OTHER POSSESSIONS.—The Secretary  
14 of the Treasury shall pay to each possession of  
15 the United States, which does not have a mirror  
16 code tax system, amounts estimated by the Sec-  
17 retary of the Treasury as being equal to the ag-  
18 gregate credits that would have been provided  
19 by the possession by reason of the application  
20 of this section (other than this subsection) if a  
21 mirror code tax system had been in effect in  
22 such possession. The preceding sentence shall  
23 not apply with respect to any possession of the  
24 United States unless such possession has a  
25 plan, which has been approved by the Secretary

1 of the Treasury, under which such possession  
2 will promptly distribute such payments.

3 (2) COORDINATION WITH CREDIT ALLOWED  
4 AGAINST UNITED STATES INCOME TAXES.—No in-  
5 crease in the credit determined under section 38(b)  
6 of the Internal Revenue Code of 1986 that is attrib-  
7 utable to the credit provided by this section (other  
8 than this subsection (e)) shall be taken into account  
9 with respect to any person—

10 (A) to whom a credit is allowed against  
11 taxes imposed by the possession of the United  
12 States by reason of this section for such taxable  
13 year, or

14 (B) who is eligible for a payment under a  
15 plan described in paragraph (1)(B) with respect  
16 to such taxable year.

17 (3) DEFINITIONS AND SPECIAL RULES.—

18 (A) POSSESSION OF THE UNITED  
19 STATES.—For purposes of this subsection (e),  
20 the term “possession of the United States” in-  
21 cludes American Samoa, the Commonwealth of  
22 the Northern Mariana Islands, the Common-  
23 wealth of Puerto Rico, Guam, and the United  
24 States Virgin Islands.

1 (B) MIRROR CODE TAX SYSTEM.—For pur-  
2 poses of this subsection, the term “mirror code  
3 tax system” means, with respect to any posses-  
4 sion of the United States, the income tax sys-  
5 tem of such possession if the income tax liabil-  
6 ity of the residents of such possession under  
7 such system is determined by reference to the  
8 income tax laws of the United States as if such  
9 possession were the United States.

10 (C) TREATMENT OF PAYMENTS.—For pur-  
11 poses of section 1324(b)(2) of title 31, United  
12 States Code, rules similar to the rules of section  
13 1001(b)(3)(C) of the American Recovery and  
14 Reinvestment Tax Act of 2009 shall apply.

15 (f) EFFECTIVE DATE.—The amendment made by  
16 this section shall apply to individuals who begin work for  
17 the employer after the date of the enactment of this Act.

## 18 **Subtitle B—Teacher Stabilization**

### 19 **SEC. 202. PURPOSE.**

20 The purpose of this subtitle is to provide funds to  
21 States to prevent teacher layoffs and support the creation  
22 of additional jobs in public early childhood, elementary,  
23 and secondary education in the 2011–2012 and 2012–  
24 2013 school years.

1 **SEC. 203. GRANTS FOR THE OUTLYING AREAS AND THE**  
2 **SECRETARY OF THE INTERIOR; AVAILABILITY**  
3 **OF FUNDS.**

4 (a) RESERVATION OF FUNDS.—From the amount ap-  
5 propriated to carry out this subtitle under section 212,  
6 the Secretary—

7 (1) shall reserve up to one-half of one percent  
8 to provide assistance to the outlying areas on the  
9 basis of their respective needs, as determined by the  
10 Secretary, for activities consistent with this subtitle  
11 under such terms and conditions as the Secretary  
12 may determine;

13 (2) shall reserve up to one-half of one percent  
14 to provide assistance to the Secretary of the Interior  
15 to carry out activities consistent with this subtitle, in  
16 schools operated or funded by the Bureau of Indian  
17 Education; and

18 (3) may reserve up to \$2,000,000 for adminis-  
19 tration and oversight of this subtitle, including pro-  
20 gram evaluation.

21 (b) AVAILABILITY OF FUNDS.—Funds made avail-  
22 able under section 212 shall remain available to the Sec-  
23 retary until September 30, 2012.

24 **SEC. 204. STATE ALLOCATION.**

25 (a) ALLOCATION.—After reserving funds under sec-  
26 tion 203(a), the Secretary shall allocate the remaining

1 funds appropriated under section 212 to States, of  
2 which—

3           (1) 60 percent shall be allocated to States on  
4           the basis of their relative population of individuals  
5           aged 5 through 17; and

6           (2) 40 percent shall be allocated to States on  
7           the basis of their relative total population.

8           (b) AWARDS.—The Secretary shall award a State’s  
9 allocation under subsection (a) to the Governor of the  
10 State only if the Secretary has approved the State’s appli-  
11 cation under section 205.

12           (c) ALTERNATE DISTRIBUTION OF FUNDS.—

13           (1) IN GENERAL.—If, within 30 days after the  
14 date of enactment of this Act, a Governor has not  
15 submitted an approvable application to the Sec-  
16 retary, the Secretary shall, consistent with para-  
17 graph (2), provide for funds allocated to that State  
18 to be distributed to another entity or other entities  
19 in the State for the support of early childhood, ele-  
20 mentary, and secondary education, under such terms  
21 and conditions as the Secretary may establish.

22           (2) MAINTENANCE OF EFFORT.—

23           (A) GOVERNOR ASSURANCE.—The Sec-  
24 retary shall not allocate funds under paragraph

25           (1) unless the Governor of the State provides

1 an assurance to the Secretary that the State  
2 will for fiscal years 2012 and 2013 meet the re-  
3 quirements of section 209.

4 (B) ALLOCATIONS TO OTHER ENTITIES.—  
5 Notwithstanding subparagraph (A), the Sec-  
6 retary may allocate up to 50 percent of the  
7 funds that are available to the State under  
8 paragraph (1) to another entity or entities in  
9 the State, provided that the State educational  
10 agency submits data to the Secretary dem-  
11 onstrating that the State will for fiscal year  
12 2012 meet the requirements of section 209(a)  
13 or the Secretary otherwise determines that the  
14 State will meet those requirements, or such  
15 comparable requirements as the Secretary may  
16 establish, for that year.

17 (3) REQUIREMENTS.—An entity that receives  
18 funds under paragraph (1) shall use those funds in  
19 accordance with the requirements of this subtitle.

20 (d) REALLOCATION.—If a State does not receive  
21 funding under this subtitle or only receives a portion of  
22 its allocation under subsection (c), the Secretary shall re-  
23 allocate the State's entire allocation or the remaining por-  
24 tion of its allocation, as the case may be, to the remaining  
25 States in accordance with subsection (a).

1 **SEC. 205. STATE APPLICATION.**

2       The Governor of a State desiring to receive a grant  
3 under this subtitle shall submit an application to the Sec-  
4 retary within 30 days of the date of enactment of this Act,  
5 in such manner, and containing such information as the  
6 Secretary may reasonably require to determine the State's  
7 compliance with applicable provisions of law.

8 **SEC. 206. STATE RESERVATION AND RESPONSIBILITIES.**

9       (a) RESERVATION.—Each State receiving a grant  
10 under section 204(b) may reserve—

11           (1) not more than 10 percent of the grant  
12 funds for awards to State-funded early learning pro-  
13 grams; and

14           (2) not more than 2 percent of the grant funds  
15 for the administrative costs of carrying out its re-  
16 sponsibilities under this subtitle.

17       (b) STATE RESPONSIBILITIES.—Each State receiving  
18 a grant under this subtitle shall, after reserving any funds  
19 under subsection (a)—

20           (1) use the remaining grant funds only for  
21 awards to local educational agencies for the support  
22 of early childhood, elementary, and secondary edu-  
23 cation; and

24           (2) distribute those funds, through subgrants,  
25 to its local educational agencies by distributing—

1           (A) 60 percent on the basis of the local  
2           educational agencies' relative shares of enroll-  
3           ment; and

4           (B) 40 percent on the basis of the local  
5           educational agencies' relative shares of funds  
6           received under part A of title I of the Elemen-  
7           tary and Secondary Education Act of 1965 for  
8           fiscal year 2011; and

9           (3) make those funds available to local edu-  
10          cational agencies no later than 100 days after receiv-  
11          ing a grant from the Secretary.

12          (c) PROHIBITIONS.—A State shall not use funds re-  
13          ceived under this subtitle to directly or indirectly—

14               (1) establish, restore, or supplement a rainy-day  
15          fund;

16               (2) supplant State funds in a manner that has  
17          the effect of establishing, restoring, or  
18          supplementing a rainy-day fund;

19               (3) reduce or retire debt obligations incurred by  
20          the State; or

21               (4) supplant State funds in a manner that has  
22          the effect of reducing or retiring debt obligations in-  
23          curred by the State.



1 **SEC. 207. LOCAL EDUCATIONAL AGENCIES.**

2 Each local educational agency that receives a  
3 subgrant under this subtitle—

4 (1) shall use the subgrant funds only for com-  
5 pensation and benefits and other expenses, such as  
6 support services, necessary to retain existing employ-  
7 ees, recall or rehire former employees, or hire new  
8 employees to provide early childhood, elementary, or  
9 secondary educational and related services;

10 (2) shall obligate those funds not later than  
11 September 30, 2013; and

12 (3) may not use those funds for general admin-  
13 istrative expenses or for other support services or ex-  
14 penditures, as those terms are defined by the Na-  
15 tional Center for Education Statistics in the Com-  
16 mon Core of Data, as of the date of enactment of  
17 this Act.

18 **SEC. 208. EARLY LEARNING.**

19 Each State-funded early learning program that re-  
20 ceives funds under this subtitle shall—

21 (1) use those funds only for compensation, ben-  
22 efits, and other expenses, such as support services,  
23 necessary to retain early childhood educators, recall  
24 or rehire former early childhood educators, or hire  
25 new early childhood educators to provide early learn-  
26 ing services; and

1           (2) obligate those funds not later than Sep-  
2           tember 30, 2013.

3 **SEC. 209. MAINTENANCE OF EFFORT.**

4           (a) REQUIREMENT.—The Secretary shall not allocate  
5 funds to a State under this subtitle unless the State pro-  
6 vides an assurance to the Secretary that—

7           (1) for State fiscal year 2012—

8                   (A) the State will maintain State support  
9                   for early childhood, elementary, and secondary  
10                   education (in the aggregate or on the basis of  
11                   expenditure per pupil) and for public institu-  
12                   tions of higher education (not including support  
13                   for capital projects or for research and develop-  
14                   ment or tuition and fees paid by students) at  
15                   not less than the level of such support for each  
16                   of the two categories for State fiscal year 2011;  
17                   or

18                   (B) the State will maintain State support  
19                   for early childhood, elementary, and secondary  
20                   education and for public institutions of higher  
21                   education (not including support for capital  
22                   projects or for research and development or tui-  
23                   tion and fees paid by students) at a percentage  
24                   of the total revenues available to the State that

1 is equal to or greater than the percentage pro-  
2 vided for State fiscal year 2011; and

3 (2) for State fiscal year 2013—

4 (A) the State will maintain State support  
5 for early childhood, elementary, and secondary  
6 education (in the aggregate or on the basis of  
7 expenditure per pupil) and for public institu-  
8 tions of higher education (not including support  
9 for capital projects or for research and develop-  
10 ment or tuition and fees paid by students) at  
11 not less than the level of such support for each  
12 of the two categories for State fiscal year 2012;  
13 or

14 (B) the State will maintain State support  
15 for early childhood, elementary, and secondary  
16 education and for public institutions of higher  
17 education (not including support for capital  
18 projects or for research and development or tui-  
19 tion and fees paid by students) at a percentage  
20 of the total revenues available to the State that  
21 is equal to or greater than the percentage pro-  
22 vided for State fiscal year 2012.

23 (b) WAIVER.—The Secretary may waive the require-  
24 ments of this section if the Secretary determines that a  
25 waiver would be equitable due to—

1           (1) exceptional or uncontrollable circumstances,  
2           such as a natural disaster; or

3           (2) a precipitous decline in the financial re-  
4           sources of the State.

5 **SEC. 210. REPORTING.**

6           Each State that receives a grant under this subtitle  
7 shall submit, on an annual basis, a report to the Secretary  
8 that contains—

9           (1) a description of how funds received under  
10          this part were expended or obligated; and

11          (2) an estimate of the number of jobs supported  
12          by the State using funds received under this subtitle.

13 **SEC. 211. DEFINITIONS.**

14          In this subtitle:

15          (1) ESEA DEFINITIONS.—Except as otherwise  
16          provided, the terms “local educational agency”,  
17          “outlying area”, “Secretary”, “State”, and “State  
18          educational agency” have the meanings given those  
19          terms in section 9101 of the Elementary and Sec-  
20          ondary Education Act of 1965 (20 U.S.C. 7801).

21          (2) STATE.—The term “State” does not include  
22          an outlying area.

23          (3) EARLY CHILD EDUCATOR.—The term  
24          “early childhood educator” means an individual  
25          who—

1 (A) works directly with children in a State-  
2 funded early learning program in a low-income  
3 community;

4 (B) is involved directly in the care, devel-  
5 opment, and education of infants, toddlers, or  
6 young children age five and under; and

7 (C) has completed a baccalaureate or ad-  
8 vanced degree in early childhood development or  
9 early childhood education, or in a field related  
10 to early childhood education.

11 (4) STATE-FUNDED EARLY LEARNING PRO-  
12 GRAM.—The term “State-funded early learning pro-  
13 gram” means a program that provides educational  
14 services to children from birth to kindergarten entry  
15 and receives funding from a State.

16 **SEC. 212. AUTHORIZATION OF APPROPRIATIONS.**

17 There are authorized to be appropriated, and there  
18 are appropriated, \$30,000,000,000 to carry out this sub-  
19 title for fiscal year 2012.

20 **Subtitle C—First Responder**  
21 **Stabilization**

22 **SEC. 213. PURPOSE.**

23 The purpose of this subtitle is to provide funds to  
24 States and localities to prevent layoffs of, and support the

1 creation of additional jobs for, law enforcement officers  
2 and other first responders.

3 **SEC. 214. GRANT PROGRAM.**

4       The Attorney General shall carry out a competitive  
5 grant program pursuant to section 1701 of title I of the  
6 Omnibus Crime Control and Safe Streets Act of 1968 (42  
7 U.S.C. 3796dd) for hiring, rehiring, or retention of career  
8 law enforcement officers under part Q of such title. Grants  
9 awarded under this section shall not be subject to sub-  
10 sections (g) or (i) of section 1701 or to section 1704 of  
11 such Act (42 U.S.C. 3796dd–3(e)).

12 **SEC. 215. APPROPRIATIONS.**

13       There are hereby appropriated to the Community  
14 Oriented Policing Stabilization Fund out of any money in  
15 the Treasury not otherwise obligated, \$5,000,000,000, to  
16 remain available until September 30, 2012, of which  
17 \$4,000,000,000 shall be for the Attorney General to carry  
18 out the competitive grant program under section 214; and  
19 of which \$1,000,000,000 shall be transferred by the Attor-  
20 ney General to a First Responder Stabilization Fund from  
21 which the Secretary of Homeland Security shall make  
22 competitive grants for hiring, rehiring, or retention pursu-  
23 ant to the Federal Fire Prevention and Control Act of  
24 1974 (15 U.S.C. 2201 et seq.), to carry out section 34  
25 of such Act (15 U.S.C. 2229a). In making such grants,

1 the Secretary may grant waivers from the requirements  
2 in subsections (a)(1)(A), (a)(1)(B), (a)(1)(E), (c)(1),  
3 (c)(2), and (c)(4)(A) of such section 34. Of the amounts  
4 appropriated herein, not to exceed \$8,000,000 shall be for  
5 administrative costs of the Attorney General, and not to  
6 exceed \$2,000,000 shall be for administrative costs of the  
7 Secretary of Homeland Security.

## 8 **Subtitle D—School Modernization**

### 9 **PART I—ELEMENTARY AND SECONDARY**

#### 10 **SCHOOLS**

##### 11 **SEC. 221. PURPOSE.**

12 The purpose of this part is to provide assistance for  
13 the modernization, renovation, and repair of elementary  
14 and secondary school buildings in public school districts  
15 across America in order to support the achievement of im-  
16 proved educational outcomes in those schools.

##### 17 **SEC. 222. AUTHORIZATION OF APPROPRIATIONS.**

18 There are authorized to be appropriated, and there  
19 are appropriated, \$25,000,000,000 to carry out this part,  
20 which shall be available for obligation by the Secretary  
21 until September 30, 2012.

##### 22 **SEC. 223. ALLOCATION OF FUNDS.**

23 (a) RESERVATIONS.—Of the amount made available  
24 to carry out this part, the Secretary shall reserve—

1           (1) one-half of one percent for the Secretary of  
2           the Interior to carry out modernization, renovation,  
3           and repair activities described in section 226 in  
4           schools operated or funded by the Bureau of Indian  
5           Education;

6           (2) one-half of one percent to make grants to  
7           the outlying areas for modernization, renovation,  
8           and repair activities described in section 226; and

9           (3) such funds as the Secretary determines are  
10          needed to conduct a survey, by the National Center  
11          for Education Statistics, of the school construction,  
12          modernization, renovation, and repair needs of the  
13          public schools of the United States.

14          (b) STATE ALLOCATION.—After reserving funds  
15          under subsection (a), the Secretary shall allocate the re-  
16          maining amount among the States in proportion to their  
17          respective allocations under part A of title I of the Ele-  
18          mentary and Secondary Education Act of 1965 (in this  
19          part referred to as the “ESEA”) (20 U.S.C. 6311 et seq.)  
20          for fiscal year 2011, except that—

21                 (1) the Secretary shall allocate 40 percent of  
22                 such remaining amount to the 100 local educational  
23                 agencies with the largest numbers of children aged  
24                 5–17 living in poverty, as determined using the most  
25                 recent data available from the Department of Com-



1 merce that are satisfactory to the Secretary, in pro-  
2 portion to those agencies' respective allocations  
3 under part A of title I of the ESEA for fiscal year  
4 2011; and

5 (2) the allocation to any State shall be reduced  
6 by the aggregate amount of the allocations under  
7 paragraph (1) to local educational agencies in that  
8 State.

9 (c) REMAINING ALLOCATION.—

10 (1) STATES.—If a State does not apply for its  
11 allocation under subsection (b) (or applies for less  
12 than the full allocation for which it is eligible) or  
13 does not use that allocation in a timely manner, the  
14 Secretary may—

15 (A) reallocate all or a portion of that allo-  
16 cation to the other States in accordance with  
17 subsection (b); or

18 (B) use all or a portion of that allocation  
19 to make direct allocations to local educational  
20 agencies within the State based on their respec-  
21 tive allocations under part A of title I of the  
22 ESEA for fiscal year 2011 or such other meth-  
23 od as the Secretary may determine.

24 (2) LOCAL EDUCATIONAL AGENCIES.—If a local  
25 educational agency does not apply for its allocation

1 under subsection (b)(1), applies for less than the full  
2 allocation for which it is eligible, or does not use  
3 that allocation in a timely manner, the Secretary  
4 may reallocate all or a portion of its allocation to the  
5 State in which that agency is located.

6 **SEC. 224. STATE USE OF FUNDS.**

7 (a) RESERVATION.—Each State that receives a grant  
8 under this part may reserve not more than one percent  
9 of the State’s allocation under section 223(b) for the pur-  
10 pose of administering the grant, except that no State may  
11 reserve more than \$750,000 for this purpose.

12 (b) FUNDS TO LOCAL EDUCATIONAL AGENCIES.—

13 (1) FORMULA SUBGRANTS.—From the grant  
14 funds that are not reserved under subsection (a), a  
15 State shall allocate at least 50 percent to local edu-  
16 cational agencies, including charter schools that are  
17 local educational agencies, that did not receive funds  
18 under section 223(b)(1) from the Secretary, in ac-  
19 cordance with their respective allocations under part  
20 A of title I of the ESEA for fiscal year 2011, except  
21 that no such local educational agency shall receive  
22 less than \$10,000.

23 (2) ADDITIONAL SUBGRANTS.—The State shall  
24 use any funds remaining, after reserving funds  
25 under subsection (a) and allocating funds under

1 paragraph (1), for subgrants to local educational  
2 agencies that did not receive funds under section  
3 223(b)(1), including charter schools that are local  
4 educational agencies, to support modernization, ren-  
5 ovation, and repair projects that the State deter-  
6 mines, using objective criteria, are most needed in  
7 the State, with priority given to projects in rural  
8 local educational agencies.

9 (c) REMAINING FUNDS.—If a local educational agen-  
10 cy does not apply for an allocation under subsection  
11 (b)(1), applies for less than its full allocation, or fails to  
12 use that allocation in a timely manner, the State may re-  
13 allocate any unused portion to other local educational  
14 agencies in accordance with subsection (b).

15 **SEC. 225. STATE AND LOCAL APPLICATIONS.**

16 (a) STATE APPLICATION.—A State that desires to re-  
17 ceive a grant under this part shall submit an application  
18 to the Secretary at such time, in such manner, and con-  
19 taining such information and assurances as the Secretary  
20 may require, which shall include—

21 (1) an identification of the State agency or enti-  
22 ty that will administer the program under this part;  
23 and

1           (2) the State’s process for determining how the  
2 grant funds will be distributed and administered, in-  
3 cluding—

4           (A) how the State will determine the cri-  
5 teria and priorities in making subgrants under  
6 section 224(b)(2);

7           (B) any additional criteria the State will  
8 use in determining which projects it will fund  
9 under that section;

10          (C) a description of how the State will con-  
11 sider—

12           (i) the needs of local educational  
13 agencies for assistance under this part;

14           (ii) the impact of potential projects on  
15 job creation in the State;

16           (iii) the fiscal capacity of local edu-  
17 cational agencies applying for assistance;

18           (iv) the percentage of children in  
19 those local educational agencies who are  
20 from low-income families; and

21           (v) the potential for leveraging assist-  
22 ance provided by the program under this  
23 part through matching or other financing  
24 mechanisms;

1 (D) a description of how the State will en-  
2 sure that the local educational agencies receiv-  
3 ing subgrants meet the requirements of this  
4 part;

5 (E) a description of how the State will en-  
6 sure that the State and its local educational  
7 agencies meet the deadlines established in sec-  
8 tion 228;

9 (F) a description of how the State will give  
10 priority to the use of green practices that are  
11 certified, verified, or consistent with any appli-  
12 cable provisions of—

13 (i) the LEED Green Building Rating  
14 System;

15 (ii) Energy Star;

16 (iii) the CHPS Criteria;

17 (iv) Green Globes; or

18 (v) an equivalent program adopted by  
19 the State or another jurisdiction with au-  
20 thority over the local educational agency;

21 (G) a description of the steps that the  
22 State will take to ensure that local educational  
23 agencies receiving subgrants under this part  
24 will adequately maintain any facilities that are

1 modernized, renovated, or repaired with such  
2 subgrant funds; and

3 (H) such additional information and assur-  
4 ances as the Secretary may require.

5 (b) LOCAL APPLICATION.—A local educational agen-  
6 cy that is eligible under section 223(b)(1) that desires to  
7 receive a grant under this part shall submit an application  
8 to the Secretary at such time, in such manner, and con-  
9 taining such information and assurances as the Secretary  
10 may require, which shall include—

11 (1) a description of how the local educational  
12 agency will meet the deadlines and requirements of  
13 this part;

14 (2) a description of the steps that the local edu-  
15 cational agency will take to adequately maintain any  
16 facilities that are modernized, renovated, or repaired  
17 with funds under this part; and

18 (3) such additional information and assurances  
19 as the Secretary may require.

20 **SEC. 226. USE OF FUNDS.**

21 (a) IN GENERAL.—Funds awarded to local edu-  
22 cational agencies under this part shall be used only for  
23 either or both of the following modernization, renovation,  
24 or repair activities in facilities that are used for elemen-

1 tary or secondary education or for early learning pro-  
2 grams:

3 (1) Direct payments for school modernization,  
4 renovation, or repair.

5 (2) To pay interest on bonds or payments for  
6 other financing instruments that are newly issued  
7 for the purpose of financing school modernization,  
8 renovation, or repair.

9 (b) SUPPLEMENT, NOT SUPPLANT.—Funds made  
10 available under this part shall be used to supplement, and  
11 not supplant, other Federal, State, and local funds that  
12 would otherwise be expended to modernize, renovate, or  
13 repair eligible school facilities.

14 (c) PROHIBITION.—Funds awarded to local edu-  
15 cational agencies under this part may not be used for—

16 (1) new construction;

17 (2) payment of routine maintenance costs; or

18 (3) modernization, renovation, or repair of sta-  
19 diums or other facilities primarily used for athletic  
20 contests or exhibitions or other events for which ad-  
21 mission is charged to the general public.

22 **SEC. 227. PRIVATE SCHOOLS.**

23 (a) IN GENERAL.—Section 9501 of the ESEA (20  
24 U.S.C. 7881) shall apply to this part in the same manner  
25 as it applies to activities under that Act, except that—

1           (1) such section 9501 shall not apply with re-  
2           spect to the title to any real property modernized,  
3           renovated, or repaired with assistance provided  
4           under this part;

5           (2) educational services or other benefits funded  
6           under this part for private schools shall be provided  
7           only to private, nonprofit elementary or secondary  
8           schools with a rate of child poverty of at least 40  
9           percent and may include only—

10           (A) modifications of school facilities nec-  
11           essary to meet the standards applicable to pub-  
12           lic schools under the Americans with Disabil-  
13           ities Act of 1990 (42 U.S.C. 12101 et seq.);

14           (B) modifications of school facilities nec-  
15           essary to meet the standards applicable to pub-  
16           lic schools under section 504 of the Rehabilita-  
17           tion Act of 1973 (29 U.S.C. 794); and

18           (C) asbestos or polychlorinated biphenyls  
19           abatement or removal from school facilities; and

20           (3) expenditures for services provided using  
21           funds made available under section 226 shall be con-  
22           sidered equal for purposes of section 9501(a)(4) of  
23           the ESEA if the per-pupil expenditures for services  
24           described in paragraph (2) for students enrolled in  
25           private, nonprofit elementary and secondary schools



1 that have child-poverty rates of at least 40 percent  
2 are consistent with the per-pupil expenditures under  
3 this part for children enrolled in the public schools  
4 of the local educational agency receiving funds under  
5 this part.

6 (b) REMAINING FUNDS.—If the expenditure for serv-  
7 ices described in subsection (a)(2) is less than the amount  
8 calculated under subsection (a)(3) because of insufficient  
9 need for those services, the remainder shall be available  
10 to the local educational agency for modernization, renova-  
11 tion, or repair of its school facilities.

12 (c) APPLICATION.—If any provision of this section,  
13 or the application thereof, to any person or circumstance  
14 is judicially determined to be invalid, the remainder of the  
15 section and the application to other persons or cir-  
16 cumstances shall not be affected thereby.

17 **SEC. 228. ADDITIONAL PROVISIONS.**

18 (a) 24-MONTH PERIOD OF AVAILABILITY.—Funds  
19 appropriated under section 222 shall be available for obli-  
20 gation by local educational agencies receiving grants from  
21 the Secretary under section 223(b)(1), by States reserving  
22 funds under section 224(a), and by local educational agen-  
23 cies receiving subgrants under section 224(b)(1) only dur-  
24 ing the period that ends 24 months after the date of enact-  
25 ment of this Act.

1 (b) 36-MONTH PERIOD OF AVAILABILITY.—Funds  
 2 appropriated under section 222 shall be available for obli-  
 3 gation by local educational agencies receiving subgrants  
 4 under section 224(b)(2) only during the period that ends  
 5 36 months after the date of enactment of this Act.

6 (c) APPLICABILITY OF GEPA.—Section 439 of the  
 7 General Education Provisions Act (20 U.S.C. 1232b) shall  
 8 apply to funds available under this part.

9 (d) LIMITATION.—For purposes of section 223(b)(1),  
 10 Hawaii, the District of Columbia, and the Commonwealth  
 11 of Puerto Rico are not local educational agencies.

## 12 **PART II—COMMUNITY COLLEGE**

### 13 **MODERNIZATION**

#### 14 **SEC. 229. FEDERAL ASSISTANCE FOR COMMUNITY COL-** 15 **LEGE MODERNIZATION.**

16 (a) IN GENERAL.—

17 (1) GRANT PROGRAM.—From the amounts  
 18 made available under subsection (h), the Secretary  
 19 shall award grants to States to modernize, renovate,  
 20 or repair existing facilities at community colleges.

21 (2) ALLOCATION.—

22 (A) RESERVATIONS.—Of the amount made  
 23 available to carry out this section, the Secretary  
 24 shall reserve—

1 (i) up to 0.25 percent for grants to in-  
2 stitutions that are eligible under section  
3 316 of the Higher Education Act of 1965  
4 (20 U.S.C. 1059c) to provide for mod-  
5 ernization, renovation, and repair activities  
6 described in this section; and

7 (ii) up to 0.25 percent for grants to  
8 the outlying areas to provide for mod-  
9 ernization, renovation, and repair activities  
10 described in this section.

11 (B) ALLOCATION.—After reserving funds  
12 under subparagraph (A), the Secretary shall al-  
13 locate to each State that has an application ap-  
14 proved by the Secretary an amount that bears  
15 the same relation to any remaining funds as the  
16 total number of students in such State who are  
17 enrolled in institutions described in section  
18 230(b)(1)(A) plus the number of students who  
19 are estimated to be enrolled in and pursuing a  
20 degree or certificate that is not a bachelor's,  
21 master's, professional, or other advanced degree  
22 in institutions described in section  
23 230(b)(1)(B), based on the proportion of de-  
24 grees or certificates awarded by such institu-  
25 tions that are not bachelor's, master's, profes-

1           sional, or other advanced degrees, as reported  
2           to the Integrated Postsecondary Data System  
3           bears to the estimated total number of such  
4           students in all States, except that no State shall  
5           receive less than \$2,500,000.

6           (C) REALLOCATION.—Amounts not allo-  
7           cated under this section to a State because the  
8           State either did not submit an application  
9           under subsection (b), the State submitted an  
10          application that the Secretary determined did  
11          not meet the requirements of such subsection,  
12          or the State cannot demonstrate to the Sec-  
13          retary a sufficient demand for projects to war-  
14          rant the full allocation of the funds, shall be  
15          proportionately reallocated under this para-  
16          graph to the other States that have a dem-  
17          onstrated need for, and are receiving, alloca-  
18          tions under this section.

19          (D) STATE ADMINISTRATION.—A State  
20          that receives a grant under this section may use  
21          not more than one percent of that grant to ad-  
22          minister it, except that no State may use more  
23          than \$750,000 of its grant for this purpose.

24          (3) SUPPLEMENT, NOT SUPPLANT.—Funds  
25          made available under this section shall be used to

1 supplement, and not supplant, other Federal, State,  
2 and local funds that would otherwise be expended to  
3 modernize, renovate, or repair existing community  
4 college facilities.

5 (b) APPLICATION.—A State that desires to receive a  
6 grant under this section shall submit an application to the  
7 Secretary at such time, in such manner, and containing  
8 such information and assurances as the Secretary may re-  
9 quire. Such application shall include a description of—

10 (1) how the funds provided under this section  
11 will improve instruction at community colleges in the  
12 State and will improve the ability of those colleges  
13 to educate and train students to meet the workforce  
14 needs of employers in the State;

15 (2) the projected start of each project and the  
16 estimated number of persons to be employed in the  
17 project; and

18 (3) the cost of each project and the total  
19 amount of funds requested for each project and for  
20 all projects.

21 (c) PROHIBITED USES OF FUNDS.—

22 (1) IN GENERAL.—No funds awarded under  
23 this section may be used for—

24 (A) payment of routine maintenance costs;

1 (B) construction, modernization, renova-  
2 tion, or repair of stadiums or other facilities  
3 primarily used for athletic contests or exhibi-  
4 tions or other events for which admission is  
5 charged to the general public; or

6 (C) construction, modernization, renova-  
7 tion, or repair of facilities—

8 (i) used for sectarian instruction, reli-  
9 gious worship, or a school or department  
10 of divinity; or

11 (ii) in which a substantial portion of  
12 the functions of the facilities are subsumed  
13 in a religious mission.

14 (2) FOUR-YEAR INSTITUTIONS.—No funds  
15 awarded to a four-year public institution of higher  
16 education under this section may be used for any fa-  
17 cility, service, or program of the institution that is  
18 not available to students who are pursuing a degree  
19 or certificate that is not a bachelor's, master's, pro-  
20 fessional, or other advanced degree.

21 (d) GREEN PROJECTS.—In providing assistance to  
22 community college projects under this section, the State  
23 shall consider the extent to which a community college's  
24 project involves activities that are certified, verified, or  
25 consistent with the applicable provisions of—

- 1 (1) the LEED Green Building Rating System;
- 2 (2) Energy Star;
- 3 (3) the CHPS Criteria, as applicable;
- 4 (4) Green Globes; or
- 5 (5) an equivalent program adopted by the State
- 6 or the State higher education agency that includes
- 7 a verifiable method to demonstrate compliance with
- 8 such program.

9 (e) APPLICATION OF GEPA.—Section 439 of the  
10 General Education Provisions Act (20 U.S.C. 1232b) shall  
11 apply to funds available under this section.

12 (f) REPORTS BY THE STATES.—Each State that re-  
13 ceives a grant under this section shall, not later than Sep-  
14 tember 30, 2012, and annually thereafter for each fiscal  
15 year in which the State expends funds received under this  
16 section, submit to the Secretary a report that includes—

- 17 (1) a description of the projects for which the
- 18 grant was, or will be, used;
- 19 (2) a description of the amount and nature of
- 20 the assistance provided to each community college
- 21 under this section; and
- 22 (3) the number of jobs created by the projects
- 23 funded under this section.

24 (g) REPORT BY THE SECRETARY.—The Secretary  
25 shall submit to the authorizing committees (as defined in

1 section 103 of the Higher Education Act of 1965; 20  
2 U.S.C. 1003) an annual report on the grants made under  
3 this section, including the information described in sub-  
4 section (f).

5 (h) AVAILABILITY OF FUNDS.—

6 (1) There are authorized to be appropriated,  
7 and there are appropriated, to carry out this section  
8 (in addition to any other amounts appropriated to  
9 carry out this section and out of any money in the  
10 Treasury not otherwise appropriated),  
11 \$5,000,000,000 for fiscal year 2012.

12 (2) Funds appropriated under this subsection  
13 shall be available for obligation by community col-  
14 leges only during the period that ends 36 months  
15 after the date of enactment of this Act.

16 **PART III—GENERAL PROVISIONS**

17 **SEC. 230. DEFINITIONS.**

18 (a) ESEA TERMS.—Except as otherwise provided, in  
19 this subtitle, the terms “local educational agency”, “Sec-  
20 retary”, and “State educational agency” have the mean-  
21 ings given those terms in section 9101 of the Elementary  
22 and Secondary Education Act of 1965 (20 U.S.C. 7801).

23 (b) ADDITIONAL DEFINITIONS.—The following defi-  
24 nitions apply to this title:



1           (1) COMMUNITY COLLEGE.—The term “commu-  
2           nity college” means—

3                   (A) a junior or community college, as that  
4                   term is defined in section 312(f) of the Higher  
5                   Education Act of 1965 (20 U.S.C. 1058(f)); or

6                   (B) an institution of higher education (as  
7                   defined in section 101 of the Higher Education  
8                   Act of 1965 (20 U.S.C. 1001)) that awards a  
9                   significant number of degrees and certificates,  
10                  as determined by the Secretary, that are not—

11                           (i) bachelor’s degrees (or an equiva-  
12                           lent); or

13                           (ii) master’s, professional, or other  
14                           advanced degrees.

15           (2) CHPS CRITERIA.—The term “CHPS Cri-  
16           teria” means the green building rating program de-  
17           veloped by the Collaborative for High Performance  
18           Schools.

19           (3) ENERGY STAR.—The term “Energy Star”  
20           means the Energy Star program of the United  
21           States Department of Energy and the United States  
22           Environmental Protection Agency.

23           (4) GREEN GLOBES.—The term “Green  
24           Globes” means the Green Building Initiative envi-

1       ronmental design and rating system referred to as  
2       Green Globes.

3               (5) LEED GREEN BUILDING RATING SYSTEM.—  
4       The term “LEED Green Building Rating System”  
5       means the United States Green Building Council  
6       Leadership in Energy and Environmental Design  
7       green building rating standard referred to as the  
8       LEED Green Building Rating System.

9               (6) MODERNIZATION, RENOVATION, AND RE-  
10       PAIR.—The term “modernization, renovation, and  
11       repair” means—

12               (A) comprehensive assessments of facili-  
13       ties, including indoor air-quality assessments, to  
14       identify—

15               (i) facility conditions or deficiencies  
16       that could adversely affect student and  
17       staff health, safety, performance, or pro-  
18       ductivity or energy, water, or materials ef-  
19       ficiency; and

20               (ii) needed facility improvements;

21               (B) repairing, replacing, or installing roofs  
22       (which may be extensive, intensive, or semi-in-  
23       tensive “green” roofs); electrical wiring; water  
24       supply and plumbing systems, sewage systems,  
25       storm water runoff systems, lighting systems

1 (or components of such systems); or building  
2 envelope, windows, ceilings, flooring, or doors,  
3 including security doors;

4 (C) repairing, replacing, or installing heat-  
5 ing, ventilation, or air conditioning systems, or  
6 components of those systems (including insula-  
7 tion) to improve energy efficiency;

8 (D) compliance with fire, health, seismic,  
9 and safety codes, including professional installa-  
10 tion of fire and life safety alarms, and mod-  
11 ernizations, renovations, and repairs that en-  
12 sure that facilities are prepared for such emer-  
13 gencies as acts of terrorism, campus violence,  
14 and natural disasters, such as improving build-  
15 ing infrastructure to accommodate security  
16 measures and installing or upgrading tech-  
17 nology to ensure that a school or incident is  
18 able to respond to such emergencies;

19 (E) making modifications necessary to  
20 make educational facilities accessible in compli-  
21 ance with the Americans with Disabilities Act  
22 of 1990 (42 U.S.C. 12101 et seq.) and section  
23 504 of the Rehabilitation Act of 1973 (29  
24 U.S.C. 794), except that such modifications

1 shall not be the primary use of a grant or  
2 subgrant;

3 (F) abatement, removal, or interim con-  
4 trols of asbestos, polychlorinated biphenyls,  
5 mold, mildew, or lead-based hazards, including  
6 lead-based paint hazards;

7 (G) retrofitting necessary to increase en-  
8 ergy efficiency;

9 (H) measures, such as selection and sub-  
10 stitution of products and materials, and imple-  
11 mentation of improved maintenance and oper-  
12 ational procedures, such as “green cleaning”  
13 programs, to reduce or eliminate potential stu-  
14 dent or staff exposure to—

15 (i) volatile organic compounds;

16 (ii) particles such as dust and pollens;

17 or

18 (iii) combustion gases;

19 (I) modernization, renovation, or repair  
20 necessary to reduce the consumption of coal,  
21 electricity, land, natural gas, oil, or water;

22 (J) installation or upgrading of educational  
23 technology infrastructure;

24 (K) installation or upgrading of renewable  
25 energy generation and heating systems, includ-

1 ing solar, photovoltaic, wind, biomass (including  
2 wood pellet and woody biomass), waste-to-en-  
3 ergy, solar-thermal, and geothermal systems,  
4 and energy audits;

5 (L) modernization, renovation, or repair  
6 activities related to energy efficiency and renew-  
7 able energy, and improvements to building in-  
8 frastructures to accommodate bicycle and pe-  
9 destrian access;

10 (M) ground improvements, storm water  
11 management, landscaping, and environmental  
12 clean-up when necessary;

13 (N) other modernization, renovation, or re-  
14 pair to—

15 (i) improve teachers' ability to teach  
16 and students' ability to learn;

17 (ii) ensure the health and safety of  
18 students and staff; or

19 (iii) improve classroom, laboratory,  
20 and vocational facilities in order to en-  
21 hance the quality of science, technology,  
22 engineering, and mathematics instruction;  
23 and

24 (O) required environmental remediation re-  
25 lated to facilities modernization, renovation, or

1 repair activities described in subparagraphs (A)  
2 through (N).

3 (7) OUTLYING AREA.—The term “outlying  
4 area” means the U.S. Virgin Islands, Guam, Amer-  
5 ican Samoa, the Commonwealth of the Northern  
6 Mariana Islands, and the Republic of Palau.

7 (8) STATE.—The term “State” means each of  
8 the 50 States of the United States, the Common-  
9 wealth of Puerto Rico, and the District of Columbia.

10 **SEC. 231. BUY AMERICAN.**

11 Section 1605 of division A of the American Recovery  
12 and Reinvestment Act of 2009 (Public Law 111–5) applies  
13 to funds made available under this title.

14 **Subtitle E—Immediate Transpor-**  
15 **tation Infrastructure Invest-**  
16 **ments**

17 **SEC. 241. IMMEDIATE TRANSPORTATION INFRASTRUCTURE**  
18 **INVESTMENTS.**

19 (a) GRANTS-IN-AID FOR AIRPORTS.—

20 (1) IN GENERAL.—There is made available to  
21 the Secretary of Transportation \$2,000,000,000 to  
22 carry out airport improvement under subchapter I of  
23 chapter 471 and subchapter I of chapter 475 of title  
24 49, United States Code.

1           (2) FEDERAL SHARE; LIMITATION ON OBLIGA-  
2           TIONS.—The Federal share payable of the costs for  
3           which a grant is made under this subsection, shall  
4           be 100 percent. The amount made available under  
5           this subsection shall not be subject to any limitation  
6           on obligations for the Grants-In-Aid for Airports  
7           program set forth in any Act or in title 49, United  
8           States Code.

9           (3) DISTRIBUTION OF FUNDS.—Funds provided  
10          to the Secretary under this subsection shall not be  
11          subject to apportionment formulas, special appor-  
12          tionment categories, or minimum percentages under  
13          chapter 471 of such title.

14          (4) AVAILABILITY.—The amounts made avail-  
15          able under this subsection shall be available for obli-  
16          gation until the date that is two years after the date  
17          of the enactment of this Act. The Secretary shall ob-  
18          ligate amounts totaling not less than 50 percent of  
19          the funds made available within one year of enact-  
20          ment and obligate remaining amounts not later than  
21          two years after enactment.

22          (5) ADMINISTRATIVE EXPENSES.—Of the funds  
23          made available under this subsection, 0.3 percent  
24          shall be available to the Secretary for administrative  
25          expenses, shall remain available for obligation until

1 September 30, 2015, and may be used in conjunc-  
2 tion with funds otherwise provided for the adminis-  
3 tration of the Grants-In-Aid for Airports program.

4 (b) NEXT GENERATION AIR TRAFFIC CONTROL AD-  
5 VANCEMENTS.—

6 (1) IN GENERAL.—There is made available to  
7 the Secretary of Transportation \$1,000,000,000 for  
8 necessary Federal Aviation Administration capital,  
9 research, and operating costs to carry out Next Gen-  
10 eration air traffic control system advancements.

11 (2) AVAILABILITY.—The amounts made avail-  
12 able under this subsection shall be available for obli-  
13 gation until the date that is two years after the date  
14 of the enactment of this Act.

15 (c) HIGHWAY INFRASTRUCTURE INVESTMENT.—

16 (1) IN GENERAL.—There is made available to  
17 the Secretary of Transportation \$27,000,000,000  
18 for restoration, repair, construction and other activi-  
19 ties eligible under section 133(b) of title 23, United  
20 States Code, and for passenger and freight rail  
21 transportation and port infrastructure projects eligi-  
22 ble for assistance under section 601(a)(8) of title 23.

23 (2) FEDERAL SHARE; LIMITATION ON OBLIGA-  
24 TIONS.—The Federal share payable on account of  
25 any project or activity carried out with funds made



1 available under this subsection shall be, at the op-  
2 tion of the recipient, up to 100 percent of the total  
3 cost thereof. The amount made available under this  
4 subsection shall not be subject to any limitation on  
5 obligations for Federal-aid highways and highway  
6 safety construction programs set forth in any Act or  
7 in title 23, United States Code.

8 (3) AVAILABILITY.—The amounts made avail-  
9 able under this subsection shall be available for obli-  
10 gation until the date that is two years after the date  
11 of the enactment of this Act. The Secretary shall ob-  
12 ligate amounts totaling not less than 50 percent of  
13 the funds made available within one year of enact-  
14 ment and obligate remaining amounts not later than  
15 two years after enactment.

16 (4) DISTRIBUTION OF FUNDS.—Of the funds  
17 provided in this subsection, after making the set-  
18 asides required by paragraphs (9), (10), (11), (12),  
19 and (15), 50 percent of the funds shall be appor-  
20 tioned to States using the formula set forth in sec-  
21 tion 104(b)(3) of title 23, United States Code, and  
22 the remaining funds shall be apportioned to States  
23 in the same ratio as the obligation limitation for fis-  
24 cal year 2010 was distributed among the States in

1 accordance with the formula specified in section  
2 120(a)(6) of division A of Public Law 111–117.

3 (5) APPORTIONMENT.—Apportionments under  
4 paragraph (4) shall be made not later than 30 days  
5 after the date of the enactment of this Act.

6 (6) REDISTRIBUTION.—

7 (A) The Secretary shall, 180 days fol-  
8 lowing the date of apportionment, withdraw  
9 from each State an amount equal to 50 percent  
10 of the funds apportioned under paragraph (4)  
11 to that State (excluding funds suballocated  
12 within the State) less the amount of funding  
13 obligated (excluding funds suballocated within  
14 the State), and the Secretary shall redistribute  
15 such amounts to other States that have had no  
16 funds withdrawn under this subparagraph in  
17 the manner described in section 120(c) of divi-  
18 sion A of Public Law 111–117.

19 (B) One year following the date of appor-  
20 tionment, the Secretary shall withdraw from  
21 each recipient of funds apportioned under para-  
22 graph (4) any unobligated funds, and the Sec-  
23 retary shall redistribute such amounts to States  
24 that have had no funds withdrawn under this  
25 paragraph (excluding funds suballocated within

1 the State) in the manner described in section  
2 120(c) of division A of Public Law 111–117.

3 (C) At the request of a State, the Sec-  
4 retary may provide an extension of the one-year  
5 period only to the extent that the Secretary de-  
6 termines that the State has encountered ex-  
7 treme conditions that create an unworkable bid-  
8 ding environment or other extenuating cir-  
9 cumstances. Before granting an extension, the  
10 Secretary notify in writing the Committee on  
11 Transportation and Infrastructure and the  
12 Committee on Environment and Public Works,  
13 providing a thorough justification for the exten-  
14 sion.

15 (7) TRANSPORTATION ENHANCEMENTS.—Three  
16 percent of the funds apportioned to a State under  
17 paragraph (4) shall be set aside for the purposes de-  
18 scribed in section 133(d)(2) of title 23, United  
19 States Code (without regard to the comparison to  
20 fiscal year 2005).

21 (8) SUBALLOCATION.—Thirty percent of the  
22 funds apportioned to a State under this subsection  
23 shall be suballocated within the State in the manner  
24 and for the purposes described in the first sentence  
25 of sections 133(d)(3)(A), 133(d)(3)(B), and

1 133(d)(3)(D) of title 23, United States Code. Such  
2 suballocation shall be conducted in every State.  
3 Funds suballocated within a State to urbanized  
4 areas and other areas shall not be subject to the re-  
5 distribution of amounts required 180 days following  
6 the date of apportionment of funds provided by  
7 paragraph (6)(A).

8 (9) PUERTO RICO AND TERRITORIAL HIGHWAY  
9 PROGRAMS.—Of the funds provided under this sub-  
10 section, \$105,000,000 shall be set aside for the  
11 Puerto Rico highway program authorized under sec-  
12 tion 165 of title 23, United States Code, and  
13 \$45,000,000 shall be for the territorial highway pro-  
14 gram authorized under section 215 of title 23,  
15 United States Code.

16 (10) FEDERAL LANDS AND INDIAN RESERVA-  
17 TIONS.—Of the funds provided under this sub-  
18 section, \$550,000,000 shall be set aside for invest-  
19 ments in transportation at Indian reservations and  
20 Federal lands in accordance with the following:.

21 (A) Of the funds set aside by this para-  
22 graph, \$310,000,000 shall be for the Indian  
23 Reservation Roads program, \$170,000,000  
24 shall be for the Park Roads and Parkways pro-  
25 gram, \$60,000,000 shall be for the Forest

1 Highway Program, and \$10,000,000 shall be  
2 for the Refuge Roads program.

3 (B) For investments at Indian reservations  
4 and Federal lands, priority shall be given to  
5 capital investments, and to projects and activi-  
6 ties that can be completed within 2 years of en-  
7 actment of this Act.

8 (C) One year following the enactment of  
9 this Act, to ensure the prompt use of the fund-  
10 ing provided for investments at Indian reserva-  
11 tions and Federal lands, the Secretary shall  
12 have the authority to redistribute unobligated  
13 funds within the respective program for which  
14 the funds were appropriated.

15 (D) Up to four percent of the funding pro-  
16 vided for Indian Reservation Roads may be  
17 used by the Secretary of the Interior for pro-  
18 gram management and oversight and project-re-  
19 lated administrative expenses.

20 (E) Section 134(f)(3)(C)(ii)(II) of title 23,  
21 United States Code, shall not apply to funds set  
22 aside by this paragraph.

23 (11) JOB TRAINING.—Of the funds provided  
24 under this subsection, \$50,000,000 shall be set aside  
25 for the development and administration of transpor-

1 tation training programs under section 140(b) title  
2 23, United States Code.

3 (A) Funds set aside under this subsection  
4 shall be competitively awarded and used for the  
5 purpose of providing training, apprenticeship  
6 (including Registered Apprenticeship), skill de-  
7 velopment, and skill improvement programs, as  
8 well as summer transportation institutes and  
9 may be transferred to, or administered in part-  
10 nership with, the Secretary of Labor and shall  
11 demonstrate to the Secretary of Transportation  
12 program outcomes, including—

13 (i) impact on areas with transpor-  
14 tation workforce shortages;

15 (ii) diversity of training participants;

16 (iii) number of participants obtaining  
17 certifications or credentials required for  
18 specific types of employment;

19 (iv) employment outcome metrics,  
20 such as job placement and job retention  
21 rates, established in consultation with the  
22 Secretary of Labor and consistent with  
23 metrics used by programs under the Work-  
24 force Investment Act;

1 (v) to the extent practical, evidence  
2 that the program did not preclude workers  
3 that participate in training or apprentice-  
4 ship activities under the program from  
5 being referred to, or hired on, projects  
6 funded under this chapter; and

7 (vi) identification of areas of collabo-  
8 ration with the Department of Labor pro-  
9 grams, including co-enrollment.

10 (B) To be eligible to receive a competitively  
11 awarded grant under this subsection, a State  
12 must certify that at least 0.1 percent of the  
13 amounts apportioned under the Surface Trans-  
14 portation Program and Bridge Program will be  
15 obligated in the first fiscal year after enactment  
16 of this act for job training activities consistent  
17 with section 140(b) of title 23, United States  
18 Code.

19 (12) DISADVANTAGED BUSINESS ENTER-  
20 PRISES.—Of the funds provided under this sub-  
21 section, \$10,000,000 shall be set aside for training  
22 programs and assistance programs under section  
23 140(c) of title 23, United States Code. Funds set  
24 aside under this paragraph should be allocated to

1 businesses that have proven success in adding staff  
2 while effectively completing projects.

3 (13) STATE PLANNING AND OVERSIGHT EX-  
4 PENSES.—Of amounts apportioned under paragraph  
5 (4) of this subsection, a State may use up to 0.5  
6 percent for activities related to projects funded  
7 under this subsection, including activities eligible  
8 under sections 134 and 135 of title 23, United  
9 States Code, State administration of subgrants, and  
10 State oversight of subrecipients.

11 (14) CONDITIONS.—

12 (A) Funds made available under this sub-  
13 section shall be administered as if apportioned  
14 under chapter 1 of title 23, United States Code,  
15 except for funds made available for investments  
16 in transportation at Indian reservations and  
17 Federal lands, and for the territorial highway  
18 program, which shall be administered in accord-  
19 ance with chapter 2 of title 23, United States  
20 Code, and except for funds made available for  
21 disadvantaged business enterprises bonding as-  
22 sistance, which shall be administered in accord-  
23 ance with chapter 3 of title 49, United States  
24 Code.



1           (B) Funds made available under this sub-  
2           section shall not be obligated for the purposes  
3           authorized under section 115(b) of title 23,  
4           United States Code.

5           (C) Funding provided under this sub-  
6           section shall be in addition to any and all funds  
7           provided for fiscal years 2011 and 2012 in any  
8           other Act for “Federal-aid Highways” and shall  
9           not affect the distribution of funds provided for  
10          “Federal-aid Highways” in any other Act.

11          (D) Section 1101(b) of Public Law 109–59  
12          shall apply to funds apportioned under this sub-  
13          section.

14          (15) OVERSIGHT.—The Administrator of the  
15          Federal Highway Administration may set aside up  
16          to 0.15 percent of the funds provided under this  
17          subsection to fund the oversight by the Adminis-  
18          trator of projects and activities carried out with  
19          funds made available to the Federal Highway Ad-  
20          ministration in this Act, and such funds shall be  
21          available through September 30, 2015.

22          (d) CAPITAL ASSISTANCE FOR HIGH SPEED RAIL  
23          CORRIDORS AND INTERCITY PASSENGER RAIL SERV-  
24          ICE.—

1           (1) IN GENERAL.—There is made available to  
2           the Secretary of Transportation \$4,000,000,000 for  
3           grants for high-speed rail projects as authorized  
4           under sections 26104 and 26106 of title 49, United  
5           States Code, capital investment grants to support  
6           intercity passenger rail service as authorized under  
7           section 24406 of title 49, United States Code, and  
8           congestion grants as authorized under section 24105  
9           of title 49, United States Code, and to enter into co-  
10          operative agreements for these purposes as author-  
11          ized, except that the Administrator of the Federal  
12          Railroad Administration may retain up to one per-  
13          cent of the funds provided under this heading to  
14          fund the award and oversight by the Administrator  
15          of grants made under this subsection, which retained  
16          amount shall remain available for obligation until  
17          September 30, 2015.

18          (2) AVAILABILITY.—The amounts made avail-  
19          able under this subsection shall be available for obli-  
20          gation until the date that is two years after the date  
21          of the enactment of this Act. The Secretary shall ob-  
22          ligate amounts totaling not less than 50 percent of  
23          the funds made available within one year of enact-  
24          ment and obligate remaining amounts not later than  
25          two years after enactment.

1           (3) FEDERAL SHARE.—The Federal share pay-  
2           able of the costs for which a grant or cooperative  
3           agreements is made under this subsection shall be,  
4           at the option of the recipient, up to 100 percent.

5           (4) INTERIM GUIDANCE.—The Secretary shall  
6           issue interim guidance to applicants covering appli-  
7           cation procedures and administer the grants pro-  
8           vided under this subsection pursuant to that guid-  
9           ance until final regulations are issued.

10          (5) INTERCITY PASSENGER RAIL CORRIDORS.—  
11          Not less than 85 percent of the funds provided  
12          under this subsection shall be for cooperative agree-  
13          ments that lead to the development of entire seg-  
14          ments or phases of intercity or high-speed rail cor-  
15          ridors.

16          (6) CONDITIONS.—

17                (A) In addition to the provisions of title  
18                49, United States Code, that apply to each of  
19                the individual programs funded under this sub-  
20                section, subsections 24402(a)(2), 24402(i), and  
21                24403(a) and (c) of title 49, United States  
22                Code, shall also apply to the provision of funds  
23                provided under this subsection.

24                (B) A project need not be in a State rail  
25                plan developed under Chapter 227 of title 49,

1 United States Code, to be eligible for assistance  
2 under this subsection.

3 (C) Recipients of grants under this para-  
4 graph shall conduct all procurement trans-  
5 actions using such grant funds in a manner  
6 that provides full and open competition, as de-  
7 termined by the Secretary, in compliance with  
8 existing labor agreements.

9 (e) CAPITAL GRANTS TO THE NATIONAL RAILROAD  
10 PASSENGER CORPORATION.—

11 (1) IN GENERAL.—There is made available  
12 \$2,000,000,000 to enable the Secretary of Transpor-  
13 tation to make capital grants to the National Rail-  
14 road Passenger Corporation (Amtrak), as authorized  
15 by section 101(c) of the Passenger Rail Investment  
16 and Improvement Act of 2008 (Public Law 110–  
17 432).

18 (2) AVAILABILITY.—The amounts made avail-  
19 able under this subsection shall be available for obli-  
20 gation until the date that is two years after the date  
21 of the enactment of this Act. The Secretary shall ob-  
22 ligate amounts totaling not less than 50 percent of  
23 the funds made available within one year of enact-  
24 ment and obligate remaining amounts not later than  
25 two years after enactment.

1           (3) PROJECT PRIORITY.—The priority for the  
2 use of funds shall be given to projects for the repair,  
3 rehabilitation, or upgrade of railroad assets or infra-  
4 structure, and for capital projects that expand pas-  
5 senger rail capacity including the rehabilitation of  
6 rolling stock.

7           (4) CONDITIONS.—

8           (A) None of the funds under this sub-  
9 section shall be used to subsidize the operating  
10 losses of Amtrak.

11           (B) The funds provided under this sub-  
12 section shall be awarded not later than 90 days  
13 after the date of enactment of this Act.

14           (C) The Secretary shall take measures to  
15 ensure that projects funded under this sub-  
16 section shall be completed within 2 years of en-  
17 actment of this Act, and shall serve to supple-  
18 ment and not supplant planned expenditures for  
19 such activities from other Federal, State, local  
20 and corporate sources. The Secretary shall cer-  
21 tify to the House and Senate Committees on  
22 Appropriations in writing compliance with the  
23 preceding sentence.

24           (5) OVERSIGHT.—The Administrator of the  
25 Federal Railroad Administration may set aside 0.5

1 percent of the funds provided under this subsection  
2 to fund the oversight by the Administrator of  
3 projects and activities carried out with funds made  
4 available in this subsection, and such funds shall be  
5 available through September 30, 2015.

6 (f) TRANSIT CAPITAL ASSISTANCE.—

7 (1) IN GENERAL.—There is made available to  
8 the Secretary of Transportation \$3,000,000,000 for  
9 grants for transit capital assistance grants as de-  
10 fined by section 5302(a)(1) of title 49, United  
11 States Code. Notwithstanding any provision of chap-  
12 ter 53 of title 49, however, a recipient of funding  
13 under this subsection may use up to 10 percent of  
14 the amount provided for the operating costs of  
15 equipment and facilities for use in public transpor-  
16 tation or for other eligible activities.

17 (2) FEDERAL SHARE; LIMITATION ON OBLIGA-  
18 TIONS.—The applicable requirements of chapter 53  
19 of title 49, United States Code, shall apply to fund-  
20 ing provided under this subsection, except that the  
21 Federal share of the costs for which any grant is  
22 made under this subsection shall be, at the option of  
23 the recipient, up to 100 percent. The amount made  
24 available under this subsection shall not be subject

1 to any limitation on obligations for transit programs  
2 set forth in any Act or chapter 53 of title 49.

3 (3) AVAILABILITY.—The amounts made avail-  
4 able under this subsection shall be available for obli-  
5 gation until the date that is two years after the date  
6 of the enactment of this Act. The Secretary shall ob-  
7 ligate amounts totaling not less than 50 percent of  
8 the funds made available within one year of enact-  
9 ment and obligate remaining amounts not later than  
10 two years after enactment.

11 (4) DISTRIBUTION OF FUNDS.—The Secretary  
12 of Transportation shall—

13 (A) provide 80 percent of the funds appro-  
14 priated under this subsection for grants under  
15 section 5307 of title 49, United States Code,  
16 and apportion such funds in accordance with  
17 section 5336 of such title;

18 (B) provide 10 percent of the funds appro-  
19 priated under this subsection in accordance  
20 with section 5340 of such title; and

21 (C) provide 10 percent of the funds appro-  
22 priated under this subsection for grants under  
23 section 5311 of title 49, United States Code,  
24 and apportion such funds in accordance with  
25 such section.

1           (5) APPORTIONMENT.—The funds apportioned  
2 under this subsection shall be apportioned not later  
3 than 21 days after the date of the enactment of this  
4 Act.

5           (6) REDISTRIBUTION.—

6           (A) The Secretary shall, 180 days fol-  
7 lowing the date of apportionment, withdraw  
8 from each urbanized area or State an amount  
9 equal to 50 percent of the funds apportioned to  
10 such urbanized areas or States less the amount  
11 of funding obligated, and the Secretary shall re-  
12 distribute such amounts to other urbanized  
13 areas or States that have had no funds with-  
14 drawn under this proviso utilizing whatever  
15 method he deems appropriate to ensure that all  
16 funds redistributed under this proviso shall be  
17 utilized promptly.

18           (B) One year following the date of appor-  
19 tionment, the Secretary shall withdraw from  
20 each urbanized area or State any unobligated  
21 funds, and the Secretary shall redistribute such  
22 amounts to other urbanized areas or States  
23 that have had no funds withdrawn under this  
24 proviso utilizing whatever method the Secretary  
25 deems appropriate to ensure that all funds re-



1 distributed under this proviso shall be utilized  
2 promptly.

3 (C) At the request of an urbanized area or  
4 State, the Secretary of Transportation may pro-  
5 vide an extension of such 1-year period if the  
6 Secretary determines that the urbanized area or  
7 State has encountered an unworkable bidding  
8 environment or other extenuating cir-  
9 cumstances. Before granting an extension, the  
10 Secretary shall notify in writing the Committee  
11 on Transportation and Infrastructure and the  
12 Committee on Banking, Housing and Urban  
13 Affairs, providing a thorough justification for  
14 the extension.

15 (7) CONDITIONS.—

16 (A) Of the funds provided for section 5311  
17 of title 49, United States Code, 2.5 percent  
18 shall be made available for section 5311(c)(1).

19 (B) Section 1101(b) of Public Law 109–59  
20 shall apply to funds appropriated under this  
21 subsection.

22 (C) The funds appropriated under this  
23 subsection shall not be comingled with any prior  
24 year funds.

1           (8) OVERSIGHT.—Notwithstanding any other  
2 provision of law, 0.3 percent of the funds provided  
3 for grants under section 5307 and section 5340, and  
4 0.3 percent of the funds provided for grants under  
5 section 5311, shall be available for administrative  
6 expenses and program management oversight, and  
7 such funds shall be available through September 30,  
8 2015.

9           (g) STATE OF GOOD REPAIR.—

10           (1) IN GENERAL.—There is made available to  
11 the Secretary of Transportation \$6,000,000,000 for  
12 capital expenditures as authorized by sections  
13 5309(b)(2) and (3) of title 49, United States Code.

14           (2) FEDERAL SHARE.—The applicable require-  
15 ments of chapter 53 of title 49, United States Code,  
16 shall apply, except that the Federal share of the  
17 costs for which a grant is made under this sub-  
18 section shall be, at the option of the recipient, up to  
19 100 percent.

20           (3) AVAILABILITY.—The amounts made avail-  
21 able under this subsection shall be available for obli-  
22 gation until the date that is two years after the date  
23 of the enactment of this Act. The Secretary shall ob-  
24 ligate amounts totaling not less than 50 percent of  
25 the funds made available within one year of enact-

1 ment and obligate remaining amounts not later than  
2 two years after enactment.

3 (4) DISTRIBUTION OF FUNDS.—

4 (A) The Secretary of Transportation shall  
5 apportion not less than 75 percent of the funds  
6 under this subsection for the modernization of  
7 fixed guideway systems, pursuant to the for-  
8 mula set forth in section 5336(b) title 49,  
9 United States Code, other than subsection  
10 (b)(2)(A)(ii).

11 (B) Of the funds appropriated under this  
12 subsection, not less than 25 percent shall be  
13 available for the restoration or replacement of  
14 existing public transportation assets related to  
15 bus systems, pursuant to the formula set forth  
16 in section 5336 other than subsection (b).

17 (5) APPORTIONMENT.—The funds made avail-  
18 able under this subsection shall be apportioned not  
19 later than 30 days after the date of the enactment  
20 of this Act.

21 (6) REDISTRIBUTION.—

22 (A) The Secretary shall, 180 days fol-  
23 lowing the date of apportionment, withdraw  
24 from each urbanized area an amount equal to  
25 50 percent of the funds apportioned to such ur-

1           banized area less the amount of funding obli-  
2           gated, and the Secretary shall redistribute such  
3           amounts to other urbanized areas that have had  
4           no funds withdrawn under this paragraph uti-  
5           lizing whatever method the Secretary deems ap-  
6           propriate to ensure that all funds redistributed  
7           under this paragraph shall be utilized promptly.

8           (B) One year following the date of appor-  
9           tionment, the Secretary shall withdraw from  
10          each urbanized area any unobligated funds, and  
11          the Secretary shall redistribute such amounts to  
12          other urbanized areas that have had no funds  
13          withdrawn under this paragraph, utilizing what-  
14          ever method the Secretary deems appropriate to  
15          ensure that all funds redistributed under this  
16          paragraph shall be utilized promptly.

17          (C) At the request of an urbanized area,  
18          the Secretary may provide an extension of the  
19          1-year period if the Secretary finds that the ur-  
20          banized area has encountered an unworkable  
21          bidding environment or other extenuating cir-  
22          cumstances. Before granting an extension, the  
23          Secretary shall notify the Committee on Trans-  
24          portation and Infrastructure and the Com-  
25          mittee on Banking, Housing, and Urban Af-

1           fairs, providing a thorough justification for the  
2           extension.

3           (7) CONDITIONS.—

4                   (A) The provisions of section 1101(b) of  
5           Public Law 109–59 shall apply to funds made  
6           available under this subsection.

7                   (B) The funds appropriated under this  
8           subsection shall not be commingled with any  
9           prior year funds.

10           (8) OVERSIGHT.—Notwithstanding any other  
11           provision of law, 0.3 percent of the funds under this  
12           subsection shall be available for administrative ex-  
13           penses and program management oversight and shall  
14           remain available for obligation until September 30,  
15           2015.

16           (h) TRANSPORTATION INFRASTRUCTURE GRANTS  
17           AND FINANCING.—

18                   (1) IN GENERAL.—There is made available to  
19           the Secretary of Transportation \$5,000,000,000 for  
20           capital investments in surface transportation infra-  
21           structure. The Secretary shall distribute funds pro-  
22           vided under this subsection as discretionary grants  
23           to be awarded to State and local governments or  
24           transit agencies on a competitive basis for projects

1 that will have a significant impact on the Nation, a  
2 metropolitan area, or a region.

3 (2) FEDERAL SHARE; LIMITATION ON OBLIGA-  
4 TIONS.—The Federal share payable of the costs for  
5 which a grant is made under this subsection, shall  
6 be 100 percent.

7 (3) AVAILABILITY.—The amounts made avail-  
8 able under this subsection shall be available for obli-  
9 gation until the date that is two years after the date  
10 of the enactment of this Act. The Secretary shall ob-  
11 ligate amounts totaling not less than 50 percent of  
12 the funds made available within one year of enact-  
13 ment and obligate remaining amounts not later than  
14 two years after enactment.

15 (4) PROJECT ELIGIBILITY.—Projects eligible for  
16 funding provided under this subsection include—

17 (A) highway or bridge projects eligible  
18 under title 23, United States Code, including  
19 interstate rehabilitation, improvements to the  
20 rural collector road system, the reconstruction  
21 of overpasses and interchanges, bridge replace-  
22 ments, seismic retrofit projects for bridges, and  
23 road realignments;

24 (B) public transportation projects eligible  
25 under chapter 53 of title 49, United States

1 Code, including investments in projects partici-  
2 pating in the New Starts or Small Starts pro-  
3 grams that will expedite the completion of those  
4 projects and their entry into revenue service;

5 (C) passenger and freight rail transpor-  
6 tation projects; and

7 (D) port infrastructure investments, in-  
8 cluding projects that connect ports to other  
9 modes of transportation and improve the effi-  
10 ciency of freight movement.

11 (5) TIFIA PROGRAM.—The Secretary may  
12 transfer to the Federal Highway Administration  
13 funds made available under this subsection for the  
14 purpose of paying the subsidy and administrative  
15 costs of projects eligible for Federal credit assistance  
16 under chapter 6 of title 23, United States Code, if  
17 the Secretary finds that such use of the funds would  
18 advance the purposes of this subsection.

19 (6) PROJECT PRIORITY.—The Secretary shall  
20 give priority to projects that are expected to be com-  
21 pleted within 3 years of the date of the enactment  
22 of this Act.

23 (7) DEADLINE FOR ISSUANCE OF COMPETITION  
24 CRITERIA.—The Secretary shall publish criteria on  
25 which to base the competition for any grants award-

1 ed under this subsection not later than 90 days after  
2 enactment of this Act. The Secretary shall require  
3 applications for funding provided under this sub-  
4 section to be submitted not later than 180 days after  
5 the publication of the criteria, and announce all  
6 projects selected to be funded from such funds not  
7 later than 1 year after the date of the enactment of  
8 the Act.

9 (8) APPLICABILITY OF TITLE 40.—Each project  
10 conducted using funds provided under this sub-  
11 section shall comply with the requirements of sub-  
12 chapter IV of chapter 31 of title 40, United States  
13 Code.

14 (9) ADMINISTRATIVE EXPENSES.—The Sec-  
15 retary may retain up to one half of one percent of  
16 the funds provided under this subsection, and may  
17 transfer portions of those funds to the Administra-  
18 tors of the Federal Highway Administration, the  
19 Federal Transit Administration, the Federal Rail-  
20 road Administration and the Maritime Administra-  
21 tion, to fund the award and oversight of grants  
22 made under this subsection. Funds retained shall re-  
23 main available for obligation until September 30,  
24 2015.

25 (i) LOCAL HIRING.—



1           (1) IN GENERAL.—In the case of the funding  
2           made available under subsections (a) through (h) of  
3           this section, the Secretary of Transportation may es-  
4           tablish standards under which a contract for con-  
5           struction may be advertised that contains require-  
6           ments for the employment of individuals residing in  
7           or adjacent to any of the areas in which the work  
8           is to be performed to perform construction work re-  
9           quired under the contract, provided that—

10                   (A) all or part of the construction work  
11                   performed under the contract occurs in an area  
12                   designated by the Secretary as an area of high  
13                   unemployment, using data reported by the  
14                   United States Department of Labor, Bureau of  
15                   Labor Statistics;

16                   (B) the estimated cost of the project of  
17                   which the contract is a part is greater than \$10  
18                   million, except that the estimated cost of the  
19                   project in the case of construction funded under  
20                   subsection (c) shall be greater than \$50 million;  
21                   and

22                   (C) the recipient may not require the hir-  
23                   ing of individuals who do not have the nec-  
24                   essary skills to perform work in any craft or  
25                   trade; provided that the recipient may require

1 the hiring of such individuals if the recipient es-  
2 tablishes reasonable provisions to train such in-  
3 dividuals to perform any such work under the  
4 contract effectively.

5 (2) PROJECT STANDARDS.—

6 (A) IN GENERAL.—Any standards estab-  
7 lished by the Secretary under this section shall  
8 ensure that any requirements specified under  
9 subsection (c)(1)—

10 (i) do not compromise the quality of  
11 the project;

12 (ii) are reasonable in scope and appli-  
13 cation;

14 (iii) do not unreasonably delay the  
15 completion of the project; and

16 (iv) do not unreasonably increase the  
17 cost of the project;

18 (B) AVAILABLE PROGRAMS.—The Sec-  
19 retary shall make available to recipients the  
20 workforce development and training programs  
21 set forth in section 24604(e)(1)(D) of this title  
22 to assist recipients who wish to establish train-  
23 ing programs that satisfy the provisions of sec-  
24 tion (c)(1)(C). The Secretary of Labor shall  
25 make available its qualifying workforce and

1 training development programs to recipients  
2 who wish to establish training programs that  
3 satisfy the provisions of section (c)(1)(C).

4 (3) IMPLEMENTING REGULATIONS.—The Sec-  
5 retary shall promulgate final regulations to imple-  
6 ment the authority of this subsection.

7 (j) ADMINISTRATIVE PROVISIONS.—

8 (1) APPLICABILITY OF TITLE 40.—Each project  
9 conducted using funds provided under this subtitle  
10 shall comply with the requirements of subchapter IV  
11 of chapter 31 of title 40, United States Code.

12 (2) BUY AMERICAN.—Section 1605 of division  
13 A of the American Recovery and Reinvestment Act  
14 of 2009 (Public Law 111–5) applies to each project  
15 conducted using funds provided under this subtitle.

16 **Subtitle F—Building and Upgrad-**  
17 **ing Infrastructure for Long-**  
18 **Term Development**

19 **SEC. 242. SHORT TITLE.**

20 This subtitle may be cited as the “Building and Up-  
21 grading Infrastructure for Long-Term Development Act”.

22 **SEC. 243. FINDINGS AND PURPOSE.**

23 (a) FINDINGS.—Congress finds that—

24 (1) infrastructure has always been a vital ele-  
25 ment of the economic strength of the United States

1 and a key indicator of the international leadership of  
2 the United States;

3 (2) the Erie Canal, the Hoover Dam, the rail-  
4 roads, and the interstate highway system are all tes-  
5 taments to American ingenuity and have helped pro-  
6 pel and maintain the United States as the world's  
7 largest economy;

8 (3) according to the World Economic Forum's  
9 Global Competitiveness Report, the United States  
10 fell to second place in 2009, and dropped to fourth  
11 place overall in 2010, however, in the "Quality of  
12 overall infrastructure" category of the same report,  
13 the United States ranked twenty-third in the world;

14 (4) according to the World Bank's 2010 Logis-  
15 tic Performance Index, the capacity of countries to  
16 efficiently move goods and connect manufacturers  
17 and consumers with international markets is improv-  
18 ing around the world, and the United States now  
19 ranks seventh in the world in logistics-related infra-  
20 structure behind countries from both Europe and  
21 Asia;

22 (5) according to a January 2009 report from  
23 the University of Massachusetts/Alliance for Amer-  
24 ican Manufacturing entitled "Employment, Produc-

1 tivity and Growth,” infrastructure investment is a  
2 “highly effective engine of job creation”;

3 (6) according to the American Society of Civil  
4 Engineers, the current condition of the infrastruc-  
5 ture in the United States earns a grade point aver-  
6 age of D, and an estimated \$2,200,000,000,000 in-  
7 vestment is needed over the next 5 years to bring  
8 American infrastructure up to adequate condition;

9 (7) according to the National Surface Trans-  
10 portation Policy and Revenue Study Commission,  
11 \$225,000,000,000 is needed annually from all  
12 sources for the next 50 years to upgrade the United  
13 States surface transportation system to a state of  
14 good repair and create a more advanced system;

15 (8) the current infrastructure financing mecha-  
16 nisms of the United States, both on the Federal and  
17 State level, will fail to meet current and foreseeable  
18 demands and will create large funding gaps;

19 (9) published reports state that there may not  
20 be enough demand for municipal bonds to maintain  
21 the same level of borrowing at the same rates, re-  
22 sulting in significantly decreased infrastructure in-  
23 vestment at the State and local level;

24 (10) current funding mechanisms are not read-  
25 ily scalable and do not—

1 (A) serve large in-State or cross jurisdic-  
2 tion infrastructure projects, projects of regional  
3 or national significance, or projects that cross  
4 sector silos;

5 (B) sufficiently catalyze private sector in-  
6 vestment; or

7 (C) ensure the optimal return on public re-  
8 sources;

9 (11) although grant programs of the United  
10 States Government must continue to play a central  
11 role in financing the transportation, environment,  
12 and energy infrastructure needs of the United  
13 States, current and foreseeable demands on existing  
14 Federal, State, and local funding for infrastructure  
15 expansion clearly exceed the resources to support  
16 these programs by margins wide enough to prompt  
17 serious concerns about the United States ability to  
18 sustain long-term economic development, produc-  
19 tivity, and international competitiveness;

20 (12) the capital markets, including pension  
21 funds, private equity funds, mutual funds, sovereign  
22 wealth funds, and other investors, have a growing  
23 interest in infrastructure investment and represent  
24 hundreds of billions of dollars of potential invest-  
25 ment; and

1           (13) the establishment of a United States Gov-  
2           ernment-owned, independent, professionally managed  
3           institution that could provide credit support to quali-  
4           fied infrastructure projects of regional and national  
5           significance, making transparent merit-based invest-  
6           ment decisions based on the commercial viability of  
7           infrastructure projects, would catalyze the participa-  
8           tion of significant private investment capital.

9           (b) PURPOSE.—The purpose of this Act is to facili-  
10          tate investment in, and long-term financing of, economi-  
11          cally viable infrastructure projects of regional or national  
12          significance in a manner that both complements existing  
13          Federal, State, local, and private funding sources for these  
14          projects and introduces a merit-based system for financing  
15          such projects, in order to mobilize significant private sec-  
16          tor investment, create jobs, and ensure United States com-  
17          petitiveness through an institution that limits the need for  
18          ongoing Federal funding.

19          **SEC. 244. DEFINITIONS.**

20          For purposes of this Act, the following definitions  
21          shall apply:

22                  (1) AIFA.—The term “AIFA” means the  
23          American Infrastructure Financing Authority estab-  
24          lished under this Act.

1           (2) BLIND TRUST.—The term “blind trust”  
2 means a trust in which the beneficiary has no knowl-  
3 edge of the specific holdings and no rights over how  
4 those holdings are managed by the fiduciary of the  
5 trust prior to the dissolution of the trust.

6           (3) BOARD OF DIRECTORS.—The term “Board  
7 of Directors” means Board of Directors of AIFA.

8           (4) CHAIRPERSON.—The term “Chairperson”  
9 means the Chairperson of the Board of Directors of  
10 AIFA.

11           (5) CHIEF EXECUTIVE OFFICER.—The term  
12 “chief executive officer” means the chief executive  
13 officer of AIFA, appointed under section 247.

14           (6) COST.—The term “cost” has the same  
15 meaning as in section 502 of the Federal Credit Re-  
16 form Act of 1990 (2 U.S.C. 661a).

17           (7) DIRECT LOAN.—The term “direct loan” has  
18 the same meaning as in section 502 of the Federal  
19 Credit Reform Act of 1990 (2 U.S.C. 661a).

20           (8) ELIGIBLE ENTITY.—The term “eligible enti-  
21 ty” means an individual, corporation, partnership  
22 (including a public-private partnership), joint ven-  
23 ture, trust, State, or other non-Federal govern-  
24 mental entity, including a political subdivision or any  
25 other instrumentality of a State, or a revolving fund.



1 (9) INFRASTRUCTURE PROJECT.—

2 (A) IN GENERAL.—The term “eligible in-  
3 frastructure project” means any non-Federal  
4 transportation, water, or energy infrastructure  
5 project, or an aggregation of such infrastruc-  
6 ture projects, as provided in this Act.

7 (B) TRANSPORTATION INFRASTRUCTURE  
8 PROJECT.—The term “transportation infra-  
9 structure project” means the construction, al-  
10 teration, or repair, including the facilitation of  
11 intermodal transit, of the following subsectors:

- 12 (i) Highway or road.  
13 (ii) Bridge.  
14 (iii) Mass transit.  
15 (iv) Inland waterways.  
16 (v) Commercial ports.  
17 (vi) Airports.  
18 (vii) Air traffic control systems.  
19 (viii) Passenger rail, including high-  
20 speed rail.  
21 (ix) Freight rail systems.

22 (C) WATER INFRASTRUCTURE PROJECT.—  
23 The term “water infrastructure project” means  
24 the construction, consolidation, alteration, or  
25 repair of the following subsectors:

- 1 (i) Waterwaste treatment facility.
- 2 (ii) Storm water management system.
- 3 (iii) Dam.
- 4 (iv) Solid waste disposal facility.
- 5 (v) Drinking water treatment facility.
- 6 (vi) Levee.
- 7 (vii) Open space management system.

8 (D) ENERGY INFRASTRUCTURE

9 PROJECT.—The term “energy infrastructure  
10 project” means the construction, alteration, or  
11 repair of the following subsectors:

- 12 (i) Pollution reduced energy genera-  
13 tion.
- 14 (ii) Transmission and distribution.
- 15 (iii) Storage.
- 16 (iv) Energy efficiency enhancements  
17 for buildings, including public and com-  
18 mercial buildings.

19 (E) BOARD AUTHORITY TO MODIFY SUB-

20 SECTORS.—The Board of Directors may make  
21 modifications, at the discretion of the Board, to  
22 the subsectors described in this paragraph by a  
23 vote of not fewer than 5 of the voting members  
24 of the Board of Directors.

25 (10) INVESTMENT PROSPECTUS.—

1           (A) The term “investment prospectus”  
2 means the processes and publications described  
3 below that will guide the priorities and strategic  
4 focus for the Bank’s investments. The invest-  
5 ment prospectus shall follow rulemaking proce-  
6 dures under section 553 of title 5, United  
7 States Code.

8           (B) The Bank shall publish a detailed de-  
9 scription of its strategy in an Investment Pro-  
10 spectus within one year of the enactment of this  
11 subchapter. The Investment Prospectus shall—

12           (i) specify what the Bank shall con-  
13 sider significant to the economic competi-  
14 tiveness of the United States or a region  
15 thereof in a manner consistent with the  
16 primary objective;

17           (ii) specify the priorities and strategic  
18 focus of the Bank in forwarding its stra-  
19 tegic objectives and carrying out the Bank  
20 strategy;

21           (iii) specify the priorities and strategic  
22 focus of the Bank in promoting greater ef-  
23 ficiency in the movement of freight;

24           (iv) specify the priorities and strategic  
25 focus of the Bank in promoting the use of

1 innovation and best practices in the plan-  
2 ning, design, development and delivery of  
3 projects;

4 (v) describe in detail the framework  
5 and methodology for calculating applica-  
6 tion qualification scores and associated  
7 ranges as specified in this subchapter,  
8 along with the data to be requested from  
9 applicants and the mechanics of calcula-  
10 tions to be applied to that data to deter-  
11 mine qualification scores and ranges;

12 (vi) describe how selection criteria will  
13 be applied by the Chief Executive Officer  
14 in determining the competitiveness of an  
15 application and its qualification score and  
16 range relative to other current applications  
17 and previously funded applications; and

18 (vii) describe how the qualification  
19 score and range methodology and project  
20 selection framework are consistent with  
21 maximizing the Bank goals in both urban  
22 and rural areas.

23 (C) The Investment Prospectus and any  
24 subsequent updates thereto shall be approved

1 by a majority vote of the Board of Directors  
2 prior to publication.

3 (D) The Bank shall update the Investment  
4 Prospectus on every biennial anniversary of its  
5 original publication.

6 (11) INVESTMENT-GRADE RATING.—The term  
7 “investment-grade rating” means a rating of BBB  
8 minus, Baa3, or higher assigned to an infrastructure  
9 project by a ratings agency.

10 (12) LOAN GUARANTEE.—The term “loan guar-  
11 antee” has the same meaning as in section 502 of  
12 the Federal Credit Reform Act of 1990 (2 U.S.C.  
13 661a).

14 (13) PUBLIC-PRIVATE PARTNERSHIP.—The  
15 term “public-private partnership” means any eligible  
16 entity—

17 (A)(i) which is undertaking the develop-  
18 ment of all or part of an infrastructure project  
19 that will have a public benefit, pursuant to re-  
20 quirements established in one or more contracts  
21 between the entity and a State or an instru-  
22 mentality of a State; or

23 (ii) the activities of which, with respect to  
24 such an infrastructure project, are subject to

1 regulation by a State or any instrumentality of  
2 a State;

3 (B) which owns, leases, or operates or will  
4 own, lease, or operate, the project in whole or  
5 in part; and

6 (C) the participants in which include not  
7 fewer than 1 nongovernmental entity with sig-  
8 nificant investment and some control over the  
9 project or project vehicle.

10 (14) RURAL INFRASTRUCTURE PROJECT.—The  
11 term “rural infrastructure project” means an infra-  
12 structure project in a rural area, as that term is de-  
13 fined in section 343(a)(13)(A) of the Consolidated  
14 Farm and Rural Development Act (7 U.S.C.  
15 1991(a)(13)(A)).

16 (15) SECRETARY.—Unless the context other-  
17 wise requires, the term “Secretary” means the Sec-  
18 retary of the Treasury or the designee thereof.

19 (16) SENIOR MANAGEMENT.—The term “senior  
20 management” means the chief financial officer, chief  
21 risk officer, chief compliance officer, general counsel,  
22 chief lending officer, and chief operations officer of  
23 AIFA established under section 249, and such other  
24 officers as the Board of Directors may, by majority  
25 vote, add to senior management.

1           (17) STATE.—The term “State” includes the  
2           District of Columbia, Puerto Rico, Guam, American  
3           Samoa, the Virgin Islands, the Commonwealth of  
4           Northern Mariana Islands, and any other territory  
5           of the United States.

6           **PART I—AMERICAN INFRASTRUCTURE**

7           **FINANCING AUTHORITY**

8           **SEC. 245. ESTABLISHMENT AND GENERAL AUTHORITY OF**  
9           **AIFA.**

10          (a) ESTABLISHMENT OF AIFA.—The American In-  
11          frastructure Financing Authority is established as a whol-  
12          ly owned Government corporation.

13          (b) GENERAL AUTHORITY OF AIFA.—AIFA shall  
14          provide direct loans and loan guarantees to facilitate infra-  
15          structure projects that are both economically viable and  
16          of regional or national significance, and shall have such  
17          other authority, as provided in this Act.

18          (c) INCORPORATION.—

19                (1) IN GENERAL.—The Board of Directors first  
20                appointed shall be deemed the incorporator of AIFA,  
21                and the incorporation shall be held to have been ef-  
22                fected from the date of the first meeting of the  
23                Board of Directors.

24                (2) CORPORATE OFFICE.—AIFA shall—

1 (A) maintain an office in Washington, DC;

2 and

3 (B) for purposes of venue in civil actions,

4 be considered to be a resident of Washington,

5 DC.

6 (d) RESPONSIBILITY OF THE SECRETARY.—The Sec-  
7 retary shall take such action as may be necessary to assist  
8 in implementing AIFA, and in carrying out the purpose  
9 of this Act.

10 (e) RULE OF CONSTRUCTION.—Chapter 91 of title  
11 31, United States Code, does not apply to AIFA, unless  
12 otherwise specifically provided in this Act.

13 **SEC. 246. VOTING MEMBERS OF THE BOARD OF DIREC-**  
14 **TORS.**

15 (a) VOTING MEMBERSHIP OF THE BOARD OF DIREC-  
16 TORS.—

17 (1) IN GENERAL.—AIFA shall have a Board of  
18 Directors consisting of 7 voting members appointed  
19 by the President, by and with the advice and consent  
20 of the Senate, not more than 4 of whom shall be  
21 from the same political party.

22 (2) CHAIRPERSON.—One of the voting members  
23 of the Board of Directors shall be designated by the  
24 President to serve as Chairperson thereof.



1           (3) CONGRESSIONAL RECOMMENDATIONS.—Not  
2 later than 30 days after the date of enactment of  
3 this Act, the majority leader of the Senate, the mi-  
4 nority leader of the Senate, the Speaker of the  
5 House of Representatives, and the minority leader of  
6 the House of Representatives shall each submit a  
7 recommendation to the President for appointment of  
8 a member of the Board of Directors, after consulta-  
9 tion with the appropriate committees of Congress.

10          (b) VOTING RIGHTS.—Each voting member of the  
11 Board of Directors shall have an equal vote in all decisions  
12 of the Board of Directors.

13          (c) QUALIFICATIONS OF VOTING MEMBERS.—Each  
14 voting member of the Board of Directors shall—

15               (1) be a citizen of the United States; and

16               (2) have significant demonstrated expertise in—

17                       (A) the management and administration of  
18 a financial institution relevant to the operation  
19 of AIFA; or a public financial agency or author-  
20 ity;

21                       (B) the financing, development, or oper-  
22 ation of infrastructure projects; or

23                       (C) analyzing the economic benefits of in-  
24 frastructure investment.

25          (d) TERMS.—

1           (1) IN GENERAL.—Except as otherwise pro-  
2           vided in this Act, each voting member of the Board  
3           of Directors shall be appointed for a term of 4 years.

4           (2) INITIAL STAGGERED TERMS.—Of the voting  
5           members first appointed to the Board of Directors—

6                   (A) the initial Chairperson and 3 of the  
7                   other voting members shall each be appointed  
8                   for a term of 4 years; and

9                   (B) the remaining 3 voting members shall  
10                  each be appointed for a term of 2 years.

11          (3) DATE OF INITIAL NOMINATIONS.—The ini-  
12          tial nominations for the appointment of all voting  
13          members of the Board of Directors shall be made  
14          not later than 60 days after the date of enactment  
15          of this Act.

16          (4) BEGINNING OF TERM.—The term of each of  
17          the initial voting members appointed under this sec-  
18          tion shall commence immediately upon the date of  
19          appointment, except that, for purposes of calculating  
20          the term limits specified in this subsection, the ini-  
21          tial terms shall each be construed as beginning on  
22          January 22 of the year following the date of the ini-  
23          tial appointment.

24          (5) VACANCIES.—A vacancy in the position of  
25          a voting member of the Board of Directors shall be

1 filled by the President, and a member appointed to  
2 fill a vacancy on the Board of Directors occurring  
3 before the expiration of the term for which the pre-  
4 cessor was appointed shall be appointed only for  
5 the remainder of that term.

6 (e) MEETINGS.—

7 (1) OPEN TO THE PUBLIC; NOTICE.—Except as  
8 provided in paragraph (3), all meetings of the Board  
9 of Directors shall be—

10 (A) open to the public; and

11 (B) preceded by reasonable public notice.

12 (2) FREQUENCY.—The Board of Directors shall  
13 meet not later than 60 days after the date on which  
14 all members of the Board of Directors are first ap-  
15 pointed, at least quarterly thereafter, and otherwise  
16 at the call of either the Chairperson or 5 voting  
17 members of the Board of Directors.

18 (3) EXCEPTION FOR CLOSED MEETINGS.—The  
19 voting members of the Board of Directors may, by  
20 majority vote, close a meeting to the public if, dur-  
21 ing the meeting to be closed, there is likely to be dis-  
22 closed proprietary or sensitive information regarding  
23 an infrastructure project under consideration for as-  
24 sistance under this Act. The Board of Directors  
25 shall prepare minutes of any meeting that is closed

1 to the public, and shall make such minutes available  
2 as soon as practicable, not later than 1 year after  
3 the date of the closed meeting, with any necessary  
4 redactions to protect any proprietary or sensitive in-  
5 formation.

6 (4) QUORUM.—For purposes of meetings of the  
7 Board of Directors, 5 voting members of the Board  
8 of Directors shall constitute a quorum.

9 (f) COMPENSATION OF MEMBERS.—Each voting  
10 member of the Board of Directors shall be compensated  
11 at a rate equal to the daily equivalent of the annual rate  
12 of basic pay prescribed for level III of the Executive  
13 Schedule under section 5314 of title 5, United States  
14 Code, for each day (including travel time) during which  
15 the member is engaged in the performance of the duties  
16 of the Board of Directors.

17 (g) CONFLICTS OF INTEREST.—A voting member of  
18 the Board of Directors may not participate in any review  
19 or decision affecting an infrastructure project under con-  
20 sideration for assistance under this Act, if the member has  
21 or is affiliated with an entity who has a financial interest  
22 in such project.

23 **SEC. 247. CHIEF EXECUTIVE OFFICER OF AIFA.**

24 (a) IN GENERAL.—The chief executive officer of  
25 AIFA shall be a nonvoting member of the Board of Direc-

1 tors, who shall be responsible for all activities of AIFA,  
2 and shall support the Board of Directors as set forth in  
3 this Act and as the Board of Directors deems necessary  
4 or appropriate.

5 (b) APPOINTMENT AND TENURE OF THE CHIEF EX-  
6 ECUTIVE OFFICER.—

7 (1) IN GENERAL.—The President shall appoint  
8 the chief executive officer, by and with the advice  
9 and consent of the Senate.

10 (2) TERM.—The chief executive officer shall be  
11 appointed for a term of 6 years.

12 (3) VACANCIES.—Any vacancy in the office of  
13 the chief executive officer shall be filled by the Presi-  
14 dent, and the person appointed to fill a vacancy in  
15 that position occurring before the expiration of the  
16 term for which the predecessor was appointed shall  
17 be appointed only for the remainder of that term.

18 (c) QUALIFICATIONS.—The chief executive officer—

19 (1) shall have significant expertise in manage-  
20 ment and administration of a financial institution,  
21 or significant expertise in the financing and develop-  
22 ment of infrastructure projects, or significant exper-  
23 tise in analyzing the economic benefits of infrastruc-  
24 ture investment; and

25 (2) may not—

1 (A) hold any other public office;

2 (B) have any financial interest in an infra-  
3 structure project then being considered by the  
4 Board of Directors, unless that interest is  
5 placed in a blind trust; or

6 (C) have any financial interest in an in-  
7 vestment institution or its affiliates or any  
8 other entity seeking or likely to seek financial  
9 assistance for any infrastructure project from  
10 AIFA, unless any such interest is placed in a  
11 blind trust for the tenure of the service of the  
12 chief executive officer plus 2 additional years.

13 (d) RESPONSIBILITIES.—The chief executive officer  
14 shall have such executive functions, powers, and duties as  
15 may be prescribed by this Act, the bylaws of AIFA, or  
16 the Board of Directors, including—

17 (1) responsibility for the development and im-  
18 plementation of the strategy of AIFA, including—

19 (A) the development and submission to the  
20 Board of Directors of the investment pro-  
21 spectus, the annual business plans and budget;

22 (B) the development and submission to the  
23 Board of Directors of a long-term strategic  
24 plan; and

1 (C) the development, revision, and submis-  
2 sion to the Board of Directors of internal poli-  
3 cies; and

4 (2) responsibility for the management and over-  
5 sight of the daily activities, decisions, operations,  
6 and personnel of AIFA, including—

7 (A) the appointment of senior manage-  
8 ment, subject to approval by the voting mem-  
9 bers of the Board of Directors, and the hiring  
10 and termination of all other AIFA personnel;

11 (B) requesting the detail, on a reimburs-  
12 able basis, of personnel from any Federal agen-  
13 cy having specific expertise not available from  
14 within AIFA, following which request the head  
15 of the Federal agency may detail, on a reim-  
16 bursable basis, any personnel of such agency  
17 reasonably requested by the chief executive offi-  
18 cer;

19 (C) assessing and recommending in the  
20 first instance, for ultimate approval or dis-  
21 approval by the Board of Directors, compensa-  
22 tion and adjustments to compensation of senior  
23 management and other personnel of AIFA as  
24 may be necessary for carrying out the functions  
25 of AIFA;

1 (D) ensuring, in conjunction with the gen-  
2 eral counsel of AIFA, that all activities of  
3 AIFA are carried out in compliance with appli-  
4 cable law;

5 (E) overseeing the involvement of AIFA in  
6 all projects, including—

7 (i) developing eligible projects for  
8 AIFA financial assistance;

9 (ii) determining the terms and condi-  
10 tions of all financial assistance packages;

11 (iii) monitoring all infrastructure  
12 projects assisted by AIFA, including re-  
13 sponsibility for ensuring that the proceeds  
14 of any loan made, guaranteed, or partici-  
15 pated in are used only for the purposes for  
16 which the loan or guarantee was made;

17 (iv) preparing and submitting for ap-  
18 proval by the Board of Directors the docu-  
19 ments required under paragraph (1); and

20 (v) ensuring the implementation of de-  
21 cisions of the Board of Directors; and

22 (F) such other activities as may be nec-  
23 essary or appropriate in carrying out this Act.

24 (e) COMPENSATION.—



1           (1) IN GENERAL.—Any compensation assess-  
 2           ment or recommendation by the chief executive offi-  
 3           cer under this section shall be without regard to the  
 4           provisions of chapter 51 or subchapter III of chapter  
 5           53 of title 5, United States Code.

6           (2) CONSIDERATIONS.—The compensation as-  
 7           sessment or recommendation required under this  
 8           subsection shall take into account merit principles,  
 9           where applicable, as well as the education, experi-  
 10          ence, level of responsibility, geographic differences,  
 11          and retention and recruitment needs in determining  
 12          compensation of personnel.

13 **SEC. 248. POWERS AND DUTIES OF THE BOARD OF DIREC-**  
 14   **TORS.**

15           The Board of Directors shall—

16           (1) as soon as is practicable after the date on  
 17           which all members are appointed, approve or dis-  
 18           approve senior management appointed by the chief  
 19           executive officer;

20           (2) not later than 180 days after the date on  
 21           which all members are appointed—

22                                   (A) develop and approve the bylaws of  
 23                                   AIFA, including bylaws for the regulation of  
 24                                   the affairs and conduct of the business of

1 AIFA, consistent with the purpose, goals, objec-  
2 tives, and policies set forth in this Act;

3 (B) establish subcommittees, including an  
4 audit committee that is composed solely of  
5 members of the Board of Directors who are  
6 independent of the senior management of  
7 AIFA;

8 (C) develop and approve, in consultation  
9 with senior management, a conflict-of-interest  
10 policy for the Board of Directors and for senior  
11 management;

12 (D) approve or disapprove internal policies  
13 that the chief executive officer shall submit to  
14 the Board of Directors, including—

15 (i) policies regarding the loan applica-  
16 tion and approval process, including—

17 (I) disclosure and application  
18 procedures to be followed by entities  
19 in the course of nominating infra-  
20 structure projects for assistance under  
21 this Act;

22 (II) guidelines for the selection  
23 and approval of projects;

1 (III) specific criteria for deter-  
2 mining eligibility for project selection,  
3 consistent with title II; and

4 (IV) standardized terms and con-  
5 ditions, fee schedules, or legal require-  
6 ments of a contract or program, so as  
7 to carry out this Act; and

8 (ii) operational guidelines; and

9 (E) approve or disapprove a multi-year or  
10 1-year business plan and budget for AIFA;

11 (3) ensure that AIFA is at all times operated  
12 in a manner that is consistent with this Act, by—

13 (A) monitoring and assessing the effective-  
14 ness of AIFA in achieving its strategic goals;

15 (B) periodically reviewing internal policies;

16 (C) reviewing and approving annual busi-  
17 ness plans, annual budgets, and long-term  
18 strategies submitted by the chief executive offi-  
19 cer;

20 (D) reviewing and approving annual re-  
21 ports submitted by the chief executive officer;

22 (E) engaging one or more external audi-  
23 tors, as set forth in this Act; and

24 (F) reviewing and approving all changes to  
25 the organization of senior management;

1           (4) appoint and fix, by a vote of 5 of the 7 vot-  
2           ing members of the Board of Directors, and without  
3           regard to the provisions of chapter 51 or subchapter  
4           III of chapter 53 of title 5, United States Code, the  
5           compensation and adjustments to compensation of  
6           all AIFA personnel, provided that in appointing and  
7           fixing any compensation or adjustments to com-  
8           pensation under this paragraph, the Board shall—

9                   (A) consult with, and seek to maintain  
10                  comparability with, other comparable Federal  
11                  personnel;

12                  (B) consult with the Office of Personnel  
13                  Management; and

14                  (C) carry out such duties consistent with  
15                  merit principles, where applicable, as well as the  
16                  education, experience, level of responsibility, ge-  
17                  ographic differences, and retention and recruit-  
18                  ment needs in determining compensation of per-  
19                  sonnel;

20           (5) establish such other criteria, requirements,  
21           or procedures as the Board of Directors may con-  
22           sider to be appropriate in carrying out this Act;

23           (6) serve as the primary liaison for AIFA in  
24           interactions with Congress, the Executive Branch,  
25           and State and local governments, and to represent

1 the interests of AIFA in such interactions and oth-  
2 ers;

3 (7) approve by a vote of 5 of the 7 voting mem-  
4 bers of the Board of Directors any changes to the  
5 bylaws or internal policies of AIFA;

6 (8) have the authority and responsibility—

7 (A) to oversee entering into and carry out  
8 such contracts, leases, cooperative agreements,  
9 or other transactions as are necessary to carry  
10 out this Act with—

11 (i) any Federal department or agency;

12 (ii) any State, territory, or possession  
13 (or any political subdivision thereof, includ-  
14 ing State infrastructure banks) of the  
15 United States; and

16 (iii) any individual, public-private  
17 partnership, firm, association, or corpora-  
18 tion;

19 (B) to approve of the acquisition, lease,  
20 pledge, exchange, and disposal of real and per-  
21 sonal property by AIFA and otherwise approve  
22 the exercise by AIFA of all of the usual inci-  
23 dents of ownership of property, to the extent  
24 that the exercise of such powers is appropriate  
25 to and consistent with the purposes of AIFA;

1 (C) to determine the character of, and the  
2 necessity for, the obligations and expenditures  
3 of AIFA, and the manner in which the obliga-  
4 tions and expenditures will be incurred, allowed,  
5 and paid, subject to this Act and other Federal  
6 law specifically applicable to wholly owned Fed-  
7 eral corporations;

8 (D) to execute, in accordance with applica-  
9 ble bylaws and regulations, appropriate instru-  
10 ments;

11 (E) to approve other forms of credit en-  
12 hancement that AIFA may provide to eligible  
13 projects, as long as the forms of credit enhance-  
14 ments are consistent with the purposes of this  
15 Act and terms set forth in title II;

16 (F) to exercise all other lawful powers  
17 which are necessary or appropriate to carry out,  
18 and are consistent with, the purposes of AIFA;

19 (G) to sue or be sued in the corporate ca-  
20 pacity of AIFA in any court of competent juris-  
21 diction;

22 (H) to indemnify the members of the  
23 Board of Directors and officers of AIFA for  
24 any liabilities arising out of the actions of the  
25 members and officers in such capacity, in ac-

1 cordance with, and subject to the limitations  
2 contained in this Act;

3 (I) to review all financial assistance pack-  
4 ages to all eligible infrastructure projects, as  
5 submitted by the chief executive officer and to  
6 approve, postpone, or deny the same by major-  
7 ity vote;

8 (J) to review all restructuring proposals  
9 submitted by the chief executive officer, includ-  
10 ing assignation, pledging, or disposal of the in-  
11 terest of AIFA in a project, including payment  
12 or income from any interest owned or held by  
13 AIFA, and to approve, postpone, or deny the  
14 same by majority vote; and

15 (K) to enter into binding commitments, as  
16 specified in approved financial assistance pack-  
17 ages;

18 (9) delegate to the chief executive officer those  
19 duties that the Board of Directors deems appro-  
20 priate, to better carry out the powers and purposes  
21 of the Board of Directors under this section; and

22 (10) to approve a maximum aggregate amount  
23 of outstanding obligations of AIFA at any given  
24 time, taking into consideration funding, and the size

1 of AIFA's addressable market for infrastructure  
2 projects.

3 **SEC. 249. SENIOR MANAGEMENT.**

4 (a) IN GENERAL.—Senior management shall support  
5 the chief executive officer in the discharge of the respon-  
6 sibilities of the chief executive officer.

7 (b) APPOINTMENT OF SENIOR MANAGEMENT.—The  
8 chief executive officer shall appoint such senior managers  
9 as are necessary to carry out the purpose of AIFA, as  
10 approved by a majority vote of the voting members of the  
11 Board of Directors.

12 (c) TERM.—Each member of senior management  
13 shall serve at the pleasure of the chief executive officer  
14 and the Board of Directors.

15 (d) REMOVAL OF SENIOR MANAGEMENT.—Any mem-  
16 ber of senior management may be removed, either by a  
17 majority of the voting members of the Board of Directors  
18 upon request by the chief executive officer, or otherwise  
19 by vote of not fewer than 5 voting members of the Board  
20 of Directors.

21 (e) SENIOR MANAGEMENT.—

22 (1) IN GENERAL.—Each member of senior  
23 management shall report directly to the chief execu-  
24 tive officer, other than the Chief Risk Officer, who  
25 shall report directly to the Board of Directors.



1 (2) DUTIES AND RESPONSIBILITIES.—

2 (A) CHIEF FINANCIAL OFFICER.—The  
3 Chief Financial Officer shall be responsible for  
4 all financial functions of AIFA, provided that,  
5 at the discretion of the Board of Directors, spe-  
6 cific functions of the Chief Financial Officer  
7 may be delegated externally.

8 (B) CHIEF RISK OFFICER.—The Chief  
9 Risk Officer shall be responsible for all func-  
10 tions of AIFA relating to—

11 (i) the creation of financial, credit,  
12 and operational risk management guide-  
13 lines and policies;

14 (ii) credit analysis for infrastructure  
15 projects;

16 (iii) the creation of conforming stand-  
17 ards for infrastructure finance agreements;

18 (iv) the monitoring of the financial,  
19 credit, and operational exposure of AIFA;  
20 and

21 (v) risk management and mitigation  
22 actions, including by reporting such ac-  
23 tions, or recommendations of such actions  
24 to be taken, directly to the Board of Direc-  
25 tors.

1 (C) CHIEF COMPLIANCE OFFICER.—The  
2 Chief Compliance Officer shall be responsible  
3 for all functions of AIFA relating to internal  
4 audits, accounting safeguards, and the enforce-  
5 ment of such safeguards and other applicable  
6 requirements.

7 (D) GENERAL COUNSEL.—The General  
8 Counsel shall be responsible for all functions of  
9 AIFA relating to legal matters and, in consulta-  
10 tion with the chief executive officer, shall be re-  
11 sponsible for ensuring that AIFA complies with  
12 all applicable law.

13 (E) CHIEF OPERATIONS OFFICER.—The  
14 Chief Operations Officer shall be responsible for  
15 all operational functions of AIFA, including  
16 those relating to the continuing operations and  
17 performance of all infrastructure projects in  
18 which AIFA retains an interest and for all  
19 AIFA functions related to human resources.

20 (F) CHIEF LENDING OFFICER.—The Chief  
21 Lending Officer shall be responsible for—

22 (i) all functions of AIFA relating to  
23 the development of project pipeline, finan-  
24 cial structuring of projects, selection of in-  
25 frastructure projects to be reviewed by the

1 Board of Directors, preparation of infra-  
2 structure projects to be presented to the  
3 Board of Directors, and set aside for rural  
4 infrastructure projects; and

5 (ii) the creation and management of—

6 (I) a Center for Excellence to  
7 provide technical assistance to public  
8 sector borrowers in the development  
9 and financing of infrastructure  
10 projects; and

11 (II) an Office of Rural Assistance  
12 to provide technical assistance in the  
13 development and financing of rural in-  
14 frastructure projects.

15 (iii) the establishment of guidelines to  
16 ensure diversification of lending activities  
17 by region, infrastructure project type, and  
18 project size.

19 (f) CHANGES TO SENIOR MANAGEMENT.—The Board  
20 of Directors, in consultation with the chief executive offi-  
21 cer, may alter the structure of the senior management of  
22 AIFA at any time to better accomplish the goals, objec-  
23 tives, and purposes of AIFA, provided that the functions  
24 of the Chief Financial Officer set forth in subsection (e)

1 remain separate from the functions of the Chief Risk Offi-  
2 cer set forth in subsection (e).

3 (g) CONFLICTS OF INTEREST.—No individual ap-  
4 pointed to senior management may—

5 (1) hold any other public office;

6 (2) have any financial interest in an infrastruc-  
7 ture project then being considered by the Board of  
8 Directors, unless that interest is placed in a blind  
9 trust; or

10 (3) have any financial interest in an investment  
11 institution or its affiliates, AIFA or its affiliates, or  
12 other entity then seeking or likely to seek financial  
13 assistance for any infrastructure project from AIFA,  
14 unless any such interest is placed in a blind trust  
15 during the term of service of that individual in a  
16 senior management position, and for a period of 2  
17 years thereafter.

18 **SEC. 250. SPECIAL INSPECTOR GENERAL FOR AIFA.**

19 (a) IN GENERAL.—During the first 5 operating years  
20 of AIFA, the Office of the Inspector General of the De-  
21 partment of the Treasury shall have responsibility for  
22 AIFA.

23 (b) OFFICE OF THE SPECIAL INSPECTOR GEN-  
24 ERAL.—Effective 5 years after the date of enactment of  
25 the commencement of the operations of AIFA, there is es-

1 tablished the Office of the Special Inspector General for  
2 AIFA.

3 (c) APPOINTMENT OF INSPECTOR GENERAL; RE-  
4 MOVAL.—

5 (1) HEAD OF OFFICE.—The head of the Office  
6 of the Special Inspector General for AIFA shall be  
7 the Special Inspector General for AIFA (in this Act  
8 referred to as the “Special Inspector General”), who  
9 shall be appointed by the President, by and with the  
10 advice and consent of the Senate.

11 (2) BASIS OF APPOINTMENT.—The appoint-  
12 ment of the Special Inspector General shall be made  
13 on the basis of integrity and demonstrated ability in  
14 accounting, auditing, financial analysis, law, man-  
15 agement analysis, public administration, or inves-  
16 tigation.

17 (3) TIMING OF NOMINATION.—The nomination  
18 of an individual as Special Inspector General shall  
19 be made as soon as is practicable after the effective  
20 date under subsection (b).

21 (4) REMOVAL.—The Special Inspector General  
22 shall be removable from office in accordance with  
23 the provisions of section 3(b) of the Inspector Gen-  
24 eral Act of 1978 (5 U.S.C. App.).

1           (5) RULE OF CONSTRUCTION.—For purposes of  
2 section 7324 of title 5, United States Code, the Spe-  
3 cial Inspector General shall not be considered an em-  
4 ployee who determines policies to be pursued by the  
5 United States in the nationwide administration of  
6 Federal law.

7           (6) RATE OF PAY.—The annual rate of basic  
8 pay of the Special Inspector General shall be the an-  
9 nual rate of basic pay for an Inspector General  
10 under section 3(e) of the Inspector General Act of  
11 1978 (5 U.S.C. App.).

12       (d) DUTIES.—

13           (1) IN GENERAL.—It shall be the duty of the  
14 Special Inspector General to conduct, supervise, and  
15 coordinate audits and investigations of the business  
16 activities of AIFA.

17           (2) OTHER SYSTEMS, PROCEDURES, AND CON-  
18 TROLS.—The Special Inspector General shall estab-  
19 lish, maintain, and oversee such systems, procedures,  
20 and controls as the Special Inspector General con-  
21 siders appropriate to discharge the duty under para-  
22 graph (1).

23           (3) ADDITIONAL DUTIES.—In addition to the  
24 duties specified in paragraphs (1) and (2), the In-  
25 spector General shall also have the duties and re-

1 responsibilities of inspectors general under the Inspec-  
2 tor General Act of 1978.

3 (e) POWERS AND AUTHORITIES.—

4 (1) IN GENERAL.—In carrying out the duties  
5 specified in subsection (c), the Special Inspector  
6 General shall have the authorities provided in section  
7 6 of the Inspector General Act of 1978.

8 (2) ADDITIONAL AUTHORITY.—The Special In-  
9 spector General shall carry out the duties specified  
10 in subsection (c)(1) in accordance with section  
11 4(b)(1) of the Inspector General Act of 1978.

12 (f) PERSONNEL, FACILITIES, AND OTHER RE-  
13 SOURCES.—

14 (1) ADDITIONAL OFFICERS.—

15 (A) The Special Inspector General may se-  
16 lect, appoint, and employ such officers and em-  
17 ployees as may be necessary for carrying out  
18 the duties of the Special Inspector General,  
19 subject to the provisions of title 5, United  
20 States Code, governing appointments in the  
21 competitive service, and the provisions of chap-  
22 ter 51 and subchapter III of chapter 53 of such  
23 title, relating to classification and General  
24 Schedule pay rates.

1           (B) The Special Inspector General may ex-  
2           ercise the authorities of subsections (b) through  
3           (i) of section 3161 of title 5, United States  
4           Code (without regard to subsection (a) of that  
5           section).

6           (2) RETENTION OF SERVICES.—The Special In-  
7           spector General may obtain services as authorized by  
8           section 3109 of title 5, United States Code, at daily  
9           rates not to exceed the equivalent rate prescribed for  
10          grade GS–15 of the General Schedule by section  
11          5332 of such title.

12          (3) ABILITY TO CONTRACT FOR AUDITS, STUD-  
13          IES, AND OTHER SERVICES.—The Special Inspector  
14          General may enter into contracts and other arrange-  
15          ments for audits, studies, analyses, and other serv-  
16          ices with public agencies and with private persons,  
17          and make such payments as may be necessary to  
18          carry out the duties of the Special Inspector Gen-  
19          eral.

20          (4) REQUEST FOR INFORMATION.—

21                (A) IN GENERAL.—Upon request of the  
22                Special Inspector General for information or as-  
23                sistance from any department, agency, or other  
24                entity of the Federal Government, the head of  
25                such entity shall, insofar as is practicable and



1 not in contravention of any existing law, furnish  
2 such information or assistance to the Special  
3 Inspector General, or an authorized designee.

4 (B) REFUSAL TO COMPLY.—Whenever in-  
5 formation or assistance requested by the Spe-  
6 cial Inspector General is, in the judgment of the  
7 Special Inspector General, unreasonably refused  
8 or not provided, the Special Inspector General  
9 shall report the circumstances to the Secretary  
10 of the Treasury, without delay.

11 (g) REPORTS.—

12 (1) ANNUAL REPORT.—Not later than 1 year  
13 after the confirmation of the Special Inspector Gen-  
14 eral, and every calendar year thereafter, the Special  
15 Inspector General shall submit to the President a re-  
16 port summarizing the activities of the Special In-  
17 spector General during the previous 1-year period  
18 ending on the date of such report.

19 (2) PUBLIC DISCLOSURES.—Nothing in this  
20 subsection shall be construed to authorize the public  
21 disclosure of information that is—

22 (A) specifically prohibited from disclosure  
23 by any other provision of law;

24 (B) specifically required by Executive order  
25 to be protected from disclosure in the interest

1 of national defense or national security or in  
2 the conduct of foreign affairs; or

3 (C) a part of an ongoing criminal inves-  
4 tigation.

5 **SEC. 251. OTHER PERSONNEL.**

6 Except as otherwise provided in the bylaws of AIFA,  
7 the chief executive officer, in consultation with the Board  
8 of Directors, shall appoint, remove, and define the duties  
9 of such qualified personnel as are necessary to carry out  
10 the powers, duties, and purpose of AIFA, other than sen-  
11 ior management, who shall be appointed in accordance  
12 with section 249.

13 **SEC. 252. COMPLIANCE.**

14 The provision of assistance by the Board of Directors  
15 pursuant to this Act shall not be construed as superseding  
16 any provision of State law or regulation otherwise applica-  
17 ble to an infrastructure project.

18 **PART II—TERMS AND LIMITATIONS ON DIRECT**

19 **LOANS AND LOAN GUARANTEES**

20 **SEC. 253. ELIGIBILITY CRITERIA FOR ASSISTANCE FROM**

21 **AIFA AND TERMS AND LIMITATIONS OF**

22 **LOANS.**

23 (a) IN GENERAL.—Any project whose use or purpose  
24 is private and for which no public benefit is created shall  
25 not be eligible for financial assistance from AIFA under

1 this Act. Financial assistance under this Act shall only  
2 be made available if the applicant for such assistance has  
3 demonstrated to the satisfaction of the Board of Directors  
4 that the infrastructure project for which such assistance  
5 is being sought—

6           (1) is not for the refinancing of an existing in-  
7           frastructure project; and

8           (2) meets—

9                   (A) any pertinent requirements set forth in  
10           this Act;

11                   (B) any criteria established by the Board  
12           of Directors or chief executive officer in accord-  
13           ance with this Act; and

14                   (C) the definition of a transportation infra-  
15           structure project, water infrastructure project,  
16           or energy infrastructure project.

17           (b) CONSIDERATIONS.—The criteria established by  
18           the Board of Directors pursuant to this Act shall provide  
19           adequate consideration of—

20                   (1) the economic, financial, technical, environ-  
21           mental, and public benefits and costs of each infra-  
22           structure project under consideration for financial  
23           assistance under this Act, prioritizing infrastructure  
24           projects that—

1 (A) contribute to regional or national eco-  
2 nomic growth;

3 (B) offer value for money to taxpayers;

4 (C) demonstrate a clear and significant  
5 public benefit;

6 (D) lead to job creation; and

7 (E) mitigate environmental concerns;

8 (2) the means by which development of the in-  
9 frastructure project under consideration is being fi-  
10 nanced, including—

11 (A) the terms, conditions, and structure of  
12 the proposed financing;

13 (B) the credit worthiness and standing of  
14 the project sponsors, providers of equity, and  
15 cofinanciers;

16 (C) the financial assumptions and projec-  
17 tions on which the infrastructure project is  
18 based; and

19 (D) whether there is sufficient State or  
20 municipal political support for the successful  
21 completion of the infrastructure project;

22 (3) the likelihood that the provision of assist-  
23 ance by AIFA will cause such development to pro-  
24 ceed more promptly and with lower costs than would  
25 be the case without such assistance;

1           (4) the extent to which the provision of assist-  
2           ance by AIFA maximizes the level of private invest-  
3           ment in the infrastructure project or supports a  
4           public-private partnership, while providing a signifi-  
5           cant public benefit;

6           (5) the extent to which the provision of assist-  
7           ance by AIFA can mobilize the participation of other  
8           financing partners in the infrastructure project;

9           (6) the technical and operational viability of the  
10          infrastructure project;

11          (7) the proportion of financial assistance from  
12          AIFA;

13          (8) the geographic location of the project in an  
14          effort to have geographic diversity of projects funded  
15          by AIFA;

16          (9) the size of the project and its impact on the  
17          resources of AIFA;

18          (10) the infrastructure sector of the project, in  
19          an effort to have projects from more than one sector  
20          funded by AIFA; and

21          (11) Encourages use of innovative procurement,  
22          asset management, or financing to minimize the all-  
23          in-life-cycle cost, and improve the cost-effectiveness  
24          of a project.

25          (c) APPLICATION.—

1           (1) IN GENERAL.—Any eligible entity seeking  
2 assistance from AIFA under this Act for an eligible  
3 infrastructure project shall submit an application to  
4 AIFA at such time, in such manner, and containing  
5 such information as the Board of Directors or the  
6 chief executive officer may require.

7           (2) REVIEW OF APPLICATIONS.—AIFA shall re-  
8 view applications for assistance under this Act on an  
9 ongoing basis. The chief executive officer, working  
10 with the senior management, shall prepare eligible  
11 infrastructure projects for review and approval by  
12 the Board of Directors.

13           (3) DEDICATED REVENUE SOURCES.—The Fed-  
14 eral credit instrument shall be repayable, in whole or  
15 in part, from tolls, user fees, or other dedicated rev-  
16 enue sources that also secure the infrastructure  
17 project obligations.

18           (d) ELIGIBLE INFRASTRUCTURE PROJECT COSTS.—

19           (1) IN GENERAL.—Except as provided in para-  
20 graph (2), to be eligible for assistance under this  
21 Act, an infrastructure project shall have project  
22 costs that are reasonably anticipated to equal or ex-  
23 ceed \$100,000,000.

24           (2) RURAL INFRASTRUCTURE PROJECTS.—To  
25 be eligible for assistance under this Act a rural in-

1       frastructure project shall have project costs that are  
2       reasonably anticipated to equal or exceed  
3       \$25,000,000.

4       (e) LOAN ELIGIBILITY AND MAXIMUM AMOUNTS.—

5             (1) IN GENERAL.—The amount of a direct loan  
6       or loan guarantee under this Act shall not exceed  
7       the lesser of 50 percent of the reasonably anticipated  
8       eligible infrastructure project costs or, if the direct  
9       loan or loan guarantee does not receive an invest-  
10      ment grade rating, the amount of the senior project  
11      obligations.

12            (2) MAXIMUM ANNUAL LOAN AND LOAN GUAR-  
13      ANTEE VOLUME.—The aggregate amount of direct  
14      loans and loan guarantees made by AIFA in any  
15      single fiscal year may not exceed—

16            (A) during the first 2 fiscal years of the  
17      operations of AIFA, \$10,000,000,000;

18            (B) during fiscal years 3 through 9 of the  
19      operations of AIFA, \$20,000,000,000; or

20            (C) during any fiscal year thereafter,  
21      \$50,000,000,000.

22       (f) STATE AND LOCAL PERMITS REQUIRED.—The  
23      provision of assistance by the Board of Directors pursuant  
24      to this Act shall not be deemed to relieve any recipient  
25      of such assistance, or the related infrastructure project,

1 of any obligation to obtain required State and local per-  
2 mits and approvals.

3 **SEC. 254. LOAN TERMS AND REPAYMENT.**

4 (a) IN GENERAL.—A direct loan or loan guarantee  
5 under this Act with respect to an eligible infrastructure  
6 project shall be on such terms, subject to such conditions,  
7 and contain such covenants, representations, warranties,  
8 and requirements (including requirements for audits) as  
9 the chief executive officer determines appropriate.

10 (b) TERMS.—A direct loan or loan guarantee under  
11 this Act—

12 (1) shall—

13 (A) be payable, in whole or in part, from  
14 tolls, user fees, or other dedicated revenue  
15 sources that also secure the senior project obli-  
16 gations (such as availability payments and dedi-  
17 cated State or local revenues); and

18 (B) include a rate covenant, coverage re-  
19 quirement, or similar security feature sup-  
20 porting the project obligations; and

21 (2) may have a lien on revenues described in  
22 paragraph (1), subject to any lien securing project  
23 obligations.

24 (c) BASE INTEREST RATE.—The base interest rate  
25 on a direct loan under this Act shall be not less than the



1 yield on United States Treasury obligations of a similar  
2 maturity to the maturity of the direct loan.

3 (d) RISK ASSESSMENT.—Before entering into an  
4 agreement for assistance under this Act, the chief execu-  
5 tive officer, in consultation with the Director of the Office  
6 of Management and Budget and considering rating agency  
7 preliminary or final rating opinion letters of the project  
8 under this section, shall estimate an appropriate Federal  
9 credit subsidy amount for each direct loan and loan guar-  
10 antee, taking into account such letter, as well as any com-  
11 parable market rates available for such a loan or loan  
12 guarantee, should any exist. The final credit subsidy cost  
13 for each loan and loan guarantee shall be determined con-  
14 sistent with the Federal Credit Reform Act, 2 U.S.C.  
15 661a, et seq.

16 (e) CREDIT FEE.—With respect to each agreement  
17 for assistance under this Act, the chief executive officer  
18 may charge a credit fee to the recipient of such assistance  
19 to pay for, over time, all or a portion of the Federal credit  
20 subsidy determined under subsection (d), with the remain-  
21 der paid by the account established for AIFA; provided,  
22 that the source of fees paid under this section shall not  
23 be a loan or debt obligation guaranteed by the Federal  
24 Government. In the case of a direct loan, such credit fee

1 shall be in addition to the base interest rate established  
2 under subsection (c).

3 (f) MATURITY DATE.—The final maturity date of a  
4 direct loan or loan guaranteed by AIFA under this Act  
5 shall be not later than 35 years after the date of substan-  
6 tial completion of the infrastructure project, as determined  
7 by the chief executive officer.

8 (g) RATING OPINION LETTER.—

9 (1) IN GENERAL.—The chief executive officer  
10 shall require each applicant for assistance under this  
11 Act to provide a rating opinion letter from at least  
12 1 ratings agency, indicating that the senior obliga-  
13 tions of the infrastructure project, which may be the  
14 Federal credit instrument, have the potential to  
15 achieve an investment-grade rating.

16 (2) RURAL INFRASTRUCTURE PROJECTS.—With  
17 respect to a rural infrastructure project, a rating  
18 agency opinion letter described in paragraph (1)  
19 shall not be required, except that the loan or loan  
20 guarantee shall receive an internal rating score,  
21 using methods similar to the ratings agencies gen-  
22 erated by AIFA, measuring the proposed direct loan  
23 or loan guarantee against comparable direct loans or  
24 loan guarantees of similar credit quality in a similar  
25 sector.

1 (h) INVESTMENT-GRADE RATING REQUIREMENT.—

2 (1) LOANS AND LOAN GUARANTEES.—The exe-  
3 cution of a direct loan or loan guarantee under this  
4 Act shall be contingent on the senior obligations of  
5 the infrastructure project receiving an investment-  
6 grade rating.

7 (2) RATING OF AIFA OVERALL PORTFOLIO.—  
8 The average rating of the overall portfolio of AIFA  
9 shall be not less than investment grade after 5 years  
10 of operation.

11 (i) TERMS AND REPAYMENT OF DIRECT LOANS.—

12 (1) SCHEDULE.—The chief executive officer  
13 shall establish a repayment schedule for each direct  
14 loan under this Act, based on the projected cash  
15 flow from infrastructure project revenues and other  
16 repayment sources.

17 (2) COMMENCEMENT.—Scheduled loan repay-  
18 ments of principal or interest on a direct loan under  
19 this Act shall commence not later than 5 years after  
20 the date of substantial completion of the infrastruc-  
21 ture project, as determined by the chief executive of-  
22 ficer of AIFA.

23 (3) DEFERRED PAYMENTS OF DIRECT  
24 LOANS.—

1 (A) AUTHORIZATION.—If, at any time  
2 after the date of substantial completion of an  
3 infrastructure project assisted under this Act,  
4 the infrastructure project is unable to generate  
5 sufficient revenues to pay the scheduled loan re-  
6 payments of principal and interest on the direct  
7 loan under this Act, the chief executive officer  
8 may allow the obligor to add unpaid principal  
9 and interest to the outstanding balance of the  
10 direct loan, if the result would benefit the tax-  
11 payer.

12 (B) INTEREST.—Any payment deferred  
13 under subparagraph (A) shall—

14 (i) continue to accrue interest, in ac-  
15 cordance with the terms of the obligation,  
16 until fully repaid; and

17 (ii) be scheduled to be amortized over  
18 the remaining term of the loan.

19 (C) CRITERIA.—

20 (i) IN GENERAL.—Any payment defer-  
21 ral under subparagraph (A) shall be con-  
22 tingent on the infrastructure project meet-  
23 ing criteria established by the Board of Di-  
24 rectors.

1 (ii) REPAYMENT STANDARDS.—The  
2 criteria established under clause (i) shall  
3 include standards for reasonable assurance  
4 of repayment.

5 (4) PREPAYMENT OF DIRECT LOANS.—

6 (A) USE OF EXCESS REVENUES.—Any ex-  
7 cess revenues that remain after satisfying  
8 scheduled debt service requirements on the in-  
9 frastructure project obligations and direct loan  
10 and all deposit requirements under the terms of  
11 any trust agreement, bond resolution, or similar  
12 agreement securing project obligations under  
13 this Act may be applied annually to prepay the  
14 direct loan, without penalty.

15 (B) USE OF PROCEEDS OF REFI-  
16 NANCING.—A direct loan under this Act may be  
17 prepaid at any time, without penalty, from the  
18 proceeds of refinancing from non-Federal fund-  
19 ing sources.

20 (5) SALE OF DIRECT LOANS.—

21 (A) IN GENERAL.—As soon as is prac-  
22 ticable after substantial completion of an infra-  
23 structure project assisted under this Act, and  
24 after notifying the obligor, the chief executive  
25 officer may sell to another entity, or reoffer into

1 the capital markets, a direct loan for the infra-  
2 structure project, if the chief executive officer  
3 determines that the sale or reoffering can be  
4 made on favorable terms for the taxpayer.

5 (B) CONSENT OF OBLIGOR.—In making a  
6 sale or reoffering under subparagraph (A), the  
7 chief executive officer may not change the origi-  
8 nal terms and conditions of the direct loan,  
9 without the written consent of the obligor.

10 (j) LOAN GUARANTEES.—

11 (1) TERMS.—The terms of a loan guaranteed  
12 by AIFA under this Act shall be consistent with the  
13 terms set forth in this section for a direct loan, ex-  
14 cept that the rate on the guaranteed loan and any  
15 payment, pre-payment, or refinancing features shall  
16 be negotiated between the obligor and the lender,  
17 with the consent of the chief executive officer.

18 (2) GUARANTEED LENDER.—A guaranteed  
19 lender shall be limited to those lenders meeting the  
20 definition of that term in section 601(a) of title 23,  
21 United States Code.

22 (k) COMPLIANCE WITH FCRA; IN GENERAL.—Di-  
23 rect loans and loan guarantees authorized by this Act shall  
24 be subject to the provisions of the Federal Credit Reform  
25 Act of 1990 (2 U.S.C. 661 et seq.), as amended.

1 **SEC. 255. COMPLIANCE AND ENFORCEMENT.**

2 (a) CREDIT AGREEMENT.—Notwithstanding any  
3 other provision of law, each eligible entity that receives  
4 assistance under this Act from AIFA shall enter into a  
5 credit agreement that requires such entity to comply with  
6 all applicable policies and procedures of AIFA, in addition  
7 to all other provisions of the loan agreement.

8 (b) AIFA AUTHORITY ON NONCOMPLIANCE.—In any  
9 case in which a recipient of assistance under this Act is  
10 materially out of compliance with the loan agreement, or  
11 any applicable policy or procedure of AIFA, the Board of  
12 Directors may take action to cancel unutilized loan  
13 amounts, or to accelerate the repayment terms of any out-  
14 standing obligation.

15 (c) Nothing in this Act is intended to affect existing  
16 provisions of law applicable to the planning, development,  
17 construction, or operation of projects funded under the  
18 Act.

19 **SEC. 256. AUDITS; REPORTS TO THE PRESIDENT AND CON-**  
20 **GRESS.**

21 (a) ACCOUNTING.—The books of account of AIFA  
22 shall be maintained in accordance with generally accepted  
23 accounting principles, and shall be subject to an annual  
24 audit by independent public accountants of nationally rec-  
25 ognized standing appointed by the Board of Directors.

26 (b) REPORTS.—

1           (1) BOARD OF DIRECTORS.—Not later than 90  
2 days after the last day of each fiscal year, the Board  
3 of Directors shall submit to the President and Con-  
4 gress a complete and detailed report with respect to  
5 the preceding fiscal year, setting forth—

6                   (A) a summary of the operations of AIFA,  
7 for such fiscal year;

8                   (B) a schedule of the obligations of AIFA  
9 and capital securities outstanding at the end of  
10 such fiscal year, with a statement of the  
11 amounts issued and redeemed or paid during  
12 such fiscal year;

13                   (C) the status of infrastructure projects re-  
14 ceiving funding or other assistance pursuant to  
15 this Act during such fiscal year, including all  
16 nonperforming loans, and including disclosure  
17 of all entities with a development, ownership, or  
18 operational interest in such infrastructure  
19 projects;

20                   (D) a description of the successes and  
21 challenges encountered in lending to rural com-  
22 munities, including the role of the Center for  
23 Excellence and the Office of Rural Assistance  
24 established under this Act; and



1           (E) an assessment of the risks of the port-  
2           folio of AIFA, prepared by an independent  
3           source.

4           (2) GAO.—Not later than 5 years after the  
5           date of enactment of this Act, the Comptroller Gen-  
6           eral of the United States shall conduct an evaluation  
7           of, and shall submit to Congress a report on, activi-  
8           ties of AIFA for the fiscal years covered by the re-  
9           port that includes an assessment of the impact and  
10          benefits of each funded infrastructure project, in-  
11          cluding a review of how effectively each such infra-  
12          structure project accomplished the goals prioritized  
13          by the infrastructure project criteria of AIFA.

14          (c) BOOKS AND RECORDS.—

15           (1) IN GENERAL.—AIFA shall maintain ade-  
16           quate books and records to support the financial  
17           transactions of AIFA, with a description of financial  
18           transactions and infrastructure projects receiving  
19           funding, and the amount of funding for each such  
20           project maintained on a publically accessible data-  
21           base.

22           (2) AUDITS BY THE SECRETARY AND GAO.—  
23           The books and records of AIFA shall at all times be  
24           open to inspection by the Secretary of the Treasury,

1 the Special Inspector General, and the Comptroller  
2 General of the United States.

3 **PART III—FUNDING OF AIFA**

4 **SEC. 257. ADMINISTRATIVE FEES.**

5 (a) IN GENERAL.—In addition to fees that may be  
6 collected under section 254(e), the chief executive officer  
7 shall establish and collect fees from eligible funding recipi-  
8 ents with respect to loans and loan guarantees under this  
9 Act that—

10 (1) are sufficient to cover all or a portion of the  
11 administrative costs to the Federal Government for  
12 the operations of AIFA, including the costs of expert  
13 firms, including counsel in the field of municipal and  
14 project finance, and financial advisors to assist with  
15 underwriting, credit analysis, or other independent  
16 reviews, as appropriate;

17 (2) may be in the form of an application or  
18 transaction fee, or other form established by the  
19 CEO; and

20 (3) may be based on the risk premium associ-  
21 ated with the loan or loan guarantee, taking into  
22 consideration—

23 (A) the price of United States Treasury  
24 obligations of a similar maturity;

25 (B) prevailing market conditions;

1 (C) the ability of the infrastructure project  
2 to support the loan or loan guarantee; and

3 (D) the total amount of the loan or loan  
4 guarantee;

5 (b) AVAILABILITY OF AMOUNTS.—Amounts collected  
6 under subsections (a)(1), (a)(2)(a)(3) shall be available  
7 without further action; provided further, that the source  
8 of fees paid under this section shall not be a loan or debt  
9 obligation guaranteed by the Federal Government.

10 **SEC. 258. EFFICIENCY OF AIFA.**

11 The chief executive officer shall, to the extent pos-  
12 sible, take actions consistent with this Act to minimize the  
13 risk and cost to the taxpayer of AIFA activities. Fees and  
14 premiums for loan guarantee or insurance coverage will  
15 be set at levels that minimize administrative and Federal  
16 credit subsidy costs to the Government, as defined in Sec-  
17 tion 502 of the Federal Credit Reform Act of 1990, as  
18 amended, of such coverage, while supporting achievement  
19 of the program's objectives, consistent with policies as set  
20 forth in the Business Plan.

21 **SEC. 259. FUNDING.**

22 There is hereby appropriated to AIFA to carry out  
23 this Act, for the cost of direct loans and loan guarantees  
24 subject to the limitations under section 253, and for ad-  
25 ministrative costs, \$10,000,000,000, to remain available

1 until expended; provided, that such costs, including the  
2 costs of modifying such loans, shall be as defined in sec-  
3 tion 502 of the Federal Credit Reform Act of 1990, as  
4 amended; provided further, that of this amount, not more  
5 than \$25,000,000 for each of fiscal years 2012 through  
6 2013, and not more than \$50,000,000 for fiscal year 2014  
7 may be used for administrative costs of AIFA; provided  
8 further, that not more than 5 percent of such amount shall  
9 be used to offset subsidy costs associated with rural  
10 projects. Amounts authorized shall be available without  
11 further action.

12 **PART IV—EXTENSION OF EXEMPTION FROM AL-**  
13 **TERNATIVE MINIMUM TAX TREATMENT FOR**  
14 **CERTAIN TAX-EXEMPT BONDS**

15 **SEC. 260. EXTENSION OF EXEMPTION FROM ALTERNATIVE**  
16 **MINIMUM TAX TREATMENT FOR CERTAIN**  
17 **TAX-EXEMPT BONDS.**

18 (a) IN GENERAL.—Clause (vi) of section 57(a)(5)(C)  
19 of the Internal Revenue Code of 1986 is amended—

20 (1) by striking “January 1, 2011” in subclause  
21 (I) and inserting “January 1, 2013”; and

22 (2) by striking “AND 2010” in the heading and  
23 inserting “, 2010, 2011, AND 2012”.

1 (b) ADJUSTED CURRENT EARNINGS.—Clause (iv) of  
2 section 56(g)(4)(B) of the Internal Revenue Code of 1986  
3 is amended—

4 (1) by striking “January 1, 2011” in subclause  
5 (I) and inserting “January 1, 2013”; and

6 (2) by striking “AND 2010” in the heading and  
7 inserting “, 2010, 2011, AND 2012”.

8 (c) EFFECTIVE DATE.—The amendments made by  
9 this section shall apply to obligations issued after Decem-  
10 ber 31, 2010.

## 11 **Subtitle G—Project Rebuild**

### 12 **SEC. 261. PROJECT REBUILD.**

13 (a) DIRECT APPROPRIATIONS.—There is appro-  
14 priated, out of any money in the Treasury not otherwise  
15 appropriated, \$15,000,000,000, to remain available until  
16 September 30, 2014, for assistance to eligible entities in-  
17 cluding States and units of general local government (as  
18 such terms are defined in section 102 of the Housing and  
19 Community Development Act of 1974 (42 U.S.C. 5302)),  
20 and qualified nonprofit organizations, businesses or con-  
21 sortia of eligible entities for the redevelopment of aban-  
22 doned and foreclosed-upon properties and for the stabiliza-  
23 tion of affected neighborhoods.

24 (b) ALLOCATION OF APPROPRIATED AMOUNTS.—

1           (1) IN GENERAL.—Of the amounts appro-  
2           priated, two thirds shall be allocated to States and  
3           units of general local government based on a funding  
4           formula established by the Secretary of Housing and  
5           Urban Development (in this subtitle referred to as  
6           the “Secretary”). Of the amounts appropriated, one  
7           third shall be distributed competitively to eligible en-  
8           tities.

9           (2) FORMULA TO BE DEVISED SWIFTLY.—The  
10          funding formula required under paragraph (1) shall  
11          be established and the Secretary shall announce for-  
12          mula funding allocations, not later than 30 days  
13          after the date of enactment of this section.

14          (3) FORMULA CRITERIA.—The Secretary may  
15          establish a minimum grant size, and the funding for-  
16          mula required under paragraph (1) shall ensure that  
17          any amounts appropriated or otherwise made avail-  
18          able under this section are allocated to States and  
19          units of general local government with the greatest  
20          need, as such need is determined in the discretion of  
21          the Secretary based on—

22                  (A) the number and percentage of home  
23                  foreclosures in each State or unit of general  
24                  local government;

1 (B) the number and percentage of homes  
2 in default or delinquency in each State or unit  
3 of general local government; and

4 (C) other factors such as established pro-  
5 gram designs, grantee capacity and perform-  
6 ance, number and percentage of commercial  
7 foreclosures, overall economic conditions, and  
8 other market needs data, as determined by the  
9 Secretary.

10 (4) COMPETITION CRITERIA.—

11 (A) For the funds distributed competi-  
12 tively, eligible entities shall be States, units of  
13 general local government, nonprofit entities,  
14 for-profit entities, and consortia of eligible enti-  
15 ties that demonstrate capacity to use funding  
16 within the period of this program.

17 (B) In selecting grantees, the Secretary  
18 shall ensure that grantees are in areas with the  
19 greatest number and percentage of residential  
20 and commercial foreclosures and other market  
21 needs data, as determined by the Secretary. Ad-  
22 ditional award criteria shall include dem-  
23 onstrated grantee capacity to execute projects  
24 involving acquisition and rehabilitation or rede-  
25 velopment of foreclosed residential and commer-

1           cial property and neighborhood stabilization, le-  
2           verage, knowledge of market conditions and of  
3           effective stabilization activities to address iden-  
4           tified conditions, and any additional factors de-  
5           termined by the Secretary.

6           (C) The Secretary may establish a min-  
7           imum grant size.

8           (D) The Secretary shall publish competi-  
9           tion criteria for any grants awarded under this  
10          heading not later than 60 days after appropria-  
11          tion of funds, and applications shall be due to  
12          the Secretary within 120 days.

13          (c) USE OF FUNDS.—

14           (1) OBLIGATION AND EXPENDITURE.—The Sec-  
15          retary shall obligate all funding within 150 days of  
16          enactment of this Act. Any eligible entity that re-  
17          ceives amounts pursuant to this section shall expend  
18          all funds allocated to it within three years of the  
19          date the funds become available to the grantee for  
20          obligation. Furthermore, the Secretary shall by No-  
21          tice establish intermediate expenditure benchmarks  
22          at the one and two year dates from the date the  
23          funds become available to the grantee for obligation.

24           (2) PRIORITIES.—



1 (A) JOB CREATION.—Each grantee or eli-  
2 gible entity shall describe how its proposed use  
3 of funds will prioritize job creation, and sec-  
4 ondly, will address goals to stabilize neighbor-  
5 hoods, reverse vacancy, or increase or stabilize  
6 residential and commercial property values.

7 (B) TARGETING.—Any State or unit of  
8 general local government that receives formula  
9 amounts pursuant to this section shall, in dis-  
10 tributing and targeting such amounts give pri-  
11 ority emphasis and consideration to those met-  
12 ropolitan areas, metropolitan cities, urban  
13 areas, rural areas, low- and moderate-income  
14 areas, and other areas with the greatest need,  
15 including those—

16 (i) with the greatest percentage of  
17 home foreclosures;

18 (ii) identified as likely to face a sig-  
19 nificant rise in the rate of residential or  
20 commercial foreclosures; and

21 (iii) with higher than national average  
22 unemployment rate.

23 (C) LEVERAGE.—Each grantee or eligible  
24 entity shall describe how its proposed use of  
25 funds will leverage private funds.

1           (3) ELIGIBLE USES.—Amounts made available  
2 under this section may be used to—

3           (A) establish financing mechanisms for the  
4 purchase and redevelopment of abandoned and  
5 foreclosed-upon properties, including such  
6 mechanisms as soft-seconds, loan loss reserves,  
7 and shared-equity loans for low- and moderate-  
8 income homebuyers;

9           (B) purchase and rehabilitate properties  
10 that have been abandoned or foreclosed upon,  
11 in order to sell, rent, or redevelop such prop-  
12 erties;

13           (C) establish and operate land banks for  
14 properties that have been abandoned or fore-  
15 closed upon;

16           (D) demolish blighted structures;

17           (E) redevelop abandoned, foreclosed, de-  
18 molished, or vacant properties; and

19           (F) engage in other activities, as deter-  
20 mined by the Secretary through notice, that are  
21 consistent with the goals of creating jobs, stabi-  
22 lizing neighborhoods, reversing vacancy reduc-  
23 tion, and increasing or stabilizing residential  
24 and commercial property values.

25           (d) LIMITATIONS.—

1           (1) ON PURCHASES.—Any purchase of a prop-  
2           erty under this section shall be at a price not to ex-  
3           ceed its current market value, taking into account  
4           its current condition.

5           (2) REHABILITATION.—Any rehabilitation of an  
6           eligible property under this section shall be to the  
7           extent necessary to comply with applicable laws, and  
8           other requirements relating to safety, quality, mar-  
9           ketability, and habitability, in order to sell, rent, or  
10          redevelop such properties or provide a renewable en-  
11          ergy source or sources for such properties.

12          (3) SALE OF HOMES.—If an abandoned or fore-  
13          closed-upon home is purchased, redeveloped, or oth-  
14          erwise sold to an individual as a primary residence,  
15          then such sale shall be in an amount equal to or less  
16          than the cost to acquire and redevelop or rehabilitate  
17          such home or property up to a decent, safe, market-  
18          able, and habitable condition.

19          (4) ON DEMOLITION OF PUBLIC HOUSING.—  
20          Public housing, as defined at section 3(b)(6) of the  
21          United States Housing Act of 1937, may not be de-  
22          molished with funds under this section.

23          (5) ON DEMOLITION ACTIVITIES.—No more  
24          than 10 percent of any grant made under this sec-  
25          tion may be used for demolition activities unless the

1 Secretary determines that such use represents an  
2 appropriate response to local market conditions.

3 (6) ON USE OF FUNDS FOR NON-RESIDENTIAL  
4 PROPERTY.—No more than 30 percent of any grant  
5 made under this section may be used for eligible ac-  
6 tivities under subparagraphs (A), (B), and (E) of  
7 subsection (c)(3) that will not result in residential  
8 use of the property involved unless the Secretary de-  
9 termines that such use represents an appropriate re-  
10 sponse to local market conditions.

11 (e) RULES OF CONSTRUCTION.—

12 (1) IN GENERAL.—Except as otherwise pro-  
13 vided by this section, amounts appropriated, reve-  
14 nues generated, or amounts otherwise made avail-  
15 able to eligible entities under this section shall be  
16 treated as though such funds were community devel-  
17 opment block grant funds under title I of the Hous-  
18 ing and Community Development Act of 1974 (42  
19 U.S.C. 5301 et seq.).

20 (2) NO MATCH.—No matching funds shall be  
21 required in order for an eligible entity to receive any  
22 amounts under this section.

23 (3) TENANT PROTECTIONS.—An eligible entity  
24 receiving a grant under this section shall comply  
25 with the 14th, 17th, 18th, 19th, 20th, 21st, 22nd,

1 and 23rd provisos of the American Recovery and Re-  
2 investment Act of 2009 (Public Law 111–5, 123  
3 Stat. 218–19), as amended by section 1497(b)(2) of  
4 the Dodd-Frank Wall Street Reform and Consumer  
5 Protection Act (Public Law 111–203, 124 Stat.  
6 2211).

7 (4) VICINITY HIRING.—An eligible entity receiv-  
8 ing a grant under this section shall comply with sec-  
9 tion 1497(a)(8) of the Dodd-Frank Wall Street Re-  
10 form and Consumer Protection Act (Public Law  
11 111–203, 129 Stat. 2210).

12 (5) BUY AMERICAN.—Section 1605 of title  
13 XVI.

14 (f) AUTHORITY TO SPECIFY ALTERNATIVE REQUIRE-  
15 MENTS.—

16 (1) IN GENERAL.—In administering the pro-  
17 gram under this section, the Secretary may specify  
18 alternative requirements to any provision under title  
19 I of the Housing and Community Development Act  
20 of 1974 or under title I of the Cranston-Gonzalez  
21 National Affordable Housing Act of 1990 (except for  
22 those provisions in these laws related to fair hous-  
23 ing, nondiscrimination, labor standards, and the en-  
24 vironment) for the purpose of expediting and facili-  
25 tating the use of funds under this section.

1           (2) NOTICE.—The Secretary shall provide writ-  
2           ten notice of intent to the public via internet to exer-  
3           cise the authority to specify alternative requirements  
4           under paragraph.

5           (3) LOW AND MODERATE INCOME REQUIRE-  
6           MENT.—

7           (A) IN GENERAL.—Notwithstanding the  
8           authority of the Secretary under paragraph  
9           (1)—

10           (i) all of the formula and competitive  
11           grantee funds appropriated or otherwise  
12           made available under this section shall be  
13           used with respect to individuals and fami-  
14           lies whose income does not exceed 120 per-  
15           cent of area median income; and

16           (ii) not less than 25 percent of the  
17           formula and competitive grantee funds ap-  
18           propriated or otherwise made available  
19           under this section shall be used for the  
20           purchase and redevelopment of eligible  
21           properties that will be used to house indi-  
22           viduals or families whose incomes do not  
23           exceed 50 percent of area median income.

24           (B) RECURRENT REQUIREMENT.—The  
25           Secretary shall, by rule or order, ensure, to the

1 maximum extent practicable and for the longest  
2 feasible term, that the sale, rental, or redevelop-  
3 ment of abandoned and foreclosed-upon homes  
4 and residential properties under this section re-  
5 main affordable to individuals or families de-  
6 scribed in subparagraph (A).

7 (g) NATIONWIDE DISTRIBUTION OF RESOURCES.—  
8 Notwithstanding any other provision of this section or the  
9 amendments made by this section, each State shall receive  
10 not less than \$20,000,000 of formula funds.

11 (h) LIMITATION ON USE OF FUNDS WITH RESPECT  
12 TO EMINENT DOMAIN.—No State or unit of general local  
13 government may use any amounts received pursuant to  
14 this section to fund any project that seeks to use the power  
15 of eminent domain, unless eminent domain is employed  
16 only for a public use, which shall not be construed to in-  
17 clude economic development that primarily benefits pri-  
18 vate entities.

19 (i) LIMITATION ON DISTRIBUTION OF FUNDS.—

20 (1) IN GENERAL.—None of the funds made  
21 available under this title or title IV shall be distrib-  
22 uted to—

23 (A) an organization which has been in-  
24 dicted for a violation under Federal law relating  
25 to an election for Federal office; or

1 (B) an organization which employs applica-  
2 ble individuals.

3 (2) APPLICABLE INDIVIDUALS DEFINED.—In  
4 this section, the term “applicable individual” means  
5 an individual who—

6 (A) is—

7 (i) employed by the organization in a  
8 permanent or temporary capacity;

9 (ii) contracted or retained by the or-  
10 ganization; or

11 (iii) acting on behalf of, or with the  
12 express or apparent authority of, the orga-  
13 nization; and

14 (B) has been indicted for a violation under  
15 Federal law relating to an election for Federal  
16 office.

17 (j) RENTAL HOUSING PREFERENCES.—Each State  
18 and local government receiving formula amounts shall es-  
19 tablish procedures to create preferences for the develop-  
20 ment of affordable rental housing.

21 (k) JOB CREATION.—If a grantee chooses to use  
22 funds to create jobs by establishing and operating a pro-  
23 gram to maintain eligible neighborhood properties, not  
24 more than 10 percent of any grant may be used for that  
25 purpose.



1 (1) PROGRAM SUPPORT AND CAPACITY BUILDING.—

2 The Secretary may use up to 0.75 percent of the funds  
3 appropriated for capacity building of and support for eligi-  
4 ble entities and grantees undertaking neighborhood sta-  
5 bilization programs, staffing, training, technical assist-  
6 ance, technology, monitoring, travel, enforcement, re-  
7 search, and evaluation activities.

8 (1) Funds set aside for the purposes of this  
9 subparagraph shall remain available until September  
10 30, 2016.

11 (2) Any funds made available under this sub-  
12 paragraph and used by the Secretary for personnel  
13 expenses related to administering funding under this  
14 subparagraph shall be transferred to “Personnel  
15 Compensation and Benefits, Community Planning  
16 and Development”.

17 (3) Any funds made available under this sub-  
18 paragraph and used by the Secretary for training or  
19 other administrative expenses shall be transferred to  
20 “Administration, Operations, and Management,  
21 Community Planning and Development” for non-  
22 personnel expenses.

23 (4) Any funds made available under this sub-  
24 paragraph and used by the Secretary for technology  
25 shall be transferred to “Working Capital Fund”.

1           (m) ENFORCEMENT AND PREVENTION OF FRAUD  
2 AND ABUSE.—The Secretary shall establish and imple-  
3 ment procedures to prevent fraud and abuse of funds  
4 under this section, and shall impose a requirement that  
5 grantees have an internal auditor to continuously monitor  
6 grantee performance to prevent fraud, waste, and abuse.  
7 Grantees shall provide the Secretary and citizens with  
8 quarterly progress reports. The Secretary shall recapture  
9 funds from formula and competitive grantees that do not  
10 expend 100 percent of allocated funds within 3 years of  
11 the date that funds become available, and from underper-  
12 forming or mismanaged grantees, and shall re-allocate  
13 those funds by formula to target areas with the greatest  
14 need, as determined by the Secretary through notice. The  
15 Secretary may take an alternative sanctions action only  
16 upon determining that such action is necessary to achieve  
17 program goals in a timely manner.

18           (n) The Secretary of Housing and Urban Develop-  
19 ment shall to the extent feasible conform policies and pro-  
20 cedures for grants made under this section to the policies  
21 and practices already in place for the grants made under  
22 section 2301 of the Housing and Economic Recovery Act  
23 of 2008; division A, title XII of the American Recovery  
24 and Reinvestment Act of 2009; or section 1497 of the

1 Dodd-Frank Wall Street Reform and Consumer Protec-  
2 tion Act.

3       **Subtitle H—National Wireless**  
4                               **Initiative**

5 **SEC. 271. DEFINITIONS.**

6       In this subtitle, the following definitions shall apply:

7           (1) 700 MHZ BAND.—The term “700 MHz  
8       band” means the portion of the electromagnetic  
9       spectrum between the frequencies from 698 mega-  
10      hertz to 806 megahertz.

11          (2) 700 MHZ D BLOCK SPECTRUM.—The term  
12      “700 MHz D block spectrum” means the portion of  
13      the electromagnetic spectrum frequencies from 758  
14      megahertz to 763 megahertz and from 788 mega-  
15      hertz to 793 megahertz.

16          (3) APPROPRIATE COMMITTEES OF CON-  
17      GRESS.—Except as otherwise specifically provided,  
18      the term “appropriate committees of Congress”  
19      means—

20           (A) the Committee on Commerce, Science,  
21           and Transportation of the Senate; and

22           (B) the Committee on Energy and Com-  
23           merce of the House of Representatives.

1           (4) ASSISTANT SECRETARY.—The term “Assist-  
2           ant Secretary” means the Assistant Secretary of  
3           Commerce for Communications and Information.

4           (5) COMMISSION.—The term “Commission”  
5           means the Federal Communications Commission.

6           (6) CORPORATION.—The term “Corporation”  
7           means the Public Safety Broadband Corporation es-  
8           tablished in section 284.

9           (7) EXISTING PUBLIC SAFETY BROADBAND  
10          SPECTRUM.—The term “existing public safety  
11          broadband spectrum” means the portion of the elec-  
12          tromagnetic spectrum between the frequencies—

13                 (A) from 763 megahertz to 768 megahertz;

14                 (B) from 793 megahertz to 798 mega-  
15          hertz;

16                 (C) from 768 megahertz to 769 megahertz;

17          and

18                 (D) from 798 megahertz to 799 mega-  
19          hertz.

20          (8) FEDERAL ENTITY.—The term “Federal en-  
21          tity” has the same meaning as in section 113(i) of  
22          the National Telecommunications and Information  
23          Administration Organization Act (47 U.S.C. 923(i)).

24          (9) NARROWBAND SPECTRUM.—The term  
25          “narrowband spectrum” means the portion of the

1 electromagnetic spectrum between the frequencies  
2 from 769 megahertz to 775 megahertz and between  
3 the frequencies from 799 megahertz to 805 mega-  
4 hertz.

5 (10) NIST.—The term “NIST” means the Na-  
6 tional Institute of Standards and Technology.

7 (11) NTIA.—The term “NTIA” means the Na-  
8 tional Telecommunications and Information Admin-  
9 istration.

10 (12) PUBLIC SAFETY ENTITY.—The term “pub-  
11 lic safety entity” means an entity that provides pub-  
12 lic safety services.

13 (13) PUBLIC SAFETY SERVICES.—The term  
14 “public safety service”—

15 (A) has the meaning given the term in sec-  
16 tion 337(f) of the Communications Act of 1934  
17 (47 U.S.C. 337(f)); and

18 (B) includes services provided by emer-  
19 gency response providers, as that term is de-  
20 fined in section 2 of the Homeland Security Act  
21 of 2002 (6 U.S.C. 101).

1           **PART I—AUCTIONS OF SPECTRUM AND**  
2                           **SPECTRUM MANAGEMENT**

3   **SEC. 272. CLARIFICATION OF AUTHORITIES TO REPURPOSE**  
4                           **FEDERAL SPECTRUM FOR COMMERCIAL PUR-**  
5                           **POSES.**

6           (a) Paragraph (1) of section 113(g) of the National  
7 Telecommunications and Information Administration Or-  
8 ganization Act (47 U.S.C. 923(g)) is amended to read as  
9 follows:

10                   “(1) **ELIGIBLE FEDERAL ENTITIES.**—Any Fed-  
11 eral entity that operates a Federal Government sta-  
12 tion authorized to use a band of frequencies speci-  
13 fied in paragraph (2) and that incurs relocation  
14 costs because of planning for a potential auction of  
15 spectrum frequencies, a planned auction of spectrum  
16 frequencies or the reallocation of spectrum fre-  
17 quencies from Federal use to exclusive non-Federal  
18 use, or shared Federal and non-Federal use may re-  
19 ceive payment for such costs from the Spectrum Re-  
20 location Fund, in accordance with section 118 of  
21 this Act. For purposes of this paragraph, Federal  
22 power agencies exempted under subsection (c)(4)  
23 that choose to relocate from the frequencies identi-  
24 fied for reallocation pursuant to subsection (a), are  
25 eligible to receive payment under this paragraph.”.

1 (b) ELIGIBLE FREQUENCIES.—Section 113(g)(2)(B)  
2 of the National Telecommunications and Information Ad-  
3 ministration Organization Act (47 U.S.C. 923(g)(2)(B))  
4 is amended to read as follows:

5 “(B) any other band of frequencies reallo-  
6 cated from Federal use to non-Federal or  
7 shared use after January 1, 2003, that is as-  
8 signed by competitive bidding pursuant to sec-  
9 tion 309(j) of the Communications Act of 1934  
10 (47 U.S.C 309(j)) or is assigned as a result of  
11 later legislation or other administrative direc-  
12 tion.”.

13 (c) Paragraph (3) of section 113(g) of the National  
14 Telecommunications and Information Administration Or-  
15 ganization Act (47 U.S.C. 923(g)) is amended to read as  
16 follows:

17 “(3) DEFINITION OF RELOCATION AND SHAR-  
18 ING COSTS.—For purposes of this subsection, the  
19 terms ‘relocation costs’ and ‘sharing costs’ mean the  
20 costs incurred by a Federal entity to plan for a po-  
21 tential or planned auction or sharing of spectrum  
22 frequencies and to achieve comparable capability of  
23 systems, regardless of whether that capability is  
24 achieved by relocating to a new frequency assign-  
25 ment, relocating a Federal Government station to a

1 different geographic location, modifying Federal gov-  
2 ernment equipment to mitigate interference or use  
3 less spectrum, in terms of bandwidth, geography or  
4 time, and thereby permitting spectrum sharing (in-  
5 cluding sharing among relocated Federal entities  
6 and incumbents to make spectrum available for non-  
7 Federal use) or relocation, or by utilizing an alter-  
8 native technology. Comparable capability of systems  
9 includes the acquisition of state-of-the art replace-  
10 ment systems intended to meet comparable oper-  
11 ational scope, which may include incidental increases  
12 in functionality. Such costs include—

13 “(A) the costs of any modification or re-  
14 placement of equipment, spares, associated an-  
15 cillary equipment, software, facilities, operating  
16 manuals, training costs, or regulations that are  
17 attributable to relocation or sharing;

18 “(B) the costs of all engineering, equip-  
19 ment, software, site acquisition and construc-  
20 tion costs, as well as any legitimate and pru-  
21 dent transaction expense, including term-limited  
22 Federal civil servant and contractor staff nec-  
23 essary, which may be renewed, to carry out the  
24 relocation activities of an eligible Federal entity,  
25 and reasonable additional costs incurred by the



1 Federal entity that are attributable to reloca-  
2 tion or sharing, including increased recurring  
3 costs above recurring costs of the system before  
4 relocation for the remaining estimated life of  
5 the system being relocated;

6 “(C) the costs of research, engineering  
7 studies, economic analyses, or other expenses  
8 reasonably incurred in connection with (i) cal-  
9 culating the estimated relocation costs that are  
10 provided to the Commission pursuant to para-  
11 graph (4) of this subsection, or in calculating  
12 the estimated sharing costs; (ii) determining the  
13 technical or operational feasibility of relocation  
14 to one or more potential relocation bands; or  
15 (iii) planning for or managing a relocation or  
16 sharing project (including spectrum coordina-  
17 tion with auction winners) or potential reloca-  
18 tion or sharing project;

19 “(D) the one-time costs of any modifica-  
20 tion of equipment reasonably necessary to ac-  
21 commodate commercial use of shared fre-  
22 quencies or, in the case of frequencies reallo-  
23 cated to exclusive commercial use, prior to the  
24 termination of the Federal entity’s primary allo-  
25 cation or protected status, when the eligible fre-

1 frequencies as defined in paragraph (2) of this  
2 subsection are made available for private sector  
3 uses by competitive bidding and a Federal enti-  
4 ty retains primary allocation or protected status  
5 in those frequencies for a period of time after  
6 the completion of the competitive bidding proc-  
7 ess;

8 “(E) the costs associated with the acceler-  
9 ated replacement of systems and equipment if  
10 such acceleration is necessary to ensure the  
11 timely relocation of systems to a new frequency  
12 assignment or the timely accommodation of  
13 sharing of Federal frequencies; and

14 “(F) the costs of the use of commercial  
15 systems and services (including systems not uti-  
16 lizing spectrum) to replace Federal systems dis-  
17 continued or relocated pursuant to this Act, in-  
18 cluding lease, subscription, and equipment costs  
19 over an appropriate period, such as the antici-  
20 pated life of an equivalent Federal system or  
21 other period determined by the Director of the  
22 Office of Management and Budget.”.

23 (d) Section 113(g) of the National Telecommuni-  
24 cations and Information Administration Organization Act

1 (47 U.S.C. 923(g)) is amended by adding at the end the  
2 following:

3           “(7) SPECTRUM SHARING.—Federal entities are  
4 permitted to allow access to their frequency assign-  
5 ments by non-Federal entities upon approval of the  
6 terms of such access by NTLA, in consultation with  
7 the Office of Management and Budget. Such non-  
8 Federal entities must comply with all applicable  
9 rules of the Commission and NTLA, including any  
10 regulations promulgated pursuant to this section.  
11 Remuneration associated with such access shall be  
12 deposited into the Spectrum Relocation Fund. Fed-  
13 eral entities that incur costs as a result of such ac-  
14 cess are eligible for payment from the Fund for the  
15 purposes specified in paragraph (3) of this section.  
16 The revenue associated with such access must be at  
17 least 110 percent of the estimated Federal costs.”.

18 (e) Section 118 of such Act (47 U.S.C. 928) is  
19 amended—

20           (1) in subsection (b), by inserting before the pe-  
21 riod at the end the following: “and any payments  
22 made by non-Federal entities for access to Federal  
23 spectrum pursuant to section 113(g)(7)”;

24           (2) by amending subsection (c) to read as fol-  
25 lows:

1       “(c) The amounts in the Fund from auctions of eligi-  
2 ble frequencies are authorized to be used to pay relocation  
3 costs, as defined in section 113(g)(3), of an eligible Fed-  
4 eral entity incurring such costs with respect to relocation  
5 from any eligible frequency. In addition, the amounts in  
6 the Fund from payments by non-Federal entities for ac-  
7 cess to Federal spectrum are authorized to be used to pay  
8 Federal costs associated with such sharing, as defined in  
9 section 113(g)(3). The Director of the Office of Manage-  
10 ment and Budget (OMB) may transfer at any time (in-  
11 cluding prior to any auction or contemplated auction, or  
12 sharing initiative) such sums as may be available in the  
13 Fund to an eligible Federal entity to pay eligible relocation  
14 or sharing costs related to pre-auction estimates or re-  
15 search as defined in subparagraph (C) of section  
16 113(g)(3). However, the Director may not transfer more  
17 than \$100,000,000 during the period beginning on the  
18 date of enactment of the American Jobs Act of 2011 and  
19 ending on September 30, 2021, for authorized pre-auction  
20 activities before an auction is completed and proceeds are  
21 deposited in the Spectrum Relocation Fund. Within the  
22 \$100,000,000 that may be transferred before an auction,  
23 the Director of OMB may transfer up to \$10,000,000 in  
24 total to eligible Federal entities for eligible relocation or  
25 sharing costs related to pre-auction estimates or research

1 as defined in subparagraph (C) of section 113(g)(3) for  
2 costs incurred prior to the enactment of the American  
3 Jobs Act of 2011, but after June 28, 2010. These  
4 amounts transferred pursuant to the previous proviso are  
5 in addition to amounts that the Director of OMB may  
6 transfer after the enactment of such Act.”;

7 (3) in subsection (d)—

8 (A) in paragraph (1), by inserting “and  
9 sharing” before “costs”;

10 (B) in paragraph (2)(B)—

11 (i) by inserting “and sharing” before  
12 “costs”; and

13 (ii) by adding “and sharing” before  
14 the period at the end; and

15 (C) by amending paragraph (3) to read as  
16 follows:

17 “(3) Any amounts in the Fund that are remain-  
18 ing after the payment of the relocation and sharing  
19 costs that are payable from the Fund shall revert to  
20 and be deposited in the general fund of the Treasury  
21 not later than 15 years after the date of the deposit  
22 of such proceeds to the Fund, unless the Director of  
23 OMB, in consultation with the Assistant Secretary  
24 for Communications and Information, notifies the  
25 Committees on Appropriations and Energy and

1 Commerce of the House of Representative and the  
2 Committees on Appropriations and Commerce,  
3 Science, and Transportation of the Senate at least  
4 60 days in advance of the reversion of the funds to  
5 the general fund of the Treasury that such funds are  
6 needed to complete or to implement current or fu-  
7 ture relocations or sharing initiatives.”;

8 (4) in subsection (e)(2)—

9 (A) by inserting “and sharing” before  
10 “costs”;

11 (B) by inserting “or sharing” before “is  
12 complete”; and

13 (C) by inserting “or sharing” before “in  
14 accordance”; and

15 (5) by adding at the end the following new sub-  
16 section:

17 “(f) Notwithstanding subsections (c) through (e) of  
18 this section and after the amount specified in subsection  
19 (b), up to twenty percent of the amounts deposited in the  
20 Spectrum Relocation Fund from the auction of licenses  
21 following the date of enactment of the American Jobs Act  
22 of 2011 for frequencies vacated by Federal entities, or up  
23 to twenty percent of the amounts paid by non-Federal en-  
24 tities for sharing of Federal spectrum after the date of  
25 enactment, are hereby appropriated and available at the

1 discretion of the Director of the Office of Management and  
2 Budget, in consultation with the Assistant Secretary for  
3 Communications and Information, for payment to the eli-  
4 gible Federal entities, in addition to the relocation and  
5 sharing costs defined in paragraph (3) of section 113(g),  
6 for the purpose of encouraging timely access to those fre-  
7 quencies, provided that:

8           “(1) Such payments may be based on the mar-  
9           ket value of the spectrum, timeliness of clearing, and  
10          needs for agencies’ essential missions.

11          “(2) Such payments are authorized for—

12                 “(A) the purposes of achieving enhanced  
13                 capabilities of systems that are affected by the  
14                 activities specified in subparagraphs (A)  
15                 through (F) of paragraph (3) of section 113(g);  
16                 and

17                 “(B) other communications, radar and  
18                 spectrum-using investments not directly af-  
19                 fected by such reallocation or sharing but essen-  
20                 tial for the missions of the Federal entity that  
21                 is relocating its systems or sharing frequencies.

22          “(3) The increase to the Fund due to any one  
23          auction after any payment is not less than 10 per-  
24          cent of the winning bids in the relevant auction, or  
25          is not less than 10 percent of the payments from

1 non-Federal entities in the relevant sharing agree-  
2 ment.

3 “(4) Payments to eligible entities must be based  
4 on the proceeds generated in the auction that an eli-  
5 gible entity participates in.

6 “(5) Such payments will not be made until 30  
7 days after the Director of OMB has notified the  
8 Committees on Appropriations and Commerce,  
9 Science, and Transportation of the Senate, and the  
10 Committees on Appropriations and Energy and  
11 Commerce of the House of Representatives.”.

12 (f) Subparagraph (D) of section 309(j)(8) of the  
13 Communications Act of 1934 (47 U.S.C. 309(j)(8)) is  
14 amended—

15 (1) by inserting “, after the retention of rev-  
16 enue described in subparagraph (B),” before “attrib-  
17 utable”; and

18 (2) by inserting “and frequencies identified by  
19 the Federal Communications Commission to be auc-  
20 tioned in conjunction with eligible frequencies de-  
21 scribed in such section” before the first “shall” in  
22 the subparagraph.

23 (g) If the head of an executive agency of the Federal  
24 Government determines that public disclosure of any in-  
25 formation contained in notifications and reports required



1 by section 113 or 118 of the National Telecommunications  
2 and Information Administration Organization Act (47  
3 U.S.C. 923; 928) would reveal classified national security  
4 information or other information for which there is a legal  
5 basis for nondisclosure and such public disclosure would  
6 be detrimental to national security, homeland security,  
7 public safety, or jeopardize law enforcement investigations  
8 the head of the executive agency shall notify the NTLA  
9 of that determination prior to release of such information.  
10 In that event, such information shall be included in a sepa-  
11 rate annex, as needed and to the extent the agency head  
12 determines is consistent with national security or law en-  
13 forcement purposes. These annexes shall be provided to  
14 the appropriate subcommittee in accordance with applica-  
15 ble stipulations, but shall not be disclosed to the public  
16 or provided to any unauthorized person through any other  
17 means.

18 **SEC. 273. INCENTIVE AUCTION AUTHORITY.**

19 Paragraph (8) of section 309(j) of the Communica-  
20 tions Act of 1934 (47 U.S.C. 309(j)) is amended—

21 (1) in subparagraph (A), by striking “and (E)”  
22 and inserting “(E), and (F)”; and

23 (2) by adding at the end the following new sub-  
24 paragraphs:

1           “(F) Notwithstanding any other provision  
2 of law, if the Commission determines that it is  
3 consistent with the public interest in utilization  
4 of the spectrum for a licensee to voluntarily re-  
5 linquish some or all of its licensed spectrum  
6 usage rights in order to permit the assignment  
7 of new initial licenses through a competitive  
8 bidding process subject to new service rules, or  
9 the designation of spectrum for unlicensed use,  
10 the Commission may pay to such licensee a por-  
11 tion of any auction proceeds that the Commis-  
12 sion determines, in its discretion, are attrib-  
13 utable to the spectrum usage rights voluntarily  
14 relinquished by such licensee. If the Commis-  
15 sion also determines that it is in the public in-  
16 terest to modify the spectrum usage rights of  
17 any incumbent licensee in order to facilitate the  
18 assignment of such new initial licenses subject  
19 to new service rules, or the designation of spec-  
20 trum for unlicensed use, the Commission may  
21 pay to such licensee a portion of the auction  
22 proceeds for the purpose of relocating to any al-  
23 ternative frequency or location that the Com-  
24 mission may designate; Provided, however, that  
25 with respect to frequency bands between 54

1 megahertz and 72 megahertz, 76 megahertz  
2 and 88 megahertz, 174 megahertz and 216  
3 megahertz, and 470 megahertz and 698 mega-  
4 hertz ('the specified bands'), any spectrum  
5 made available for alternative use utilizing pay-  
6 ments authorized under this subsection shall be  
7 assigned via the competitive bidding process  
8 until the winning bidders for licenses covering  
9 at least 84 megahertz from the specified bands  
10 deposit the full amount of their bids in accord-  
11 ance with the Commission's instructions. In ad-  
12 dition, if more than 84 megahertz of spectrum  
13 from the specified bands is made available for  
14 alternative use utilizing payments under this  
15 subsection, and such spectrum is assigned via  
16 competitive bidding, a portion of the proceeds  
17 may be disbursed to licensees of other fre-  
18 quency bands for the purpose of making addi-  
19 tional spectrum available, provided that a ma-  
20 jority of such additional spectrum is assigned  
21 via competitive bidding. Also, provided that in  
22 exercising the authority provided under this sec-  
23 tion:

24                   “(i) The Chairman of the Commis-  
25                   sion, in consultation with the Director of

1 OMB, shall notify the Committees on Ap-  
2 propriations and Commerce, Science, and  
3 Transportation of the Senate, and the  
4 Committees on Appropriations and Energy  
5 and Commerce of the House of Represent-  
6 atives of the methodology for calculating  
7 such payments to licensees at least 3  
8 months in advance of the relevant auction,  
9 and that such methodology consider the  
10 value of spectrum vacated in its current  
11 use and the timeliness of clearing.

12 “(ii) Notwithstanding subparagraph  
13 (A), and except as provided in subpara-  
14 graphs (B), (C), and (D), all proceeds (in-  
15 cluding deposits and up front payments  
16 from successful bidders) from the auction  
17 of spectrum under this subparagraph and  
18 section 277 of the American Jobs Act of  
19 2011 shall be deposited with the Public  
20 Safety Trust Fund established under sec-  
21 tion 297 of such Act.

22 “(G) ESTABLISHMENT OF INCENTIVE AUC-  
23 TION RELOCATION FUND.—

24 “(i) IN GENERAL.—There is estab-  
25 lished in the Treasury of the United States

1 a fund to be known as the ‘Incentive Auc-  
2 tion Relocation Fund’.

3 “(ii) ADMINISTRATION.—The Assist-  
4 ant Secretary shall administer the Incen-  
5 tive Auction Relocation Fund using the  
6 amounts deposited pursuant to this sec-  
7 tion.

8 “(iii) CREDITING OF RECEIPTS.—  
9 There shall be deposited into or credited to  
10 the Incentive Auction Relocation Fund any  
11 amounts specified in section 297 of the  
12 American Jobs Act of 2011.

13 “(iv) AVAILABILITY.—Amounts in the  
14 Incentive Auction Relocation Fund shall be  
15 available to the NTIA for use—

16 “(I) without fiscal year limita-  
17 tion;

18 “(II) for a period not to exceed  
19 18 months following the later of—

20 “(aa) the completion of in-  
21 centive auction from which such  
22 amounts were derived;

23 “(bb) the date on which the  
24 Commission issues all the new  
25 channel assignments pursuant to

1 any repacking required under  
2 subparagraph (F); or

3 “(cc) the issuance of a con-  
4 struction permit by the Commis-  
5 sion for a station to change chan-  
6 nels, geographic locations, to col-  
7 locate on the same channel or no-  
8 tification by a station to the As-  
9 sistant Secretary that it is im-  
10 pacted by such a change; and

11 “(III) without further appropria-  
12 tion.

13 “(v) USE OF FUNDS.—Amounts in the  
14 Incentive Auction Relocation Fund may  
15 only be used by the NTIA, in consultation  
16 with the Commission, to cover—

17 “(I) the reasonable costs of tele-  
18 vision broadcast stations that are relo-  
19 cated to a different spectrum channel  
20 or geographic location following an in-  
21 centive auction under subparagraph  
22 (F), or that are impacted by such re-  
23 locations, including to cover the cost  
24 of new equipment, installation, and  
25 construction; and

1                   “(II) the costs incurred by multi-  
2                   channel video programming distribu-  
3                   tors for new equipment, installation,  
4                   and construction related to the car-  
5                   riage of such relocated stations or the  
6                   carriage of stations that voluntarily  
7                   elect to share a channel, but retain  
8                   their existing rights to carriage pursu-  
9                   ant to sections 338, 614, and 615.”.

10 **SEC. 274. REQUIREMENTS WHEN REPURPOSING CERTAIN**  
11                   **MOBILE SATELLITE SERVICES SPECTRUM**  
12                   **FOR TERRESTRIAL BROADBAND USE.**

13           To the extent that the Commission makes available  
14 terrestrial broadband rights on spectrum primarily li-  
15 censed for mobile satellite services, the Commission shall  
16 recover a significant portion of the value of such right ei-  
17 ther through the authority provided in section 309(j) of  
18 the Communications Act of 1934 (47 U.S.C. 309(j)) or  
19 by section 309(m) of such Act, as added by section 278.

20 **SEC. 275. PERMANENT EXTENSION OF AUCTION AUTHOR-**  
21                   **ITY.**

22           Section 309(j)(11) of the Communications Act of  
23 1934 (47 U.S.C. 309(j)(11)) is repealed.

1 **SEC. 276. AUTHORITY TO AUCTION LICENSES FOR DOMES-**  
2 **TIC SATELLITE SERVICES.**

3 Section 309(j) of the Communications Act of 1934  
4 is amended by adding at the end the following:

5 “(17) Notwithstanding any other provision of  
6 law, the Commission shall use competitive bidding  
7 under this subsection to assign any license, construc-  
8 tion permit, reservation, or similar authorization or  
9 modification thereof, that may be used solely or pre-  
10 dominantly for domestic satellite communications  
11 services, including satellite-based television or radio  
12 services. A service is defined to be predominantly for  
13 domestic satellite communications services if the ma-  
14 jority of customers that may be served are located  
15 within the geographic boundaries of the United  
16 States. The Commission may, however, use an alter-  
17 native approach to assignment of such licenses or  
18 similar authorities if it finds that such an alternative  
19 to competitive bidding would serve the public inter-  
20 est, convenience, and necessity. This paragraph shall  
21 be effective on the date of its enactment and shall  
22 apply to all Commission assignments or reservations  
23 of spectrum for domestic satellite services, including,  
24 but not limited to, all assignments or reservations  
25 for satellite-based television or radio services as of  
26 the effective date.”.



1 **SEC. 277. DIRECTED AUCTION OF CERTAIN SPECTRUM.**

2 (a) IDENTIFICATION OF SPECTRUM.—Not later than  
3 1 year after the date of enactment of this subtitle, the  
4 Assistant Secretary shall identify and make available for  
5 immediate reallocation, at a minimum, 15 megahertz of  
6 contiguous spectrum at frequencies located between 1675  
7 megahertz and 1710 megahertz, inclusive, minus the geo-  
8 graphic exclusion zones, or any amendment thereof, identi-  
9 fied in NTIA’s October 2010 report entitled “An Assess-  
10 ment of Near-Term Viability of Accommodating Wireless  
11 Broadband Systems in 1675–1710 MHz, 1755–1780  
12 MHz, 3500–3650 MHz, and 4200–4220 MHz, 4380–  
13 4400 MHz Bands,” to be made available for reallocation  
14 or sharing with incumbent Government operations.

15 (b) AUCTION.—Not later than January 31, 2016, the  
16 Commission shall conduct, in such combination as deemed  
17 appropriate by the Commission, the auctions of the fol-  
18 lowing licenses covering at least the frequencies described  
19 in this section, by commencing the bidding for—

20 (1) the spectrum between the frequencies of  
21 1915 megahertz and 1920 megahertz, inclusive;

22 (2) the spectrum between the frequencies of  
23 1995 megahertz and 2000 megahertz, inclusive;

24 (3) the spectrum between the frequencies of  
25 2020 megahertz and 2025 megahertz, inclusive;

1           (4) the spectrum between the frequencies of  
2           2155 megahertz and 2175 megahertz, inclusive;

3           (5) the spectrum between the frequencies of  
4           2175 megahertz and 2180 megahertz, inclusive; and

5           (6) at least 25 megahertz of spectrum between  
6           the frequencies of 1755 megahertz and 1850 mega-  
7           hertz, minus appropriate geographic exclusion zones  
8           if necessary, unless the President of the United  
9           States determines that—

10           (A) such spectrum should not be reallo-  
11           cated due to the need to protect incumbent  
12           Federal operations or reallocation must be de-  
13           layed or progressed in phases to ensure protec-  
14           tion or continuity of Federal operations; and

15           (B) allocation of other spectrum—

16           (i) better serves the public interest,  
17           convenience, and necessity; and

18           (ii) can reasonably be expected to  
19           produce receipts comparable to auction of  
20           spectrum frequencies identified in this  
21           paragraph.

22 The Commission may substitute alternative spectrum fre-  
23 quencies for the spectrum frequencies identified in para-  
24 graphs (1) through (5) of this subsection, if the Commis-  
25 sion determines that alternative spectrum would better

1 serve the public interest and the Office of Management  
2 and Budget certifies that such alternative spectrum fre-  
3 quencies are reasonably expected to produce receipts com-  
4 parable to auction of the spectrum frequencies identified  
5 in paragraphs (1) through (5) of this subsection.

6 (c) AUCTION ORGANIZATION.—The Commission may,  
7 if technically feasible and consistent with the public inter-  
8 est, combine the spectrum identified in paragraphs (4),  
9 (5), and the portion of paragraph (6) between the fre-  
10 quencies of 1755 megahertz and 1850 megahertz, inclu-  
11 sive, of subsection (b) in an auction of licenses for paired  
12 spectrum blocks.

13 (d) FURTHER REALLOCATION OF CERTAIN OTHER  
14 SPECTRUM.—

15 (1) COVERED SPECTRUM.—For purposes of this  
16 subsection, the term “covered spectrum” means the  
17 portion of the electromagnetic spectrum between the  
18 frequencies of 3550 to 3650 megahertz, inclusive,  
19 minus the geographic exclusion zones, or any amend-  
20 ment thereof, identified in NTLA’s October 2010 re-  
21 port entitled “An Assessment of Near-Term Viabil-  
22 ity of Accommodating Wireless Broadband Systems  
23 in 1675–1710 MHz, 1755–1780 MHz, 3500–3650  
24 MHz, and 4200–4220 MHz, 4380–4400 MHz  
25 Bands”.

1           (2) IN GENERAL.—Consistent with require-  
2           ments of section 309(j) of the Communications Act  
3           of 1934, the Commission shall reallocate covered  
4           spectrum for assignment by competitive bidding or  
5           allocation to unlicensed use, minus appropriate ex-  
6           clusion zones if necessary, unless the President of  
7           the United States determines that—

8                   (A) such spectrum cannot be reallocated  
9                   due to the need to protect incumbent Federal  
10                  systems from interference; or

11                  (B) allocation of other spectrum—

12                          (i) better serves the public interest,  
13                          convenience, and necessity; and

14                          (ii) can reasonably be expected to  
15                          produce receipts comparable to what the  
16                          covered spectrum might auction for with-  
17                          out the geographic exclusion zones.

18           (3) ACTIONS REQUIRED IF COVERED SPECTRUM  
19           CANNOT BE REALLOCATED.—

20                   (A) IN GENERAL.—If the President makes  
21                   a determination under paragraph (2) that the  
22                   covered spectrum cannot be reallocated, then  
23                   the President shall, within 1 year after the date  
24                   of such determination—

1 (i) identify alternative bands of fre-  
2 quencies totaling more than 20 megahertz  
3 and no more than 100 megahertz of spec-  
4 trum used primarily by Federal agencies  
5 that satisfy the requirements of clauses (i)  
6 and (ii) of paragraph (2)(B);

7 (ii) report to the appropriate commit-  
8 tees of Congress and the Commission an  
9 identification of such alternative spectrum  
10 for assignment by competitive bidding; and

11 (iii) make such alternative spectrum  
12 for assignment immediately available for  
13 reallocation.

14 (B) AUCTION.—If the President makes a  
15 determination under paragraph (2) that the  
16 covered spectrum cannot be reallocated, the  
17 Commission shall commence the bidding of the  
18 alternative spectrum identified pursuant to sub-  
19 paragraph (A) within 3 years of the date of en-  
20 actment of this subtitle.

21 (4) ACTIONS REQUIRED IF COVERED SPECTRUM  
22 CAN BE REALLOCATED.—If the President does not  
23 make a determination under paragraph (2) that the  
24 covered spectrum cannot be reallocated, the Commis-  
25 sion shall commence the competitive bidding for the

1 covered spectrum within 3 years of the date of en-  
2 actment of this subtitle.

3 (e) AMENDMENTS TO DESIGN REQUIREMENTS RE-  
4 LATED TO COMPETITIVE BIDDING.—Section 309(j) of the  
5 Communications Act of 1934 (47 U.S.C. 309(j)) is  
6 amended—

7 (1) in paragraph (3)—

8 (A) in subparagraph (E)(ii), by striking “;  
9 and” and inserting a semicolon;

10 (B) in subparagraph (F), by striking the  
11 period at the end and inserting “; and”; and

12 (C) by adding at the end the following:

13 “(G) ensuring that there is an adequate  
14 opportunity for applicants to obtain licenses  
15 covering both large and small geographic areas,  
16 as such areas are determined by the Commis-  
17 sion.”; and

18 (2) in paragraph (8)(C), by amending clause (i)  
19 to read as follows:

20 “(i) the deposits—

21 “(I) of successful bidders of any  
22 auction conducted pursuant to sub-  
23 paragraph (F) or section 277 of the  
24 American Jobs Act of 2011 shall be  
25 paid to the Public Safety Trust Fund

1 established under section 297 of such  
2 Act; and

3 “(II) of successful bidders of any  
4 other auction shall be paid to the  
5 Treasury;”.

6 **SEC. 278. AUTHORITY TO ESTABLISH SPECTRUM LICENSE**  
7 **USER FEES.**

8 Section 309 of the Communications Act of 1934 (47  
9 U.S.C. 309) is amended by adding at the end the following  
10 new subsection:

11 “(m) USE OF SPECTRUM LICENSE USER FEES.—

12 “(1) IN GENERAL.—For initial licenses or con-  
13 struction permits that are not granted through the  
14 use of competitive bidding as set forth in subsection  
15 (j), and for renewals or modifications of initial li-  
16 censes or other authorizations, whether granted  
17 through competitive bidding or not, the Commission  
18 may, where warranted, establish, assess, and collect  
19 annual user fees on holders of spectrum licenses or  
20 construction permits, including their successors or  
21 assignees, in order to promote efficient and effective  
22 use of the electromagnetic spectrum.

23 “(2) REQUIRED COLLECTIONS.—The Commis-  
24 sion shall collect at least the following amounts:

25 “(A) \$200,000,000 in fiscal year 2012.

1 “(B) \$300,000,000 in fiscal year 2013.

2 “(C) \$425,000,000 in fiscal year 2014.

3 “(D) \$550,000,000 in fiscal year 2015.

4 “(E) \$550,000,000 in fiscal year 2016.

5 “(F) \$550,000,000 in fiscal year 2017.

6 “(G) \$550,000,000 in fiscal year 2018.

7 “(H) \$550,000,000 in fiscal year 2019.

8 “(I) \$550,000,000 in fiscal year 2020.

9 “(J) \$550,000,000 in fiscal year 2021.

10 “(3) DEVELOPMENT OF SPECTRUM FEE REGU-  
11 LATIONS.—

12 “(A) The Commission shall, by regulation,  
13 establish a methodology for assessing annual  
14 spectrum user fees and a schedule for collection  
15 of such fees on classes of spectrum licenses or  
16 construction permits or other instruments of  
17 authorization, consistent with the public inter-  
18 est, convenience and necessity. The Commission  
19 may determine over time different classes of  
20 spectrum licenses or construction permits upon  
21 which such fees may be assessed. In estab-  
22 lishing the fee methodology, the Commission  
23 may consider the following factors:

24 “(i) The highest value alternative  
25 spectrum use forgone.



1           “(ii) Scope and type of permissible  
2 services and uses.

3           “(iii) Amount of spectrum and li-  
4 censed coverage area.

5           “(iv) Shared versus exclusive use.

6           “(v) Level of demand for spectrum li-  
7 censes or construction permits within a  
8 certain spectrum band or geographic area.

9           “(vi) The amount of revenue raised on  
10 comparable licenses awarded through an  
11 auction.

12           “(vii) Such factors that the Commis-  
13 sion determines, in its discretion, are nec-  
14 essary to promote efficient and effective  
15 spectrum use.

16           “(B) In addition, the Commission shall, by  
17 regulation, establish a methodology for assess-  
18 ing annual user fees and a schedule for collec-  
19 tion of such fees on entities holding Ancillary  
20 Terrestrial Component authority in conjunction  
21 with Mobile Satellite Service spectrum licenses,  
22 where the Ancillary Terrestrial Component au-  
23 thority was not assigned through use of com-  
24 petitive bidding. The Commission shall not col-  
25 lect less from the holders of such authority than

1 a reasonable estimate of the value of such au-  
2 thority over its term, regardless of whether ter-  
3 restrial service is actually provided during this  
4 term. In determining a reasonable estimate of  
5 the value of such authority, the Commission  
6 may consider factors listed in subparagraph  
7 (A).

8 “(C) Within 60 days of enactment of the  
9 American Jobs Act of 2011, the Commission  
10 shall commence a rulemaking to develop the fee  
11 methodology and regulations. The Commission  
12 shall take all actions necessary so that it can  
13 collect fees from the first class or classes of  
14 spectrum license or construction permit holders  
15 no later than September 30, 2012.

16 “(D) The Commission, from time to time,  
17 may commence further rulemakings (separate  
18 from or in connection with other rulemakings or  
19 proceedings involving spectrum-based services,  
20 licenses, permits and uses) and modify the fee  
21 methodology or revise its rules required by sub-  
22 paragraph (B) to add or modify classes of spec-  
23 trum license or construction permit holders that  
24 must pay fees, and assign or adjust such fee as  
25 a result of the addition, deletion, reclassification

1 or other change in a spectrum-based service or  
2 use, including changes in the nature of a spec-  
3 trum-based service or use as a consequence of  
4 Commission rulemaking proceedings or changes  
5 in law. Any resulting changes in the classes of  
6 spectrum licenses, construction permits or fees  
7 shall take effect upon the dates established in  
8 the Commission’s rulemaking proceeding in ac-  
9 cordance with applicable law.

10 “(E) The Commission shall exempt from  
11 such fees holders of licenses for broadcast tele-  
12 vision and public safety services. The term  
13 “emergency response providers” includes State,  
14 local, and tribal, emergency public safety, law  
15 enforcement, firefighter, emergency response,  
16 emergency medical (including hospital emer-  
17 gency facilities), and related personnel, agencies  
18 and authorities.

19 “(4) PENALTIES FOR LATE PAYMENT.—The  
20 Commission shall prescribe by regulation an addi-  
21 tional charge which shall be assessed as a penalty  
22 for late payment of fees required by this subsection.

23 “(5) REVOCATION OF LICENSE OR PERMIT.—  
24 The Commission may revoke any spectrum license or  
25 construction permit for a licensee’s or permittee’s

1 failure to pay in a timely manner any fee or penalty  
2 to the Commission under this subsection. Such rev-  
3 ocation action may be taken by the Commission  
4 after notice of the Commission's intent to take such  
5 action is sent to the licensee by registered mail, re-  
6 turn receipt requested, at the licensee's last known  
7 address. The notice will provide the licensee at least  
8 30 days to either pay the fee or show cause why the  
9 fee does not apply to the licensee or should otherwise  
10 be waived or payment deferred. A hearing is not re-  
11 quired under this subsection unless the licensee's re-  
12 sponse presents a substantial and material question  
13 of fact. In any case where a hearing is conducted  
14 pursuant to this subsection, the hearing shall be  
15 based on written evidence only, and the burden of  
16 proceeding with the introduction of evidence and the  
17 burden of proof shall be on the licensee. Unless the  
18 licensee substantially prevails in the hearing, the  
19 Commission may assess the licensee for the costs of  
20 such hearing. Any Commission order adopted pursu-  
21 ant to this subsection shall determine the amount  
22 due, if any, and provide the licensee with at least 30  
23 days to pay that amount or have its authorization  
24 revoked. No order of revocation under this sub-  
25 section shall become final until the licensee has ex-

1       hausted its right to judicial review of such order  
2       under section 402(b)(5).

3               “(6) TREATMENT OF REVENUES.—All proceeds  
4       obtained pursuant to the regulations required by this  
5       subsection shall be deposited in the General Fund of  
6       the Treasury.”.

7       **PART II—PUBLIC SAFETY BROADBAND NETWORK**

8       **SEC. 281. REALLOCATION OF D BLOCK FOR PUBLIC SAFE-**  
9               **TY.**

10       (a) IN GENERAL.—The Commission shall reallocate  
11       the 700 MHz D block spectrum for use by public safety  
12       entities in accordance with the provisions of this subtitle.

13       (b) SPECTRUM ALLOCATION.—Section 337(a) of the  
14       Communications Act of 1934 (47 U.S.C. 337(a)) is  
15       amended—

16               (1) by striking “24” in paragraph (1) and in-  
17       serting “34”; and

18               (2) by striking “36” in paragraph (2) and in-  
19       serting “26”.

20       **SEC. 282. FLEXIBLE USE OF NARROWBAND SPECTRUM.**

21       The Commission may allow the narrowband spectrum  
22       to be used in a flexible manner, including usage for public  
23       safety broadband communications, subject to such tech-  
24       nical and interference protection measures as the Commis-  
25       sion may require and subject to interoperability require-

1 ments of the Commission and the Corporation established  
2 in section 204 of this subtitle.

3 **SEC. 283. SINGLE PUBLIC SAFETY WIRELESS NETWORK LI-**  
4 **CENSEE.**

5 (a) REALLOCATION AND GRANT OF LICENSE.—Not-  
6 withstanding any other provision of law, but subject to the  
7 provisions of this subtitle, including section 290, the Com-  
8 mission shall grant a license to the Public Safety  
9 Broadband Corporation established under section 284 for  
10 the use of the 700 MHz D block spectrum and existing  
11 public safety broadband spectrum.

12 (b) TERM OF LICENSE.—

13 (1) INITIAL LICENSE.—The license granted  
14 under subsection (a) shall be for an initial term of  
15 10 years from the date of the initial issuance of the  
16 license.

17 (2) RENEWAL OF LICENSE.—Prior to expiration  
18 of the term of the initial license granted under sub-  
19 section (a) or the expiration of any subsequent re-  
20 newal of such license, the Corporation shall submit  
21 to the Commission an application for the renewal of  
22 such license. Such renewal application shall dem-  
23 onstrate that, during the preceding license term, the  
24 Corporation has met the duties and obligations set  
25 forth under this subtitle. A renewal license granted

1 under this paragraph shall be for a term of not to  
2 exceed 15 years.

3 (c) FACILITATION OF TRANSITION.—The Commis-  
4 sion shall take all actions necessary to facilitate the transi-  
5 tion of the existing public safety broadband spectrum to  
6 the Public Safety Broadband Corporation established  
7 under section 284.

8 **SEC. 284. ESTABLISHMENT OF PUBLIC SAFETY BROADBAND**  
9 **CORPORATION.**

10 (a) ESTABLISHMENT.—There is authorized to be es-  
11 tablished a private, nonprofit corporation, to be known as  
12 the “Public Safety Broadband Corporation”, which is nei-  
13 ther an agency nor establishment of the United States  
14 Government or the District of Columbia Government.

15 (b) APPLICATION OF PROVISIONS.—The Corporation  
16 shall be subject to the provisions of this subtitle, and, to  
17 the extent consistent with this subtitle, to the District of  
18 Columbia Nonprofit Corporation Act (section 29–301.01  
19 et seq., D.C. Official Code).

20 (c) RESIDENCE.—The Corporation shall have its  
21 place of business in the District of Columbia and shall be  
22 considered, for purposes of venue in civil actions, to be  
23 a resident of the District of Columbia.

24 (d) POWERS UNDER D.C. ACT.—In order to carry  
25 out the duties and activities of the Corporation, the Cor-

1 poration shall have the usual powers conferred upon a  
2 nonprofit corporation by the District of Columbia Non-  
3 profit Corporation Act.

4 (e) INCORPORATION.—The members of the initial  
5 Board of Directors of the Corporation shall serve as  
6 incorporators and shall take whatever steps that are nec-  
7 essary to establish the Corporation under the District of  
8 Columbia Nonprofit Corporation Act.

9 **SEC. 285. BOARD OF DIRECTORS OF THE CORPORATION.**

10 (a) MEMBERSHIP.—The management of the Corpora-  
11 tion shall be vested in a Board of Directors (referred to  
12 in this subtitle as the “Board”), which shall consist of the  
13 following members:

14 (1) FEDERAL MEMBERS.—The following indi-  
15 viduals, or their respective designees, shall serve as  
16 Federal members:

17 (A) The Secretary of Commerce.

18 (B) The Secretary of Homeland Security.

19 (C) The Attorney General of the United  
20 States.

21 (D) The Director of the Office of Manage-  
22 ment and Budget.

23 (2) NON-FEDERAL MEMBERS.—

24 (A) IN GENERAL.—The Secretary of Com-  
25 merce, in consultation with the Secretary of



1 Homeland Security and the Attorney General of  
2 the United States, shall appoint 11 individuals  
3 to serve as non-Federal members of the Board.

4 (B) STATE, TERRITORIAL, TRIBAL AND  
5 LOCAL GOVERNMENT INTERESTS.—In making  
6 appointments under subparagraph (A), the Sec-  
7 retary of Commerce should—

8 (i) appoint at least 3 individuals with  
9 significant expertise in the collective inter-  
10 ests of State, territorial, tribal, and local  
11 governments;

12 (ii) seek to ensure geographic and re-  
13 gional representation of the United States  
14 in such appointments; and

15 (iii) seek to ensure rural and urban  
16 representation in such appointments.

17 (C) PUBLIC SAFETY INTERESTS.—In mak-  
18 ing appointments under subparagraph (A), the  
19 Secretary of Commerce should appoint at least  
20 3 individuals who have served or are currently  
21 serving as public safety professionals.

22 (D) REQUIRED QUALIFICATIONS.—

23 (i) IN GENERAL.—Each non-Federal  
24 member appointed under subparagraph (A)

1 should meet at least one of the following  
2 criteria:

3 (I) PUBLIC SAFETY EXPERI-  
4 ENCE.—Knowledge and experience in  
5 the use of Federal, State, local, or  
6 tribal public safety or emergency re-  
7 sponse.

8 (II) TECHNICAL EXPERTISE.—  
9 Technical expertise and fluency re-  
10 garding broadband communications,  
11 including public safety communica-  
12 tions and cybersecurity.

13 (III) NETWORK EXPERTISE.—  
14 Expertise in building, deploying, and  
15 operating commercial telecommuni-  
16 cations networks.

17 (IV) FINANCIAL EXPERTISE.—  
18 Expertise in financing and funding  
19 telecommunications networks.

20 (ii) EXPERTISE TO BE REP-  
21 RESENTED.—In making appointments  
22 under subparagraph (A), the Secretary of  
23 Commerce should appoint—

1 (I) at least one individual who  
2 satisfies the requirement under sub-  
3 clause (II) of clause (i);

4 (II) at least one individual who  
5 satisfies the requirement under sub-  
6 clause (III) of clause (i); and

7 (III) at least one individual who  
8 satisfies the requirement under sub-  
9 clause (IV) of clause (i).

10 (E) INDEPENDENCE.—

11 (i) IN GENERAL.—Each non-Federal  
12 member of the Board shall be independent  
13 and neutral and maintain a fiduciary rela-  
14 tionship with the Corporation in per-  
15 forming his or her duties.

16 (ii) INDEPENDENCE DETERMINA-  
17 TION.—In order to be considered inde-  
18 pendent for purposes of this subparagraph,  
19 a member of the Board—

20 (I) may not, other than in his or  
21 her capacity as a member of the  
22 Board or any committee thereof—

23 (aa) accept any consulting,  
24 advisory, or other compensatory  
25 fee from the Corporation; or

1 (bb) be a person associated  
2 with the Corporation or with any  
3 affiliated company thereof; and

4 (II) shall be disqualified from  
5 any deliberation involving any trans-  
6 action of the Corporation in which the  
7 Board member has a financial interest  
8 in the outcome of the transaction.

9 (F) NOT OFFICERS OR EMPLOYEES.—The  
10 non-Federal members of the Board shall not, by  
11 reason of such membership, be considered to be  
12 officers or employees of the United States Gov-  
13 ernment or of the District of Columbia Govern-  
14 ment.

15 (G) CITIZENSHIP.—No individual other  
16 than a citizen of the United States may serve  
17 as a non-Federal member of the Board.

18 (H) CLEARANCE FOR CLASSIFIED INFOR-  
19 MATION.—In order to have the threat and vul-  
20 nerability information necessary to make risk  
21 management decisions regarding the network,  
22 the non-Federal members of the Board shall be  
23 required, prior to appointment, to obtain a  
24 clearance held by the Director of National In-  
25 telligence that permits them to receive informa-

1           tion classified at the level of Top Secret, Special  
2           Compartmented Information.

3           (b) TERMS OF APPOINTMENT.—

4           (1) INITIAL APPOINTMENT DEADLINE.—Mem-  
5           bers of the Board shall be appointed not later than  
6           180 days after the date of the enactment of this  
7           subtitle.

8           (2) TERMS.—

9           (A) LENGTH.—

10           (i) FEDERAL MEMBERS.—Each Fed-  
11           eral member of the Board shall serve as a  
12           member of the Board for the life of the  
13           Corporation while serving in their ap-  
14           pointed capacity.

15           (ii) NON-FEDERAL MEMBERS.—The  
16           term of office of each non-Federal member  
17           of the Board shall be 3 years. No non-Fed-  
18           eral member of the Board may serve more  
19           than 2 consecutive full 3-year terms.

20           (B) EXPIRATION OF TERM.—Any member  
21           whose term has expired may serve until such  
22           member's successor has taken office, or until  
23           the end of the calendar year in which such  
24           member's term has expired, whichever is earlier.

1 (C) APPOINTMENT TO FILL VACANCY.—

2 Any non-Federal member appointed to fill a va-  
3 cancy occurring prior to the expiration of the  
4 term for which that member's predecessor was  
5 appointed shall be appointed for the remainder  
6 of the predecessor's term.

7 (D) STAGGERED TERMS.—With respect to  
8 the initial non-Federal members of the Board—

9 (i) 4 members shall serve for a term  
10 of 3 years;

11 (ii) 4 members shall serve for a term  
12 of 2 years; and

13 (iii) 3 members shall serve for a term  
14 of 1 year.

15 (3) VACANCIES.—A vacancy in the membership  
16 of the Board shall not affect the Board's powers and  
17 shall be filled in the same manner as the original  
18 member was appointed.

19 (c) CHAIR.—

20 (1) SELECTION.—The Secretary of Commerce,  
21 in consultation with the Secretary of Homeland Se-  
22 curity and the Attorney General of the United  
23 States, shall select, from among the members of the  
24 Board, an individual to serve for a 2-year term as  
25 Chair of the Board.

1           (2) CONSECUTIVE TERMS.—An individual may  
2 not serve for more than 2 consecutive terms as  
3 Chair of the Board.

4           (3) REMOVAL FOR CAUSE.—The Secretary of  
5 Commerce, in consultation with the Secretary of  
6 Homeland Security and the Attorney General of the  
7 United States, may remove the Chair of the Board  
8 and any non-Federal member for good cause.

9           (d) REMOVAL.—All members of the Board may by  
10 majority vote—

11           (1) remove any non-Federal member of the  
12 Board from office for conduct determined by the  
13 Board to be detrimental to the Board or Corpora-  
14 tion; and

15           (2) request that the Secretary of Commerce ex-  
16 ercise his or her authority to remove the Chair of  
17 the Board for conduct determined by the Board to  
18 be detrimental to the Board or Corporation.

19           (e) MEETINGS.—

20           (1) FREQUENCY.—The Board shall meet in ac-  
21 cordance with the bylaws of the Corporation—

22                   (A) at the call of the Chair; and

23                   (B) not less frequently than once each  
24 quarter.

1           (2) TRANSPARENCY.—Meetings of the Board,  
2           including any committee of the Board, shall be open  
3           to the public. The Board may, by majority vote,  
4           close any such meeting only for the time necessary  
5           to preserve the confidentiality of commercial or fi-  
6           nancial information that is privileged or confidential,  
7           to discuss personnel matters, to discuss security  
8           vulnerabilities when making those vulnerabilities  
9           public would increase risk to the network or other-  
10          wise materially threaten network operations, or to  
11          discuss legal matters affecting the Corporation, in-  
12          cluding pending or potential litigation.

13          (f) QUORUM.—Eight members of the Board shall  
14          constitute a quorum.

15          (g) BYLAWS.—A majority of the members of the  
16          Board of Directors may amend the bylaws of the Corpora-  
17          tion.

18          (h) ATTENDANCE.—Members of the Board of Direc-  
19          tors may attend meetings of the Corporation and vote in  
20          person, via telephone conference, or via video conference.

21          (i) PROHIBITION ON COMPENSATION.—Members of  
22          the Board of the Corporation shall serve without pay and  
23          shall not otherwise benefit, directly or indirectly, as a re-  
24          sult of their service to the Corporation, but shall be al-  
25          lowed a per diem allowance for travel expenses, at rates



1 authorized for an employee of an agency under subchapter  
2 I of chapter 57 of title 5, United States Code, while away  
3 from the home or regular place of business of the member  
4 in the performance of the duties of the Corporation.

5 **SEC. 286. OFFICERS, EMPLOYEES, AND COMMITTEES OF**  
6 **THE CORPORATION.**

7 (a) OFFICERS AND EMPLOYEES.—

8 (1) IN GENERAL.—The Corporation shall have  
9 a Chief Executive Officer and such other officers  
10 and employees as may be named and appointed by  
11 the Board for terms and at rates of compensation  
12 fixed by the Board pursuant to this subsection. The  
13 Chief Executive Officer may name and appoint such  
14 employees as are necessary. All officers and employ-  
15 ees shall serve at the pleasure of the Board.

16 (2) LIMITATION.—No individual other than a  
17 citizen of the United States may be an officer of the  
18 Corporation.

19 (3) NONPOLITICAL NATURE OF APPOINT-  
20 MENT.—No political test or qualification shall be  
21 used in selecting, appointing, promoting, or taking  
22 other personnel actions with respect to officers,  
23 agents, or employees of the Corporation.

24 (4) COMPENSATION.—

1           (A) IN GENERAL.—The Board may hire  
2           and fix the compensation of employees hired  
3           under this subsection as may be necessary to  
4           carry out the purposes of the Corporation.

5           (B) APPROVAL OF COMPENSATION BY  
6           FEDERAL MEMBERS.—Notwithstanding any  
7           other provision of law, or any bylaw adopted by  
8           the Corporation, all rates of compensation, in-  
9           cluding benefit plans and salary ranges, for of-  
10          ficers and employees of the Corporation, shall  
11          be jointly approved by the Federal members of  
12          the Board.

13          (C) LIMITATION ON OTHER COMPENSA-  
14          TION.—No officer or employee of the Corpora-  
15          tion may receive any salary or other compensa-  
16          tion (except for compensation for services on  
17          boards of directors of other organizations that  
18          do not receive funds from the Corporation, on  
19          committees of such boards, and in similar ac-  
20          tivities for such organizations) from any sources  
21          other than the Corporation for services ren-  
22          dered during the period of the employment of  
23          the officer or employee by the Corporation, un-  
24          less unanimously approved by all voting mem-  
25          bers of the Board.

1           (5) SERVICE ON OTHER BOARDS.—Service by  
2 any officer on boards of directors of other organiza-  
3 tions, on committees of such boards, and in similar  
4 activities for such organizations shall be subject to  
5 annual advance approval by the Board and subject  
6 to the provisions of the Corporation’s Statement of  
7 Ethical Conduct.

8           (6) RULE OF CONSTRUCTION.—No officer or  
9 employee of the Corporation shall be considered to  
10 be an officer or employee of the United States Gov-  
11 ernment or of the government of the District of Co-  
12 lumbia.

13           (7) CLEARANCE FOR CLASSIFIED INFORMA-  
14 TION.—In order to have the threat and vulnerability  
15 information necessary to make risk management de-  
16 cisions regarding the network, at a minimum the  
17 Chief Executive Officer and any officers filling the  
18 roles normally titled as Chief Information Officer,  
19 Chief Information Security Officer, and Chief Oper-  
20 ations Officer shall be required, within 6 months of  
21 being hired, to obtain a clearance held by the Direc-  
22 tor of National Intelligence that permits them to re-  
23 ceive information classified at the level of Top Se-  
24 cret, Special Compartmented Information.

25           (b) ADVISORY COMMITTEES.—The Board—

1           (1) shall establish a standing public safety advisory  
2           committee to assist the Board in carrying out  
3           its duties and responsibilities under this title; and

4           (2) may establish additional standing or ad hoc  
5           committees, panels, or councils as the Board deter-  
6           mines are necessary.

7 **SEC. 287. NONPROFIT AND NONPOLITICAL NATURE OF THE**  
8                                   **CORPORATION.**

9           (a) STOCK.—The Corporation shall have no power to  
10          issue any shares of stock or to declare or pay any divi-  
11          dends.

12          (b) PROFIT.—No part of the income or assets of the  
13          Corporation shall inure to the benefit of any director, offi-  
14          cer, employee, or any other individual associated with the  
15          Corporation, except as salary or reasonable compensation  
16          for services.

17          (c) POLITICS.—The Corporation may not contribute  
18          to or otherwise support any political party or candidate  
19          for elective public office.

20          (d) PROHIBITION ON LOBBYING ACTIVITIES.—The  
21          Corporation shall not engage in lobbying activities (as de-  
22          fined in section 3(7) of the Lobbying Disclosure Act of  
23          1995 (5 U.S.C. 1602(7))).

1 **SEC. 288. POWERS, DUTIES, AND RESPONSIBILITIES OF THE**  
2 **CORPORATION.**

3 (a) GENERAL POWERS.—The Corporation shall have  
4 the authority to do the following:

5 (1) To adopt and use a corporate seal.

6 (2) To have succession until dissolved by an Act  
7 of Congress.

8 (3) To prescribe, through the actions of its  
9 Board, bylaws not inconsistent with Federal law and  
10 the laws of the District of Columbia, regulating the  
11 manner in which the Corporation's general business  
12 may be conducted and the manner in which the  
13 privileges granted to the Corporation by law may be  
14 exercised.

15 (4) To exercise, through the actions of its  
16 Board, all powers specifically granted by the provi-  
17 sions of this subtitle and such incidental powers as  
18 shall be necessary.

19 (5) To hold such hearings, sit and act at such  
20 times and places, take such testimony, and receive  
21 such evidence as the Corporation considers necessary  
22 to carry out its responsibilities and duties.

23 (6) To obtain grants and funds from and make  
24 contracts with individuals, private companies, orga-  
25 nizations, institutions, and Federal, State, regional,  
26 and local agencies, pursuant to guidelines estab-

1 lished by the Director of the Office of Management  
2 and Budget.

3 (7) To accept, hold, administer, and utilize  
4 gifts, donations, and bequests of property, both real  
5 and personal, for the purposes of aiding or facili-  
6 tating the work of the Corporation.

7 (8) To issue notes or bonds, which shall not be  
8 guaranteed or backed in any manner by the Govern-  
9 ment of the United States, to purchasers of such in-  
10 struments in the private capital markets.

11 (9) To incur indebtedness, which shall be the  
12 sole liability of the Corporation and shall not be  
13 guaranteed or backed by the Government of the  
14 United States, to carry out the purposes of this sub-  
15 title.

16 (10) To spend funds under paragraph (6) in a  
17 manner authorized by the Board, but only for pur-  
18 poses that will advance or enhance public safety  
19 communications consistent with this subtitle.

20 (11) To establish reserve accounts with funds  
21 that the Corporation may receive from time to time  
22 that exceed the amounts required by the Corporation  
23 to timely pay its debt service and other obligations.

24 (12) To expend the funds placed in any reserve  
25 accounts established under paragraph (11) (includ-

1 ing interest earned on any such amounts) in a man-  
2 ner authorized by the Board, but only for purposes  
3 that—

4 (A) will advance or enhance public safety  
5 communications consistent with this subtitle; or

6 (B) are otherwise approved by an Act of  
7 Congress.

8 (13) To build, operate, and maintain the public  
9 safety interoperable broadband network.

10 (14) To take such other actions as the Corpora-  
11 tion (through its Board) may from time to time de-  
12 termine necessary, appropriate, or advisable to ac-  
13 complish the purposes of this subtitle.

14 (b) DUTY AND RESPONSIBILITY TO DEPLOY AND  
15 OPERATE A NATIONWIDE PUBLIC SAFETY INTEROPER-  
16 ABLE BROADBAND NETWORK.—

17 (1) IN GENERAL.—The Corporation shall hold  
18 the single public safety wireless license granted  
19 under section 283 and take all actions necessary to  
20 ensure the building, deployment, and operation of a  
21 secure and resilient nationwide public safety inter-  
22 operable broadband network in consultation with  
23 Federal, State, tribal, and local public safety enti-  
24 ties, the Director of NIST, the Commission, and the

1 public safety advisory committee established in sec-  
2 tion 286(b)(1), including by—

3 (A) ensuring nationwide standards includ-  
4 ing encryption requirements for use and access  
5 of the network;

6 (B) issuing open, transparent, and com-  
7 petitive requests for proposals to private sector  
8 entities for the purposes of building, operating,  
9 and maintaining the network;

10 (C) managing and overseeing the imple-  
11 mentation and execution of contracts or agree-  
12 ments with non-Federal entities to build, oper-  
13 ate, and maintain the network; and

14 (D) establishing policies regarding Federal  
15 and public safety support use.

16 (2) INTEROPERABILITY, SECURITY, AND STAND-  
17 ARDS.—In carrying out the duties and responsibil-  
18 ities of this subsection, including issuing requests for  
19 proposals, the Corporation shall—

20 (A) ensure the safety, security, and resil-  
21 iency of the network, including requirements for  
22 protecting and monitoring the network to pro-  
23 tect against cyber intrusions or cyberattack;

24 (B) be informed of and manage supply  
25 chain risks to the network, including require-



1           ments to provide insight into the suppliers and  
2           supply chains for critical network components  
3           and to implement risk management best prac-  
4           tice in network design, contracting, operations,  
5           and maintenance;

6           (C) promote competition in the equipment  
7           market, including devices for public safety com-  
8           munications, by requiring that equipment and  
9           devices for use on the network be—

10                   (i) built to open, non-proprietary,  
11                   commercially available standards;

12                   (ii) capable of being used across the  
13                   nationwide public safety broadband net-  
14                   work operating in the 700 MHz band;

15                   (iii) able to be interchangeable with  
16                   other vendors' equipment; and

17                   (iv) backward-compatible with existing  
18                   second and third generation commercial  
19                   networks to the extent that such capabili-  
20                   ties are necessary and technically and eco-  
21                   nomically reasonable; and

22           (D) promote integration of the network  
23           with public safety answering points or their  
24           equivalent.

1           (3) RURAL COVERAGE.—In carrying out the du-  
2           ties and responsibilities of this subsection, including  
3           issuing requests for proposals, the Corporation, con-  
4           sistent with the license granted under section 283,  
5           shall require deployment phases with substantial  
6           rural coverage milestones as part of each phase of  
7           the construction and deployment of the network.

8           (4) EXECUTION OF AUTHORITY.—In carrying  
9           out the duties and responsibilities of this subsection,  
10          the Corporation may—

11           (A) obtain grants from and make contracts  
12           with individuals, private companies, and Fed-  
13           eral, State, regional, and local agencies;

14           (B) hire or accept voluntary services of  
15           consultants, experts, advisory boards, and pan-  
16           els to aid the Corporation in carrying out such  
17           duties and responsibilities;

18           (C) receive payment for use of—

19           (i) network capacity licensed to the  
20           Corporation; and

21           (ii) network infrastructure con-  
22           structed, owned, or operated by the Cor-  
23           poration; and

1           (D) take such other actions as may be nec-  
2           essary to accomplish the purposes set forth in  
3           this subsection.

4           (c) OTHER SPECIFIC DUTIES AND RESPONSIBIL-  
5 ITIES.—

6           (1) ESTABLISHMENT OF NETWORK POLICIES.—

7           In carrying out the requirements under subsection  
8           (b), the Corporation shall take such actions as may  
9           be necessary, including the development of requests  
10          for proposals. Request for proposals should in-  
11          clude—

12                   (A)(i) build timetables, including by taking  
13                   into consideration the time needed to build out  
14                   to rural areas;

15                   (ii) coverage areas, including coverage in  
16                   rural and nonurban areas;

17                   (iii) service levels;

18                   (iv) performance criteria; and

19                   (v) other similar matters for the construc-  
20                   tion and deployment of such network;

21                   (B) the technical, operational, and security  
22                   requirements of the network and, as appro-  
23                   priate, network suppliers;

1 (C) practices, procedures, and standards  
2 for the management and operation of such net-  
3 work;

4 (D) terms of service for the use of such  
5 network, including billing practices; and

6 (E) ongoing compliance review and moni-  
7 toring of the—

8 (i) management and operation of such  
9 network;

10 (ii) practices and procedures of the  
11 entities operating on and the personnel  
12 using such network; and

13 (iii) training needs of entities oper-  
14 ating on and personnel using such net-  
15 work.

16 (2) STATE AND LOCAL PLANNING.—

17 (A) REQUIRED CONSULTATION.—In devel-  
18 oping requests for proposal and otherwise car-  
19 rying out its responsibilities under this subtitle,  
20 the Corporation shall consult with regional,  
21 State, tribal, and local jurisdictions regarding  
22 the distribution and expenditure of any  
23 amounts required to carry out the policies es-  
24 tablished under paragraph (1), including with  
25 regard to the—

- 1 (i) construction of an Evolved Packet  
2 Core or Cores and any Radio Access Net-  
3 work build out;
- 4 (ii) placement of towers;
- 5 (iii) coverage areas of the network,  
6 whether at the regional, State, tribal, or  
7 local level;
- 8 (iv) adequacy of hardening, security,  
9 reliability, and resiliency requirements;
- 10 (v) assignment of priority to local  
11 users;
- 12 (vi) assignment of priority and selec-  
13 tion of entities seeking access to or use of  
14 the nationwide public safety interoperable  
15 broadband network established under sub-  
16 section (b); and
- 17 (vii) training needs of local users.

18 (B) METHOD OF CONSULTATION.—The  
19 consultation required under subparagraph (A)  
20 shall occur between the Corporation and the  
21 single officer or governmental body designated  
22 under section 294(d).

23 (3) LEVERAGING EXISTING INFRASTRUC-  
24 TURE.—In carrying out the requirement under sub-  
25 section (b), the Corporation shall enter into agree-

1       ments to utilize, to the maximum economically desir-  
2       able, existing—

3               (A) commercial or other communications  
4       infrastructure; and

5               (B) Federal, State, tribal, or local infra-  
6       structure.

7               (4) MAINTENANCE AND UPGRADES.—The Cor-  
8       poration shall ensure through the maintenance, op-  
9       eration, and improvement of the nationwide public  
10      safety interoperable broadband network established  
11      under subsection (b), including by ensuring that the  
12      Corporation updates and revises any policies estab-  
13      lished under paragraph (1), to take into account new  
14      and evolving technologies and security concerns.

15              (5) ROAMING AGREEMENTS.—The Corporation  
16      shall negotiate and enter into, as it determines ap-  
17      propriate, roaming agreements with commercial net-  
18      work providers to allow the nationwide public safety  
19      interoperable broadband users to roam onto com-  
20      mercial networks and gain prioritization of public  
21      safety communications over such networks in times  
22      of an emergency.

23              (6) NETWORK INFRASTRUCTURE AND DEVICE  
24      CRITERIA.—The Director of NIST, in consultation  
25      with the Corporation and the Commission, shall en-

1       sure the development of a list of certified devices  
2       and components meeting appropriate protocols,  
3       encryption requirements, and standards for public  
4       safety entities and commercial vendors to adhere to,  
5       if such entities or vendors seek to have access to, use  
6       of, or compatibility with the nationwide public safety  
7       interoperable broadband network established under  
8       subsection (b).

9               (7) REPRESENTATION BEFORE STANDARD SET-  
10       TING ENTITIES.—The Corporation, in consultation  
11       with the Director of NIST, the Commission, and the  
12       public safety advisory committee established under  
13       section 286(b)(1), shall represent the interests of  
14       public safety users of the nationwide public safety  
15       interoperable broadband network established under  
16       subsection (b) before any proceeding, negotiation, or  
17       other matter in which a standards organization,  
18       standards body, standards development organization,  
19       or any other recognized standards-setting entity acts  
20       regarding the development of standards relating to  
21       interoperability.

22               (8) PROHIBITION ON NEGOTIATION WITH FOR-  
23       EIGN GOVERNMENTS.—Except as authorized by the  
24       President, the Corporation shall not have the au-  
25       thority to negotiate or enter into any agreements

1 with a foreign government on behalf of the United  
2 States.

3 (d) USE OF MAILS.—The Corporation may use the  
4 United States mails in the same manner and under the  
5 same conditions as the departments and agencies of the  
6 United States.

7 **SEC. 289. INITIAL FUNDING FOR CORPORATION.**

8 (a) NTIA PROVISION OF INITIAL FUNDING TO THE  
9 CORPORATION.—

10 (1) IN GENERAL.—Prior to the commencement  
11 of incentive auctions to be carried out under section  
12 309(j)(8)(F) of the Communications Act of 1934 or  
13 the auction of spectrum pursuant to section 277 of  
14 this subtitle, the NTIA is hereby appropriated  
15 \$50,000,000 for reasonable administrative expenses  
16 and other costs associated with the establishment of  
17 the Corporation, and that may be transferred as  
18 needed to the Corporation for expenses before the  
19 commencement of an incentive auction: Provided,  
20 That funding shall expire on September 30, 2014.

21 (2) CONDITION OF FUNDING.—At the time of  
22 application for, and as a condition to, any such  
23 funding, the Corporation shall file with the NTIA a  
24 statement with respect to the anticipated use of the  
25 proceeds of this funding.



1 (3) NTIA APPROVAL.—If the NTIA determines  
 2 that such funding is necessary for the Corporation  
 3 to carry out its duties and responsibilities under this  
 4 subtitle and that the Corporation has submitted a  
 5 plan, then the NTIA shall notify the appropriate  
 6 committees of Congress 30 days before each transfer  
 7 of funds takes place.

8 **SEC. 290. PERMANENT SELF-FUNDING; DUTY TO ASSESS**  
 9 **AND COLLECT FEES FOR NETWORK USE.**

10 (a) IN GENERAL.—The Corporation shall have the  
 11 authority to assess and collect the following fees:

12 (1) NETWORK USER FEE.—A user or subscrip-  
 13 tion fee from each entity, including any public safety  
 14 entity or secondary user, that seeks access to or use  
 15 of the nationwide public safety interoperable  
 16 broadband network established under this subtitle.

17 (2) LEASE FEES RELATED TO NETWORK CA-  
 18 PACITY.—

19 (A) IN GENERAL.—A fee from any non-  
 20 Federal entity that seeks to enter into a covered  
 21 leasing agreement.

22 (B) COVERED LEASING AGREEMENT.—For  
 23 purposes of subparagraph (A), a “covered leas-  
 24 ing agreement” means a written agreement be-

1           tween the Corporation and secondary user to  
2           permit—

3                   (i) access to network capacity on a  
4                   secondary basis for non-public safety serv-  
5                   ices; and

6                   (ii) the spectrum allocated to such en-  
7                   tity to be used for commercial trans-  
8                   missions along the dark fiber of the long-  
9                   haul network of such entity.

10           (3) LEASE FEES RELATED TO NETWORK EQUIP-  
11           MENT AND INFRASTRUCTURE.—A fee from any non-  
12           Federal entity that seeks access to or use of any  
13           equipment or infrastructure, including antennas or  
14           towers, constructed or otherwise owned by the Cor-  
15           poration.

16           (b) ESTABLISHMENT OF FEE AMOUNTS; PERMA-  
17           NENT SELF-FUNDING.—The total amount of the fees as-  
18           sessed for each fiscal year pursuant to this section shall  
19           be sufficient, and shall not exceed the amount necessary,  
20           to recoup the total expenses of the Corporation in carrying  
21           out its duties and responsibilities described under this title  
22           for the fiscal year involved.

23           (c) REQUIRED REINVESTMENT OF FUNDS.—The  
24           Corporation shall reinvest amounts received from the as-  
25           sessment of fees under this section in the nationwide pub-

1 lie safety interoperable broadband network by using such  
2 funds only for constructing, maintaining, managing, or  
3 improving the network.

4 **SEC. 291. AUDIT AND REPORT.**

5 (a) AUDIT.—

6 (1) IN GENERAL.—The financial transactions of  
7 the Corporation for any fiscal year during which  
8 Federal funds are available to finance any portion of  
9 its operations shall be audited by the Comptroller  
10 General of the United States in accordance with the  
11 principles and procedures applicable to commercial  
12 corporate transactions and under such rules and  
13 regulations as may be prescribed by the Comptroller  
14 General.

15 (2) LOCATION.—Any audit conducted under  
16 paragraph (1) shall be conducted at the place or  
17 places where accounts of the Corporation are nor-  
18 mally kept.

19 (3) ACCESS TO CORPORATION BOOKS AND DOC-  
20 UMENTS.—

21 (A) IN GENERAL.—For purposes of an  
22 audit conducted under paragraph (1), the rep-  
23 resentatives of the Comptroller General shall—

24 (i) have access to all books, accounts,  
25 records, reports, files, and all other papers,

1 things, or property belonging to or in use  
2 by the Corporation that pertain to the fi-  
3 nancial transactions of the Corporation  
4 and are necessary to facilitate the audit;  
5 and

6 (ii) be afforded full facilities for  
7 verifying transactions with the balances or  
8 securities held by depositories, fiscal  
9 agents, and custodians.

10 (B) REQUIREMENT.—All books, accounts,  
11 records, reports, files, papers, and property of  
12 the Corporation shall remain in the possession  
13 and custody of the Corporation.

14 (b) REPORT.—

15 (1) IN GENERAL.—The Comptroller General of  
16 the United States shall submit a report of each  
17 audit conducted under subsection (a) to—

18 (A) the appropriate committees of Con-  
19 gress;

20 (B) the President; and

21 (C) the Corporation.

22 (2) CONTENTS.—Each report submitted under  
23 paragraph (1) shall contain—

24 (A) such comments and information as the  
25 Comptroller General determines necessary to in-

1 form Congress of the financial operations and  
2 condition of the Corporation;

3 (B) any recommendations of the Comp-  
4 troller General relating to the financial oper-  
5 ations and condition of the Corporation; and

6 (C) a description of any program, expendi-  
7 ture, or other financial transaction or under-  
8 taking of the Corporation that was observed  
9 during the course of the audit, which, in the  
10 opinion of the Comptroller General, has been  
11 carried on or made without the authority of  
12 law.

13 **SEC. 292. ANNUAL REPORT TO CONGRESS.**

14 (a) **IN GENERAL.**—Not later than 1 year after the  
15 date of enactment of this subtitle, and each year there-  
16 after, the Corporation shall submit an annual report cov-  
17 ering the preceding fiscal year to the President and the  
18 appropriate committees of Congress.

19 (b) **REQUIRED CONTENT.**—The report required  
20 under subsection (a) shall include—

21 (1) a comprehensive and detailed report of the  
22 operations, activities, financial condition, and accom-  
23 plishments of the Corporation under this section;  
24 and

1           (2) such recommendations or proposals for leg-  
2           islative or administrative action as the Corporation  
3           deems appropriate.

4           (c) AVAILABILITY TO TESTIFY.—The directors, offi-  
5           cers, employees, and agents of the Corporation shall be  
6           available to testify before the appropriate committees of  
7           the Congress with respect to—

8           (1) the report required under subsection (a);

9           (2) the report of any audit made by the Comp-  
10          troller General under section 291; or

11          (3) any other matter which such committees  
12          may determine appropriate.

13 **SEC. 293. PROVISION OF TECHNICAL ASSISTANCE.**

14          The Commission and the Departments of Homeland  
15          Security, Justice, and Commerce may provide technical  
16          assistance to the Corporation and may take any action at  
17          the request of the Corporation in effectuating its duties  
18          and responsibilities under this subtitle.

19 **SEC. 294. STATE AND LOCAL IMPLEMENTATION.**

20          (a) ESTABLISHMENT OF STATE AND LOCAL IMPLE-  
21          MENTATION GRANT PROGRAM.—The Assistant Secretary,  
22          in consultation with the Corporation, shall take such ac-  
23          tion as is necessary to establish a grant program to make  
24          grants to States to assist State, regional, tribal, and local  
25          jurisdictions to identify, plan, and implement the most ef-

1 ficient and effective way for such jurisdictions to utilize  
2 and integrate the infrastructure, equipment, and other ar-  
3 chitecture associated with the nationwide public safety  
4 interoperable broadband network established in this sub-  
5 title to satisfy the wireless communications and data serv-  
6 ices needs of that jurisdiction, including with regards to  
7 coverage, siting, identity management for public safety  
8 users and their devices, and other needs.

9 (b) MATCHING REQUIREMENTS; FEDERAL SHARE.—

10 (1) IN GENERAL.—The Federal share of the  
11 cost of any activity carried out using a grant under  
12 this section may not exceed 80 percent of the eligible  
13 costs of carrying out that activity, as determined by  
14 the Assistant Secretary, in consultation with the  
15 Corporation.

16 (2) WAIVER.—The Assistant Secretary may  
17 waive, in whole or in part, the requirements of para-  
18 graph (1) for good cause shown if the Assistant Sec-  
19 retary determines that such a waiver is in the public  
20 interest.

21 (c) PROGRAMMATIC REQUIREMENTS.—Not later than  
22 6 months after the establishment of the bylaws of the Cor-  
23 poration pursuant to section 288 of this subtitle, the As-  
24 sistant Secretary, in consultation with the Corporation,  
25 shall establish requirements relating to the grant program

1 to be carried out under this section, including the fol-  
2 lowing:

3 (1) Defining eligible costs for purposes of sub-  
4 section (b)(1).

5 (2) Determining the scope of eligible activities  
6 for grant funding under this section.

7 (3) Prioritizing grants for activities that ensure  
8 coverage in rural as well as urban areas.

9 (d) CERTIFICATION AND DESIGNATION OF OFFICER  
10 OR GOVERNMENTAL BODY.—In carrying out the grant  
11 program established under this section, the Assistant Sec-  
12 retary shall require each State to certify in its application  
13 for grant funds that the State has designated a single offi-  
14 cer or governmental body to serve as the coordinator of  
15 implementation of the grant funds.

16 **SEC. 295. STATE AND LOCAL IMPLEMENTATION FUND.**

17 (a) ESTABLISHMENT.—There is established in the  
18 Treasury of the United States a fund to be known as the  
19 “State and Local Implementation Fund”.

20 (b) PURPOSE.—The Assistant Secretary shall estab-  
21 lish and administer the grant program authorized under  
22 section 294 of this subtitle using funds deposited in the  
23 State and Local Implementation Fund.



1 (c) CREDITING OF RECEIPTS.—There shall be depos-  
2 ited into or credited to the State and Local Implementa-  
3 tion Fund—

4 (1) any amounts specified in section 297; and  
5 (2) any amounts borrowed by the Assistant  
6 Secretary under subsection (d).

7 (d) BORROWING AUTHORITY.—

8 (1) IN GENERAL.—The Assistant Secretary  
9 may borrow from the General Fund of the Treasury  
10 beginning on October 1, 2011, such sums as may be  
11 necessary, but not to exceed \$100,000,000 to imple-  
12 ment section 294.

13 (2) REIMBURSEMENT.—The Assistant Sec-  
14 retary shall reimburse the General Fund of the  
15 Treasury, with interest, for any amounts borrowed  
16 under paragraph (1) as funds are deposited into the  
17 State and Local Implementation Fund.

18 **SEC. 296. PUBLIC SAFETY WIRELESS COMMUNICATIONS RE-**  
19 **SEARCH AND DEVELOPMENT.**

20 (a) NIST DIRECTED RESEARCH AND DEVELOPMENT  
21 PROGRAM.—From amounts made available from the Pub-  
22 lic Safety Trust Fund established under section 297, the  
23 Director of NIST, in consultation with the Commission,  
24 the Secretary of Homeland Security, and the National In-  
25 stitute of Justice of the Department of Justice, as appro-

1 p r i a t e , s h a l l c o n d u c t r e s e a r c h a n d a s s i s t w i t h t h e d e v e l o p -  
2 m e n t o f s t a n d a r d s , t e c h n o l o g i e s , a n d a p p l i c a t i o n s t o a d -  
3 v a n c e w i r e l e s s p u b l i c s a f e t y c o m m u n i c a t i o n s .

4 ( b ) R E Q U I R E D A C T I V I T I E S . — I n c a r r y i n g o u t t h e r e -  
5 q u i r e m e n t u n d e r s u b s e c t i o n ( a ) , t h e D i r e c t o r o f N I S T , i n  
6 c o n s u l t a t i o n w i t h t h e C o r p o r a t i o n a n d t h e p u b l i c s a f e t y  
7 a d v i s o r y c o m m i t t e e e s t a b l i s h e d u n d e r s e c t i o n 2 8 6 ( b ) ( 1 ) ,  
8 s h a l l —

9 ( 1 ) d o c u m e n t p u b l i c s a f e t y w i r e l e s s c o m m u n i c a -  
10 t i o n s t e c h n i c a l r e q u i r e m e n t s ;

11 ( 2 ) a c c e l e r a t e t h e d e v e l o p m e n t o f t h e c a p a b i l i t y  
12 f o r c o m m u n i c a t i o n s b e t w e e n c u r r e n t l y d e p l o y e d p u b -  
13 l i c s a f e t y n a r r o w b a n d s y s t e m s a n d t h e n a t i o n w i d e  
14 p u b l i c s a f e t y i n t e r o p e r a b l e b r o a d b a n d n e t w o r k t o b e  
15 e s t a b l i s h e d u n d e r t h i s s u b t i t l e ;

16 ( 3 ) e s t a b l i s h a r e s e a r c h p l a n , a n d d i r e c t r e -  
17 s e a r c h , t h a t a d d r e s s e s t h e w i r e l e s s c o m m u n i c a t i o n s  
18 n e e d s o f p u b l i c s a f e t y e n t i t i e s b e y o n d w h a t c a n b e  
19 p r o v i d e d b y t h e c u r r e n t g e n e r a t i o n o f b r o a d b a n d  
20 t e c h n o l o g y ;

21 ( 4 ) a c c e l e r a t e t h e d e v e l o p m e n t o f m i s s i o n c r i t -  
22 i c a l v o i c e , i n c l u d i n g d e v i c e - t o - d e v i c e “ t a l k a r o u n d ”  
23 s t a n d a r d s f o r b r o a d b a n d n e t w o r k s , i f n e c e s s a r y a n d  
24 p r a c t i c a l , p u b l i c s a f e t y p r i o r i t i z a t i o n , a u t h e n t i c a t i o n  
25 c a p a b i l i t i e s , a s w e l l a s a s t a n d a r d a p p l i c a t i o n p r o -

1 graming interfaces for the nationwide public safety  
2 interoperable broadband network to be established  
3 under this title, if necessary and practical;

4 (5) seek to develop technologies, standards,  
5 processes, and architectures that provide a signifi-  
6 cant improvement in network security, resiliency,  
7 and trustworthiness; and

8 (6) convene working groups of relevant govern-  
9 ment and commercial parties to achieve the require-  
10 ments in paragraphs (1) through (5).

11 (c) TRANSFER AUTHORITY.—If, in the determination  
12 of the Director of NIST, another Federal agency is better  
13 suited to carry out and oversee the research and develop-  
14 ment of any activity to be carried out in accordance with  
15 the requirements of this section, the Director may transfer  
16 any amounts provided under this section to such agency,  
17 including to the National Institute of Justice of the De-  
18 partment of Justice and the Department of Homeland Se-  
19 curity.

20 **SEC. 297. PUBLIC SAFETY TRUST FUND.**

21 (a) ESTABLISHMENT OF PUBLIC SAFETY TRUST  
22 FUND.—

23 (1) IN GENERAL.—There is established in the  
24 Treasury of the United States a trust fund to be  
25 known as the “Public Safety Trust Fund”.

1 (2) CREDITING OF RECEIPTS.—

2 (A) IN GENERAL.—There shall be depos-  
3 ited into or credited to the Public Safety Trust  
4 Fund the proceeds from the auction of spec-  
5 trum carried out pursuant to—

6 (i) section 277 of this subtitle; and

7 (ii) section 309(j)(8)(F) of the Com-  
8 munications Act of 1934, as added by sec-  
9 tion 273 of this subtitle.

10 (B) AVAILABILITY.—Amounts deposited  
11 into or credited to the Public Safety Trust  
12 Fund in accordance with subparagraph (A)  
13 shall remain available until the end of fiscal  
14 year 2021. Upon the expiration of the period  
15 described in the prior sentence, such amounts  
16 shall be deposited in the General Fund of the  
17 Treasury, where such amounts shall be dedi-  
18 cated for the sole purpose of deficit reduction.

19 (b) USE OF FUND.—Amounts deposited in the Public  
20 Safety Trust Fund shall be used in the following manner:

21 (1) PAYMENT OF AUCTION INCENTIVE.—

22 (A) REQUIRED DISBURSALS.—Amounts in  
23 the Public Safety Trust Fund shall be used to  
24 make any required disbursement of payments to li-  
25 censees required pursuant to section

1           309(j)(8)(F) of the Communications Act of  
2           1934.

3           (B) NOTIFICATION TO CONGRESS.—

4           (i) IN GENERAL.—At least 3 months  
5           in advance of any incentive auction con-  
6           ducted pursuant to section 309(j)(8)(F) of  
7           the Communications Act of 1934, the  
8           Chairman of the Commission, in consulta-  
9           tion with the Director of the Office of  
10          Management and Budget, shall notify the  
11          appropriate committees of Congress—

12                 (I) of the methodology for calcu-  
13                 lating the disbursal of payments to  
14                 certain licensees required pursuant to  
15                 clause (i) and subclauses (III) and  
16                 (IV) of clause (ii) of such section;

17                 (II) that such methodology con-  
18                 siders the value of the spectrum vol-  
19                 untarily relinquished in its current use  
20                 and the timeliness with which the li-  
21                 censee cleared its use of such spec-  
22                 trum; and

23                 (III) of the estimated payments  
24                 to be made from the Incentive Auction  
25                 Relocation Fund established under

1 section 309(j)(8)(G) of the Commu-  
2 nications Act of 1934.

3 (ii) DEFINITION.—In this clause, the  
4 term “appropriate committees of Con-  
5 gress” means—

6 (I) the Committee on Commerce,  
7 Science, and Transportation of the  
8 Senate;

9 (II) the Committee on Appropria-  
10 tions of the Senate;

11 (III) the Committee on Energy  
12 and Commerce of the House of Rep-  
13 resentatives; and

14 (IV) the Committee on Appro-  
15 priations of the House of Representa-  
16 tives.

17 (2) INCENTIVE AUCTION RELOCATION FUND.—  
18 Not more than \$1,000,000,000 shall be deposited in  
19 the Incentive Auction Relocation Fund established  
20 under section 309(j)(8)(G) of the Communications  
21 Act of 1934.

22 (3) STATE AND LOCAL IMPLEMENTATION  
23 FUND.—\$200,000,000 shall be deposited in the  
24 State and Local Implementation Fund established  
25 under section 295.

1           (4) PUBLIC SAFETY BROADBAND CORPORA-  
2           TION.—\$6,450,000,000 shall be deposited with the  
3           Public Safety Broadband Corporation established  
4           under section 284, of which pursuant to its respon-  
5           sibilities and duties set forth under section 288 to  
6           deploy and operate a nationwide public safety inter-  
7           operable broadband network. Funds deposited with  
8           the Public Safety Broadband Corporation shall be  
9           available after submission of a five-year budget by  
10          the Corporation and approval by the Secretary of  
11          Commerce, in consultation with the Secretary of  
12          Homeland Security, the Director of the Office of  
13          Management and Budget, and the Attorney General  
14          of the United States.

15          (5) PUBLIC SAFETY RESEARCH AND DEVELOP-  
16          MENT.—After approval by the Office of Management  
17          and Budget of a spending plan developed by the Di-  
18          rector of NIST, a Wireless Innovation (WIN) Fund  
19          of up to \$300,000,000 shall be made available for  
20          use by the Director of NIST to carry out the re-  
21          search program established under section 296 and  
22          be available until expended. If less than  
23          \$300,000,000 is approved by the Office of Manage-  
24          ment and Budget, the remainder shall be transferred  
25          to the Public Safety Broadband Corporation estab-

1 lished in section 284 and be available for duties set  
2 forth under section 288 to deploy and operate a na-  
3 tionwide public safety interoperable broadband net-  
4 work.

5 (6) DEFICIT REDUCTION.—Any amounts re-  
6 maining after the deduction of the amounts required  
7 under paragraphs (1) through (5) shall be deposited  
8 in the General Fund of the Treasury, where such  
9 amounts shall be dedicated for the sole purpose of  
10 deficit reduction.

11 **SEC. 298. FCC REPORT ON EFFICIENT USE OF PUBLIC**  
12 **SAFETY SPECTRUM.**

13 (a) IN GENERAL.—Not later than 180 days after the  
14 date of the enactment of this subtitle and every 2 years  
15 thereafter, the Commission shall, in consultation with the  
16 Assistant Secretary and the Director of NIST, conduct a  
17 study and submit to the appropriate committees of Con-  
18 gress a report on the spectrum allocated for public safety  
19 use.

20 (b) CONTENTS.—The report required by subsection  
21 (a) shall include—

22 (1) an examination of how such spectrum is  
23 being used;

24 (2) recommendations on how such spectrum  
25 may be used more efficiently;



1           (3) an assessment of the feasibility of public  
2 safety entities relocating from other bands to the  
3 public safety broadband spectrum; and

4           (4) an assessment of whether any spectrum  
5 made available by the relocation described in para-  
6 graph (3) could be returned to the Commission for  
7 reassignment through auction, including through use  
8 of incentive auction authority under subparagraph  
9 (G) of section 309(j)(8) of the Communications Act  
10 of 1934 (47 U.S.C. 309(j)(8)), as added by section  
11 273 of this subtitle.

12 **SEC. 299. PUBLIC SAFETY ROAMING AND PRIORITY AC-**  
13 **CESS.**

14           The Commission may adopt rules, if necessary in the  
15 public interest, to improve the ability of public safety users  
16 to roam onto commercial networks and to gain priority  
17 access to commercial networks in an emergency if—

18           (1) the public safety entity equipment is tech-  
19 nically compatible with the commercial network;

20           (2) the commercial network is reasonably com-  
21 pensated; and

22           (3) such access does not preempt or otherwise  
23 terminate or degrade all existing voice conversations  
24 or data sessions.

1 **TITLE III—ASSISTANCE FOR THE**  
2 **UNEMPLOYED AND PATH-**  
3 **WAYS BACK TO WORK**

4 **Subtitle A—Supporting**  
5 **Unemployed Workers**

6 **SEC. 301. SHORT TITLE.**

7 This subtitle may be cited as the “Supporting Unem-  
8 ployed Workers Act of 2011”.

9 **PART I—EXTENSION OF EMERGENCY UNEMPLOY-**  
10 **MENT COMPENSATION AND CERTAIN EX-**  
11 **TENDED BENEFITS PROVISIONS, AND ESTAB-**  
12 **LISHMENT OF SELF-EMPLOYMENT ASSIST-**  
13 **ANCE PROGRAM**

14 **SEC. 311. EXTENSION OF EMERGENCY UNEMPLOYMENT**  
15 **COMPENSATION PROGRAM.**

16 (a) IN GENERAL.—Section 4007 of the Supplemental  
17 Appropriations Act, 2008 (Public Law 110–252; 26  
18 U.S.C. 3304 note) is amended—

19 (1) by striking “January 3, 2012” each place  
20 it appears and inserting “January 3, 2013”;

21 (2) in the heading for subsection (b)(2), by  
22 striking “JANUARY 3, 2012” and inserting “JANUARY  
23 3, 2013”; and

24 (3) in subsection (b)(3), by striking “June 9,  
25 2012” and inserting “June 8, 2013”.

1 (b) FUNDING.—Section 4004(e)(1) of the Supple-  
2 mental Appropriations Act, 2008 (Public Law 110–252;  
3 26 U.S.C. 3304 note) is amended—

4 (1) in subparagraph (F), by striking “and” at  
5 the end; and

6 (2) by inserting after subparagraph (G) the fol-  
7 lowing:

8 “(H) the amendments made by section  
9 311(a) of the Supporting Unemployed Workers  
10 Act of 2011; and”.

11 (c) EFFECTIVE DATE.—The amendments made by  
12 this section shall take effect as if included in the enact-  
13 ment of the Tax Relief, Unemployment Insurance Reau-  
14 thorization, and Job Creation Act of 2010 (Public Law  
15 111–312; 26 U.S.C. 3304 note).

16 **SEC. 312. TEMPORARY EXTENSION OF EXTENDED BENEFIT**  
17 **PROVISIONS.**

18 (a) IN GENERAL.—Section 2005 of the Assistance for  
19 Unemployed Workers and Struggling Families Act, as  
20 contained in Public Law 111–5 (26 U.S.C. 3304 note),  
21 is amended—

22 (1) by striking “January 4, 2012” each place  
23 it appears and inserting “January 4, 2013”; and

24 (2) in subsection (c), by striking “June 11,  
25 2012” and inserting “June 11, 2013”.

1 (b) EXTENSION OF MATCHING FOR STATES WITH  
2 NO WAITING WEEK.—Section 5 of the Unemployment  
3 Compensation Extension Act of 2008 (Public Law 110–  
4 449; 26 U.S.C. 3304 note) is amended by striking “June  
5 10, 2012” and inserting “June 9, 2013”.

6 (c) EXTENSION OF MODIFICATION OF INDICATORS  
7 UNDER THE EXTENDED BENEFIT PROGRAM.—Section  
8 203 of the Federal-State Extended Unemployment Com-  
9 pensation Act of 1970 (26 U.S.C. 3304 note) is amend-  
10 ed—

11 (1) in subsection (d), by striking “December  
12 31, 2011” and inserting “December 31, 2012”; and

13 (2) in subsection (f)(2), by striking “December  
14 31, 2011” and inserting “December 31, 2012”.

15 (d) EFFECTIVE DATE.—The amendments made by  
16 this section shall take effect as if included in the enact-  
17 ment of the Tax Relief, Unemployment Insurance Reau-  
18 thorization, and Job Creation Act of 2010 (Public Law  
19 111–312; 26 U.S.C. 3304 note).

20 **SEC. 313. REEMPLOYMENT SERVICES AND REEMPLOYMENT**  
21 **AND ELIGIBILITY ASSESSMENT ACTIVITIES.**

22 (a) IN GENERAL.—

23 (1) PROVISION OF SERVICES AND ACTIVITIES.—  
24 Section 4001 of the Supplemental Appropriations  
25 Act, 2008 (Public Law 110–252; 26 U.S.C. 3304

1 note) is amended by inserting the following new sub-  
2 section (h):

3 “(h) IN GENERAL.—

4 “(1) REQUIRED PROVISION OF SERVICES AND  
5 ACTIVITIES.—An agreement under this section shall  
6 require that the State provide reemployment services  
7 and reemployment and eligibility assessment activi-  
8 ties to each individual receiving emergency unem-  
9 ployment compensation who, on or after the date  
10 that is 30 days after the date of enactment of the  
11 Supporting Unemployed Workers Act of 2011, es-  
12 tablishes an account under section 4002(b), com-  
13 mences receiving the amounts described in section  
14 4002(c), commences receiving the amounts described  
15 in section 4002(d), or commences receiving the  
16 amounts described in subsection 4002(e), whichever  
17 occurs first. Such services and activities shall be pro-  
18 vided by the staff of the State agency responsible for  
19 administration of the State unemployment com-  
20 pensation law or the Wagner-Peyser Act from funds  
21 available pursuant to section 4004(c)(2) and may  
22 also be provided from funds available under the  
23 Wagner-Peyser Act.

24 “(2) DESCRIPTION OF SERVICES AND ACTIVI-  
25 TIES.—The reemployment services and in-person re-

1 employment and eligibility assessment activities pro-  
2 vided to individuals receiving emergency unemploy-  
3 ment compensation described in paragraph (1)—

4 “(A) shall include—

5 “(i) the provision of labor market and  
6 career information;

7 “(ii) an assessment of the skills of the  
8 individual;

9 “(iii) orientation to the services avail-  
10 able through the One-Stop centers estab-  
11 lished under title I of the Workforce In-  
12 vestment Act of 1998;

13 “(iv) job search counseling and the  
14 development or review of an individual re-  
15 employment plan that includes participa-  
16 tion in job search activities and appro-  
17 priate workshops and may include referrals  
18 to appropriate training services; and

19 “(v) review of the eligibility of the in-  
20 dividual for emergency unemployment com-  
21 pensation relating to the job search activi-  
22 ties of the individual; and

23 “(B) may include the provision of—

24 “(i) comprehensive and specialized as-  
25 sessments;

1                   “(ii) individual and group career  
2                   counseling; and

3                   “(iii) additional reemployment serv-  
4                   ices.

5                   “(3) PARTICIPATION REQUIREMENT.—As a con-  
6                   dition of continuing eligibility for emergency unem-  
7                   ployment compensation for any week, an individual  
8                   who has been referred to reemployment services or  
9                   reemployment and eligibility assessment activities  
10                  under this subsection shall participate, or shall have  
11                  completed participation in, such services or activi-  
12                  ties, unless the State agency responsible for the ad-  
13                  ministration of State unemployment compensation  
14                  law determines that there is justifiable cause for fail-  
15                  ure to participate or complete such services or activi-  
16                  ties, as defined in guidance to be issued by the Sec-  
17                  retary of Labor.”.

18                  (2) ISSUANCE OF GUIDANCE.—Not later than  
19                  30 days after the date of enactment of this Act, the  
20                  Secretary shall issue guidance on the implementation  
21                  of the reemployment services and reemployment and  
22                  eligibility assessments activities required to be pro-  
23                  vided under the amendment made by paragraph (1).

24                  (b) FUNDING.—

1           (1) IN GENERAL.—Section 4004(c) of the Sup-  
2           plemental Appropriations Act, 2008 (Public Law  
3           110–252; 26 U.S.C. 3304 note), is amended—

4                   (A) by striking “There” and inserting “(1)  
5           ADMINISTRATION.—There”; and

6                   (B) by inserting the following new para-  
7           graph:

8           “(2) REEMPLOYMENT SERVICES AND REEM-  
9           PLOYMENT AND ELIGIBILITY ASSESSMENT ACTIVI-  
10          TIES.—

11                   “(A) APPROPRIATION.—There are appro-  
12           priated from the general fund of the Treasury,  
13           without fiscal year limitation, out of the em-  
14           ployment security administration account as es-  
15           tablished by section 901(a) of the Social Secu-  
16           rity Act, such sums as determined by the Sec-  
17           retary of Labor in accordance with subpara-  
18           graph (B) to assist States in providing reem-  
19           ployment services and reemployment and eligi-  
20           bility assessment activities described in section  
21           4001(h)(2).

22                   “(B) DETERMINATION OF TOTAL  
23           AMOUNT.—The amount referred to in subpara-  
24           graph (A) is the amount the Secretary esti-  
25           mates is equal to—



1           “(i) the number of individuals who  
2           will receive reemployment services and re-  
3           employment eligibility and assessment ac-  
4           tivities described in section 4001(h)(2) in  
5           all States through the date specified in sec-  
6           tion 4007(b)(3), multiplied by

7           “(ii) \$200.

8           “(C) DISTRIBUTION AMONG STATES.—Of  
9           the amounts appropriated under subparagraph  
10          (A), the Secretary of Labor shall distribute  
11          amounts to each State, in accordance with sec-  
12          tion 4003(c), that the Secretary estimates is  
13          equal to—

14          “(i) the number of individuals who  
15          will receive reemployment services and re-  
16          employment and eligibility assessment ac-  
17          tivities described in section 4001(h)(2) in  
18          such State through the date specified in  
19          section 4007(b)(3), multiplied by

20          “(ii) \$200.”.

21          (2) TRANSFER OF FUNDS.—Section 4004(e) of  
22          the Supplemental Appropriations Act, 2008 (Public  
23          Law 110–252; 26 U.S.C. 3304 note) is amended—

24                  (A) in paragraph (2), by striking the pe-  
25                  riod and inserting “; and”; and

1 (B) by inserting the following paragraph

2 (3):

3 “(3) to the employment security administration  
4 account (as established by section 901(a) of the So-  
5 cial Security Act) such sums as the Secretary of  
6 Labor determines to be necessary in accordance with  
7 subsection (c)(2) to assist States in providing reem-  
8 ployment services and reemployment eligibility and  
9 assessment activities described in section  
10 4001(h)(2).”.

11 **SEC. 314. FEDERAL-STATE AGREEMENTS TO ADMINISTER A**

12 **SELF-EMPLOYMENT ASSISTANCE PROGRAM.**

13 Section 4001 of the Supplemental Appropriations  
14 Act, 2008 (Public Law 110–252; 26 U.S.C. 3304 note),  
15 as amended by section 313, is further amended by insert-  
16 ing a new subsection (i) as follows:

17 “(i) **AUTHORITY TO CONDUCT SELF-EMPLOYMENT**  
18 **ASSISTANCE PROGRAM.—**

19 “(1) **IN GENERAL.—**

20 “(A) **ESTABLISHMENT.—**Any agreement  
21 under subsection (a) may provide that the State  
22 agency of the State shall establish a self-em-  
23 ployment assistance program described in para-  
24 graph (2), to provide for the payment of emer-  
25 gency unemployment compensation as self-em-

1           employment assistance allowances to individuals  
2           who meet the eligibility criteria specified in sub-  
3           section (b).

4           “(B) PAYMENT OF ALLOWANCES.—The  
5           self-employment assistance allowance described  
6           in subparagraph (A) shall be paid for up to 26  
7           weeks to an eligible individual from such indi-  
8           vidual’s emergency unemployment compensation  
9           account described in section 4002, and the  
10          amount in such account shall be reduced ac-  
11          cordingly.

12          “(2) DEFINITION OF ‘SELF-EMPLOYMENT AS-  
13          SISTANCE PROGRAM’.—For the purposes of this title,  
14          the term ‘self-employment assistance program’  
15          means a program as defined under section 3306(t)  
16          of the Internal Revenue Code of 1986 (26 U.S.C.  
17          3306(t)), except as follows:

18                 “(A) all references to ‘regular unemploy-  
19                 ment compensation under the State law’ shall  
20                 be deemed to refer instead to ‘emergency unem-  
21                 ployment compensation under title IV of the  
22                 Supplemental Appropriations Act, 2008 (Public  
23                 Law 110–252; 26 U.S.C. 3304 note)’;

24                 “(B) paragraph (3)(B) shall not apply;

1           “(C) clause (i) of paragraph (3)(C) shall  
2           be deemed to state as follows:

3                   “(i) include any entrepreneurial  
4                   training that the State may provide in co-  
5                   ordination with programs of training of-  
6                   fered by the Small Business Administra-  
7                   tion, which may include business coun-  
8                   seling, mentorship for participants, access  
9                   to small business development resources,  
10                  and technical assistance; and’;

11                  “(D) the reference to ‘5 percent’ in para-  
12                  graph (4) shall be deemed to refer instead to ‘1  
13                  percent’; and

14                  “(E) paragraph (5) shall not apply.

15                  “(3) AVAILABILITY OF SELF-EMPLOYMENT AS-  
16                  SISTANCE ALLOWANCES.—In the case of an indi-  
17                  vidual who has received any emergency unemploy-  
18                  ment compensation payment under this title, such  
19                  individual shall not receive self-employment assist-  
20                  ance allowances under this subsection unless the  
21                  State agency has a reasonable expectation that such  
22                  individual will be entitled to at least 26 times the in-  
23                  dividual’s average weekly benefit amount of emer-  
24                  gency unemployment compensation.

1           “(4) PARTICIPANT OPTION TO TERMINATE PAR-  
2           TICIPATION IN SELF-EMPLOYMENT ASSISTANCE PRO-  
3           GRAM.—

4                   “(A) TERMINATION.—An individual who is  
5           participating in a State’s self-employment as-  
6           sistance program may opt to discontinue par-  
7           ticipation in such program.

8                   “(B) CONTINUED ELIGIBILITY FOR EMER-  
9           GENCY UNEMPLOYMENT COMPENSATION.—An  
10          individual whose participation in the self-em-  
11          ployment assistance program is terminated as  
12          described in paragraph (1) or who has com-  
13          pleted participation in such program, and who  
14          continues to meet the eligibility requirements  
15          for emergency unemployment compensation  
16          under this title, shall receive emergency unem-  
17          ployment compensation payments with respect  
18          to subsequent weeks of unemployment, to the  
19          extent that amounts remain in the account es-  
20          tablished for such individual under section  
21          4002(b) or to the extent that such individual  
22          commences receiving the amounts described in  
23          subsections (c), (d), or (e) of such section, re-  
24          spectively.”.

1 **SEC. 315. CONFORMING AMENDMENT ON PAYMENT OF**  
2 **BRIDGE TO WORK WAGES.**

3 Section 4001 of the Supplemental Appropriations  
4 Act, 2008 (Public Law 110–252; 26 U.S.C. 3304 note),  
5 as amended by section 314, is further amended by insert-  
6 ing a new subsection (j) as follows:

7 “(j) AUTHORIZATION TO PAY WAGES FOR PURPOSES  
8 OF A BRIDGE TO WORK PROGRAM.—Any State that estab-  
9 lishes a Bridge to Work program under section 324 of the  
10 Supporting Unemployed Workers Act of 2011 is author-  
11 ized to deduct from an emergency unemployment com-  
12 pensation account established for such individual under  
13 section 4002 such sums as may be necessary to pay wages  
14 for such individual as authorized under section 324(b)(1)  
15 of such Act.”.

16 **SEC. 316. ADDITIONAL EXTENDED UNEMPLOYMENT BENE-**  
17 **FITS UNDER THE RAILROAD UNEMPLOY-**  
18 **MENT INSURANCE ACT.**

19 (a) EXTENSION.—Section 2(c)(2)(D)(iii) of the Rail-  
20 road Unemployment Insurance Act, as added by section  
21 2006 of the American Recovery and Reinvestment Act of  
22 2009 (Public Law 111–5) and as amended by section 9  
23 of the Worker, Homeownership, and Business Assistance  
24 Act of 2009 (Public Law 111–92), is amended—

25 (1) by striking “June 30, 2011” and inserting  
26 “June 30, 2012”; and

1           (2) by striking “December 31, 2011” and in-  
2           serting “December 31, 2012”.

3           (b) CLARIFICATION ON AUTHORITY TO USE  
4 FUNDS.—Funds appropriated under either the first or  
5 second sentence of clause (iv) of section 2(c)(2)(D) of the  
6 Railroad Unemployment Insurance Act shall be available  
7 to cover the cost of additional extended unemployment  
8 benefits provided under such section 2(c)(2)(D) by reason  
9 of the amendments made by subsection (a) as well as to  
10 cover the cost of such benefits provided under such section  
11 2(c)(2)(D), as in effect on the day before the date of the  
12 enactment of this Act.

13           **PART II—REEMPLOYMENT NOW PROGRAM**

14           **SEC. 321. ESTABLISHMENT OF REEMPLOYMENT NOW PRO-**  
15           **GRAM.**

16           (a) IN GENERAL.—There is hereby established the  
17 Reemployment NOW program to be carried out by the  
18 Secretary of Labor in accordance with this part in order  
19 to facilitate the reemployment of individuals who are re-  
20 ceiving emergency unemployment compensation under title  
21 IV of the Supplemental Appropriations Act, 2008 (Public  
22 Law 110–252; 26 U.S.C. 3304 note) (hereafter in this  
23 part referred to as “EUC claimants”).

24           (b) AUTHORIZATION AND APPROPRIATION.—There  
25 are authorized to be appropriated and appropriated from

1 the general fund of the Treasury for fiscal year 2012  
2 \$4,000,000,000 to carry out the Reemployment NOW pro-  
3 gram under this part.

4 **SEC. 322. DISTRIBUTION OF FUNDS.**

5 (a) IN GENERAL.—Of the funds appropriated under  
6 section 321(b) to carry out this part, the Secretary of  
7 Labor shall—

8 (1) reserve up to 1 percent for the costs of Fed-  
9 eral administration and for carrying out rigorous  
10 evaluations of the activities conducted under this  
11 part; and

12 (2) allot the remainder of the funds not re-  
13 served under paragraph (1) in accordance with the  
14 requirements of subsection (b) and (c) to States that  
15 have approved plans under section 323.

16 (b) ALLOTMENT FORMULA.—

17 (1) FORMULA FACTORS.—The Secretary of  
18 Labor shall allot the funds available under sub-  
19 section (a)(2) as follows:

20 (A) two-thirds of such funds shall be allot-  
21 ted on the basis of the relative number of un-  
22 employed individuals in each State, compared to  
23 the total number of unemployed individuals in  
24 all States;



1           (B) one-third of such funds shall be allot-  
2           ted on the basis of the relative number of indi-  
3           viduals in each State who have been unem-  
4           ployed for 27 weeks or more, compared to the  
5           total number of individuals in all States who  
6           have been unemployed for 27 weeks or more.

7           (2) CALCULATION.—For purposes of paragraph  
8           (1), the number of unemployed individuals and the  
9           number of individuals unemployed for 27 weeks or  
10          more shall be based on the data for the most recent  
11          12-month period, as determined by the Secretary.

12          (c) REALLOTMENT.—

13           (1) FAILURE TO SUBMIT STATE PLAN.—If a  
14           State does not submit a State plan by the time spec-  
15           ified in section 323(b), or a State does not receive  
16           approval of a State plan, the amount the State  
17           would have been eligible to receive pursuant to the  
18           formula under subsection (b) shall be allotted to  
19           States that receive approval of the State plan under  
20           section 323 in accordance with the relative allot-  
21           ments of such States as determined by the Secretary  
22           under subsection (b).

23           (2) FAILURE TO IMPLEMENT ACTIVITIES ON A  
24           TIMELY BASIS.—The Secretary of Labor may, in ac-  
25           cordance with procedures and criteria established by

1 the Secretary, recapture the portion of the State al-  
2 lotment under this part that remains unobligated if  
3 the Secretary determines such funds are not being  
4 obligated at a rate sufficient to meet the purposes  
5 of this part. The Secretary shall reallocate such recap-  
6 tured funds to other States that are not subject to  
7 recapture in accordance with the relative share of  
8 the allotments of such States as determined by the  
9 Secretary under subsection (b).

10 (3) RECAPTURE OF FUNDS.—Funds recaptured  
11 under paragraph (2) shall be available for reobliga-  
12 tion not later than December 31, 2012.

13 **SEC. 323. STATE PLAN.**

14 (a) IN GENERAL.—For a State to be eligible to re-  
15 ceive an allotment under section 322, a State shall submit  
16 to the Secretary of Labor a State plan in such form and  
17 containing such information as the Secretary may require,  
18 which at a minimum shall include:

19 (1) a description of the activities to be carried  
20 out by the State to assist in the reemployment of eli-  
21 gible individuals to be served in accordance with this  
22 part, including which of the activities authorized in  
23 sections 324–328 the State intends to carry out and  
24 an estimate of the amounts the State intends to allo-  
25 cate to the activities, respectively;

1           (2) a description of the performance outcomes  
2           to be achieved by the State through the activities  
3           carried out under this part, including the employ-  
4           ment outcomes to be achieved by participants and  
5           the processes the State will use to track perform-  
6           ance, consistent with guidance provided by the Sec-  
7           retary of Labor regarding such outcomes and proc-  
8           esses;

9           (3) a description of coordination of activities to  
10          be carried out under this part with activities under  
11          title I of the Workforce Investment Act of 1998, the  
12          Wagner-Peyser Act, and other appropriate Federal  
13          programs;

14          (4) the timelines for implementation of the ac-  
15          tivities described in the plan and the number of  
16          EUC claimants expected to be enrolled in such ac-  
17          tivities by quarter;

18          (5) assurances that the State will participate in  
19          the evaluation activities carried out by the Secretary  
20          of Labor under this section;

21          (6) assurances that the State will provide ap-  
22          propriate reemployment services, including coun-  
23          seling, to any EUC claimant who participates in any  
24          of the programs authorized under this part; and

1           (7) assurances that the State will report such  
2 information as the Secretary may require relating to  
3 fiscal, performance and other matters, including em-  
4 ployment outcomes and effects, which the Secretary  
5 determines are necessary to effectively monitor the  
6 activities carried out under this part.

7           (b) PLAN SUBMISSION AND APPROVAL.—A State  
8 plan under this section shall be submitted to the Secretary  
9 of Labor for approval not later than 30 days after the  
10 Secretary issues guidance relating to submission of such  
11 plan. The Secretary shall approve such plans if the Sec-  
12 retary determines that the plans meet the requirements  
13 of this part and are appropriate and adequate to carry  
14 out the purposes of this part.

15           (c) PLAN MODIFICATIONS.—A State may submit  
16 modifications to a State plan that has been approved  
17 under this part, and the Secretary of Labor may approve  
18 such modifications, if the plan as modified would meet the  
19 requirements of this part and are appropriate and ade-  
20 quate to carry out the purposes of this part.

21 **SEC. 324. BRIDGE TO WORK PROGRAM.**

22           (a) IN GENERAL.—A State may use funds allotted  
23 to the State under this part to establish and administer  
24 a Bridge to Work program described in this section.

1 (b) DESCRIPTION OF PROGRAM.—In order to in-  
2 crease individuals’ opportunities to move to permanent  
3 employment, a State may establish a Bridge to Work pro-  
4 gram to provide an EUC claimant with short-term work  
5 experience placements with an eligible employer, during  
6 which time such individual—

7 (1) shall be paid emergency unemployment  
8 compensation payable under title IV of the Supple-  
9 mental Appropriations Act, 2008 (Public Law 110–  
10 252; 26 U.S.C. 3304 note), as wages for work per-  
11 formed, and as specified in subsection (c);

12 (2) shall be paid the additional amount de-  
13 scribed in subsection (e) as augmented wages for  
14 work performed; and

15 (3) may be paid compensation in addition to  
16 the amounts described in paragraphs (1) and (2) by  
17 a State or by a participating employer as wages for  
18 work performed.

19 (c) PROGRAM ELIGIBILITY AND OTHER REQUIRE-  
20 MENTS.—For purposes of this program—

21 (1) individuals who, except for the requirements  
22 described in paragraph (3), are eligible to receive  
23 emergency unemployment compensation payments  
24 under title IV of the Supplemental Appropriations  
25 Act, 2008 (Public Law 110–252; 26 U.S.C. 3304

1 note), and who choose to participate in the program  
2 described in subsection (b), shall receive such pay-  
3 ments as wages for work performed during their vol-  
4 untary participation in the program described under  
5 subsection (b);

6 (2) the wages payable to individuals described  
7 in paragraph (1) shall be paid from the emergency  
8 unemployment compensation account for such indi-  
9 vidual as described in section 4002 of the Supple-  
10 mental Appropriations Act, 2008 (Public Law 110-  
11 252; 26 U.S.C. 3304 note), and the amount in such  
12 individual's account shall be reduced accordingly;

13 (3) the wages payable to an individual described  
14 in paragraph (1) shall be payable in the same  
15 amount, at the same interval, on the same terms,  
16 and subject to the same conditions under title IV of  
17 the Supplemental Appropriations Act, 2008 (Public  
18 Law 110-252; 26 U.S.C. 3304 note), except that—

19 (A) State requirements applied under such  
20 Act relating to availability for work and active  
21 search for work are not applicable to such indi-  
22 viduals who participate for at least 25 hours  
23 per week in the program described in subsection  
24 (b) for the duration of such individual's partici-  
25 pation in the program;

1           (B) State requirements applied under such  
2 Act relating to disqualifying income regarding  
3 wages earned shall not apply to such individuals  
4 who participate for at least 25 hours per week  
5 in the program described in subsection (b), and  
6 shall not apply with respect to—

7           (i) the wages described under sub-  
8 section (b); and

9           (ii) any wages, in addition to those de-  
10 scribed under subsection (b), whether paid  
11 by a State or a participating employer for  
12 the same work activities;

13          (C) State prohibitions or limitations ap-  
14 plied under such Act relating to employment  
15 status shall not apply to such individuals who  
16 participate in the program described in sub-  
17 section (b); and

18          (D) State requirements applied under such  
19 Act relating to an individual's acceptance of an  
20 offer of employment shall not apply with regard  
21 to an offer of long-term employment from a  
22 participating employer made to such individual  
23 who is participating in the program described in  
24 subsection (b) in a work experience provided by  
25 such employer, where such long-term employ-

1           ment is expected to commence or commences at  
2           the conclusion of the duration specified in para-  
3           graph (4)(A);

4           (4) the program shall be structured so that in-  
5           dividuals described in paragraph (1) may participate  
6           in the program for up to—

7                     (A) 8 weeks, and

8                     (B) 38 hours for each such week;

9           (5) a State shall ensure that all individuals par-  
10          ticipating in the program are covered by a workers'  
11          compensation insurance program; and

12          (6) the program meets such other requirements  
13          as the Secretary of Labor determines to be appro-  
14          priate in guidance issued by the Secretary.

15          (d) STATE REQUIREMENTS.—

16                 (1) CERTIFICATION OF ELIGIBLE EMPLOYER.—

17          A State may certify as eligible for participation in  
18          the program under this section any employer that  
19          meets the eligibility criteria as established in guid-  
20          ance by the Secretary of Labor, except that an em-  
21          ployer shall not be certified as eligible for participa-  
22          tion in the program described under subsection

23          (b)—

24                     (A) if such employer—



1 (i) is a Federal, State, or local govern-  
2 ment entity;

3 (ii) would engage an eligible individual  
4 in work activities under any employer's  
5 grant, contract, or subcontract with a Fed-  
6 eral, State, or local government entity, ex-  
7 cept with regard to work activities under  
8 any employer's supply contract or sub-  
9 contract;

10 (iii) is delinquent with respect to any  
11 taxes or employer contributions described  
12 under sections 3301 and 3302(a)(1) of the  
13 Internal Revenue Code of 1986 or with re-  
14 spect to any related reporting require-  
15 ments;

16 (iv) is engaged in the business of sup-  
17 plying workers to other employers and  
18 would participate in the program for the  
19 purpose of supplying individuals partici-  
20 pating in the program to other employers;  
21 or

22 (v) has previously participated in the  
23 program and the State has determined  
24 that such employer has failed to abide by  
25 any of the requirements specified in sub-

1 sections (h), (i), or (j), or by any other re-  
2 quirements that the Secretary may estab-  
3 lish for employers under subsection (c)(6);  
4 and

5 (B) unless such employer provides assur-  
6 ances that it has not displaced existing workers  
7 pursuant to the requirements of subsection (h).

8 (2) AUTHORIZED ACTIVITIES.—Funds allotted  
9 to a State under this part for the program—

10 (A) shall be used to—

11 (i) recruit employers for participation  
12 in the program;

13 (ii) review and certify employers iden-  
14 tified by eligible individuals seeking to par-  
15 ticipate in the program;

16 (iii) ensure that reemployment and  
17 counseling services are available for pro-  
18 gram participants, including services de-  
19 scribing the program under subsection (b),  
20 prior to an individual's participation in  
21 such program;

22 (iv) establish and implement processes  
23 to monitor the progress and performance  
24 of individual participants for the duration  
25 of the program;

1 (v) prevent misuse of the program;

2 and

3 (vi) pay augmented wages to eligible  
4 individuals, if necessary, as described in  
5 subsection (e); and

6 (B) may be used—

7 (i) to pay workers' compensation in-  
8 surance premiums to cover all individuals  
9 participating in the program, except that,  
10 if a State opts not to make such payments  
11 directly to a State administered workers'  
12 compensation program, the State involved  
13 shall describe in the approved State plan  
14 the means by which such State shall en-  
15 sure workers' compensation or equivalent  
16 coverage for all individuals who participate  
17 in the program;

18 (ii) to pay compensation to a partici-  
19 pating individual that is in addition to the  
20 amounts described in subsections (e)(1)  
21 and (e) as wages for work performed;

22 (iii) to provide supportive services,  
23 such as transportation, child care, and de-  
24 pendent care, that would enable individuals  
25 to participate in the program;

1 (iv) for the administration and over-  
2 sight of the program; and

3 (v) to fulfill additional program re-  
4 quirements included in the approved State  
5 plan.

6 (e) PAYMENT OF AUGMENTED WAGES IF NEC-  
7 ESSARY.—In the event that the wages described in sub-  
8 section (c)(1) are not sufficient to equal or exceed the min-  
9 imum wages that are required to be paid by an employer  
10 under section 6(a)(1) of the Fair Labor Standards Act  
11 of 1938 (29 U.S.C. 206(a)(1)) or the applicable State or  
12 local minimum wage law, whichever is higher, a State shall  
13 pay augmented wages to a program participant in any  
14 amount necessary to cover the difference between—

15 (1) such minimum wages amount; and

16 (2) the wages payable under subsection (c)(1).

17 (f) EFFECT OF WAGES ON ELIGIBILITY FOR OTHER  
18 PROGRAMS.—None of the wages paid under this section  
19 shall be considered as income for the purposes of deter-  
20 mining eligibility for and the amount of income transfer  
21 and in-kind aid furnished under any Federal or Federally  
22 assisted program based on need.

23 (g) EFFECT OF WAGES, WORK ACTIVITIES, AND  
24 PROGRAM PARTICIPATION ON CONTINUING ELIGIBILITY  
25 FOR EMERGENCY UNEMPLOYMENT COMPENSATION.—

1 Any wages paid under this section and any additional  
2 wages paid by an employer to an individual described in  
3 subsection (c)(1), and any work activities performed by  
4 such individual as a participant in the program, shall not  
5 be construed so as to render such individual ineligible to  
6 receive emergency unemployment compensation under title  
7 IV of the Supplemental Appropriations Act, 2008 (Public  
8 Law 110–252; 26 U.S.C. 3304 note).

9 (h) NONDISPLACEMENT OF EMPLOYEES.—

10 (1) PROHIBITION.—An employer shall not use a  
11 program participant to displace (including a partial  
12 displacement, such as a reduction in the hours of  
13 non-overtime work, wages, or employment benefits)  
14 any current employee (as of the date of the partici-  
15 pation).

16 (2) OTHER PROHIBITIONS.—An employer shall  
17 not permit a program participant to perform work  
18 activities related to any job for which—

19 (A) any other individual is on layoff from  
20 the same or any substantially equivalent posi-  
21 tion;

22 (B) the employer has terminated the em-  
23 ployment of any employee or otherwise reduced  
24 the workforce of the employer with the inten-  
25 tion of filling or partially filling the vacancy so

1           created with the work activities to be performed  
2           by a program participant;

3           (C) there is a strike or lock out at the  
4           worksite that is the participant's place of em-  
5           ployment; or

6           (D) the job is created in a manner that  
7           will infringe in any way upon the promotional  
8           opportunities of currently employed individuals  
9           (as of the date of the participation).

10       (i) PROHIBITION ON IMPAIRMENT OF CONTRACTS.—

11   An employer shall not, by means of assigning work activi-  
12   ties under this section, impair an existing contract for  
13   services or a collective bargaining agreement, and no such  
14   activity that would be inconsistent with the terms of a col-  
15   lective bargaining agreement shall be undertaken without  
16   the written concurrence of the labor organization that is  
17   signatory to the collective bargaining agreement.

18       (j) LIMITATION ON EMPLOYER PARTICIPATION.—If,

19   after 24 weeks of participation in the program, an em-  
20   ployer has not made an offer of suitable long-term employ-  
21   ment to any individual described under subsection (c)(1)  
22   who was placed with such employer and has completed the  
23   program, a State shall bar such employer from further  
24   participation in the program. States may impose addi-  
25   tional conditions on participating employers to ensure that

1 an appropriate number of participants receive offers of  
2 suitable long term employment.

3 (k) FAILURE TO MEET PROGRAM REQUIREMENTS.—

4 If a State makes a determination based on information  
5 provided to the State, or acquired by the State by means  
6 of its administration and oversight functions, that a par-  
7 ticipating employer under this section has violated a re-  
8 quirement of this section, the State shall bar such em-  
9 ployer from further participation in the program. The  
10 State shall establish a process whereby an individual de-  
11 scribed in subsection (c)(1), or any other affected indi-  
12 vidual or entity, may file a complaint with the State relat-  
13 ing to a violation of any requirement or prohibition under  
14 this section.

15 (l) PARTICIPANT OPTION TO TERMINATE PARTICIPA-  
16 TION IN BRIDGE TO WORK PROGRAM.—

17 (1) TERMINATION.—An individual who is par-  
18 ticipating in a program described in subsection (b)  
19 may opt to discontinue participation in such pro-  
20 gram.

21 (2) CONTINUED ELIGIBILITY FOR EMERGENCY  
22 UNEMPLOYMENT COMPENSATION.—An individual  
23 who opts to discontinue participation in such pro-  
24 gram, is terminated from such program by a partici-  
25 pating employer, or who has completed participation

1 in such program, and who continues to meet the eli-  
2 gibility requirements for emergency unemployment  
3 compensation under title IV of the Supplemental  
4 Appropriations Act, 2008 (Public Law 110–252; 26  
5 U.S.C. 3304 note), shall receive emergency unem-  
6 ployment compensation payments with respect to  
7 subsequent weeks of unemployment, to the extent  
8 that amounts remain in the account established for  
9 such individual under section 4002(b) of such Act or  
10 to the extent that such individual commences receiv-  
11 ing the amounts described in subsections (c), (d), or  
12 (e) of such section, respectively.

13 (m) EFFECT OF OTHER LAWS.—Unless otherwise  
14 provided in this section, nothing in this section shall be  
15 construed to alter or affect the rights or obligations under  
16 any Federal, State, or local laws with respect to any indi-  
17 vidual described in subsection (c)(1) and with respect to  
18 any participating employer under this section.

19 (n) TREATMENT OF PAYMENTS.—All wages or other  
20 payments to an individual under this section shall be treat-  
21 ed as payments of unemployment compensation for pur-  
22 poses of section 209 of the Social Security Act (42 U.S.C.  
23 409) and for purposes of subtitle A and sections 3101,  
24 3111, and 3301 of the Internal Revenue Code of 1986.



1 **SEC. 325. WAGE INSURANCE.**

2 (a) IN GENERAL.—A State may use the funds allot-  
3 ted to the State under this part to provide a wage insur-  
4 ance program for EUC claimants.

5 (b) BENEFITS.—The wage insurance program pro-  
6 vided under this section may use funds allotted to the  
7 State under this part to pay, for a period not to exceed  
8 2 years, to a worker described in subsection (c), up to 50  
9 percent of the difference between—

10 (1) the wages received by the worker at the  
11 time of separation; and

12 (2) the wages received by the worker for reem-  
13 ployment.

14 (c) INDIVIDUAL ELIGIBILITY.—The benefits de-  
15 scribed in subsection (b) may be paid to an individual who  
16 is an EUC claimant at the time such individual obtains  
17 reemployment and who—

18 (1) is at least 50 years of age;

19 (2) earns not more than \$50,000 per year in  
20 wages from reemployment;

21 (3) is employed on a full-time basis as defined  
22 by the law of the State; and

23 (4) is not employed by the employer from which  
24 the individual was last separated.

25 (d) TOTAL AMOUNT OF PAYMENTS.—A State shall  
26 establish a maximum amount of payments per individual

1 for purposes of payments described in subsection (b) dur-  
2 ing the eligibility period described in such subsection.

3 (e) NON-DISCRIMINATION REGARDING WAGES.—An  
4 employer shall not pay a worker described in subsection  
5 (c) less than such employer pays to a regular worker in  
6 the same or substantially equivalent position.

7 **SEC. 326. ENHANCED REEMPLOYMENT STRATEGIES.**

8 (a) IN GENERAL.—A State may use funds allotted  
9 under this part to provide a program of enhanced reem-  
10 ployment services to EUC claimants. In addition to the  
11 provision of services to such claimants, the program may  
12 include the provision of reemployment services to individ-  
13 uals who are unemployed and have exhausted their rights  
14 to emergency unemployment compensation under title IV  
15 of the Supplemental Appropriations Act, 2008, (Public  
16 Law 110–252; 26 U.S.C. 3304 note). The program shall  
17 provide reemployment services that are more intensive  
18 than the reemployment services provided by the State  
19 prior to the receipt of the allotment under this part.

20 (b) TYPES OF SERVICES.—The enhanced reemploy-  
21 ment services described in subsection (a) may include serv-  
22 ices such as—

23 (1) assessments, counseling, and other intensive  
24 services that are provided by staff on a one-to-one  
25 basis and may be customized to meet the reemploy-

1 ment needs of EUC claimants and individuals de-  
2 scribed in subsection (a);

3 (2) comprehensive assessments designed to  
4 identify alternative career paths;

5 (3) case management;

6 (4) reemployment services that are provided  
7 more frequently and more intensively than such re-  
8 employment services have previously been provided  
9 by the State; and

10 (5) services that are designed to enhance com-  
11 munication skills, interviewing skills, and other skills  
12 that would assist in obtaining reemployment.

13 **SEC. 327. SELF-EMPLOYMENT PROGRAMS.**

14 A State may use funds allotted to the State under  
15 this part, in an amount specified under an approved State  
16 plan, for the administrative costs associated with starting  
17 up the self-employment assistance program described in  
18 section 4001(i) of the Supplemental Appropriations Act,  
19 2008, (Public Law 110–252; 26 U.S.C. 3304 note).

20 **SEC. 328. ADDITIONAL INNOVATIVE PROGRAMS.**

21 (a) IN GENERAL.—A State may use funds allotted  
22 under this part to provide a program for innovative activi-  
23 ties, which use a strategy that is different from the reem-  
24 ployment strategies described in sections 324–327 and  
25 which are designed to facilitate the reemployment of EUC

1 claimants. In addition to the provision of activities to such  
2 claimants, the program may include the provision of activi-  
3 ties to individuals who are unemployed and have exhausted  
4 their rights to emergency unemployment compensation  
5 under title IV of the Supplemental Appropriations Act,  
6 2008, (Public Law 110–252; 26 U.S.C. 3304 note).

7 (b) CONDITIONS.—The innovative activities approved  
8 in accordance with subsection (a)—

9 (1) shall directly benefit EUC claimants and, if  
10 applicable, individuals described in subsection (a), ei-  
11 ther as a benefit paid to such claimant or individual  
12 or as a service provided to such claimant or indi-  
13 vidual;

14 (2) shall not result in a reduction in the dura-  
15 tion or amount of, emergency unemployment com-  
16 pensation for which EUC claimants would otherwise  
17 be eligible;

18 (3) shall not include a reduction in the dura-  
19 tion, amount of or eligibility for regular compensa-  
20 tion or extended benefits;

21 (4) shall not be used to displace (including a  
22 partial displacement, such as a reduction in the  
23 hours of non-overtime work, wages, or employment  
24 benefits) any currently employed employee (as of the  
25 date of the participation) or allow a program partici-

1       pant to perform work activities related to any job for  
2       which—

3               (A) any other individual is on layoff from  
4       the same or any substantially equivalent job;

5               (B) the employer has terminated the em-  
6       ployment of any regular employee or otherwise  
7       reduced the workforce of the employer with the  
8       intention of filling or partially filling the va-  
9       cancy so created with the work activities to be  
10      performed by a program participant;

11              (C) there is a strike or lock out at the  
12      worksite that is the participant's place of em-  
13      ployment; or

14              (D) the job is created in a manner that  
15      will infringe in any way upon the promotional  
16      opportunities of currently employed individuals  
17      (as of the date of the participation); and

18              (5) shall not be in violation of any Federal,  
19      State, or local law.

20   **SEC. 329. GUIDANCE AND ADDITIONAL REQUIREMENTS.**

21       The Secretary of Labor may establish through guid-  
22      ance, without regard to the requirements of section 553  
23      of title 5, United States Code, such additional require-  
24      ments, including requirements regarding the allotment, re-  
25      capture, and reallocation of funds, and reporting require-

1 ments, as the Secretary determines to be necessary to en-  
 2 sure fiscal integrity, effective monitoring, and appropriate  
 3 and prompt implementation of the activities under this  
 4 Act.

5 **SEC. 330. REPORT OF INFORMATION AND EVALUATIONS TO**  
 6 **CONGRESS AND THE PUBLIC.**

7 The Secretary of Labor shall provide to the appro-  
 8 priate Committees of the Congress and make available to  
 9 the public the information reported pursuant to section  
 10 329 and the evaluations of activities carried out pursuant  
 11 to the funds reserved under section 322(a)(1).

12 **SEC. 331. STATE.**

13 For purposes of this part, the term “State” has the  
 14 meaning given that term in section 205 of the Federal-  
 15 State Extended Unemployment Compensation Act of 1970  
 16 (26 U.S.C. 3304 note).

17 **PART III—SHORT-TIME COMPENSATION**  
 18 **PROGRAM**

19 **SEC. 341. TREATMENT OF SHORT-TIME COMPENSATION**  
 20 **PROGRAMS.**

21 (a) DEFINITION.—

22 (1) IN GENERAL.—Section 3306 of the Internal  
 23 Revenue Code of 1986 (26 U.S.C. 3306) is amended  
 24 by adding at the end the following new subsection:

1       “(v) SHORT-TIME COMPENSATION PROGRAM.—For  
2 purposes of this chapter, the term ‘short-time compensa-  
3 tion program’ means a program under which—

4           “(1) the participation of an employer is vol-  
5 untary;

6           “(2) an employer reduces the number of hours  
7 worked by employees in lieu of layoffs;

8           “(3) such employees whose workweeks have  
9 been reduced by at least 10 percent, and by not  
10 more than the percentage, if any, that is determined  
11 by the State to be appropriate (but in no case more  
12 than 60 percent), are eligible for unemployment  
13 compensation;

14           “(4) the amount of unemployment compensa-  
15 tion payable to any such employee is a pro rata por-  
16 tion of the unemployment compensation which would  
17 otherwise be payable to the employee if such em-  
18 ployee were totally unemployed from the partici-  
19 pating employer;

20           “(5) such employees meet the availability for  
21 work and work search test requirements while col-  
22 lecting short-time compensation benefits, by being  
23 available for their workweek as required by their  
24 participation in the short-time compensation pro-  
25 gram;

1           “(6) eligible employees may participate, as ap-  
2           propriate, in training (including employer-sponsored  
3           training or worker training funded under the Work-  
4           force Investment Act of 1998) to enhance job skills  
5           if such program has been approved by the State  
6           agency;

7           “(7) the State agency shall require employers to  
8           certify that if the employer provides health benefits  
9           and retirement benefits under a defined benefit plan  
10          (as defined in section 414(j)) or contributions under  
11          a defined contribution plan (as defined in section  
12          414(i)) to any employee whose workweek is reduced  
13          under the program that such benefits will continue  
14          to be provided to employees participating in the  
15          short-time compensation program under the same  
16          terms and conditions as though the workweek of  
17          such employee had not been reduced or to the same  
18          extent as other employees not participating in the  
19          short-time compensation program, subject to other  
20          requirements in this section;

21          “(8) the State agency shall require an employer  
22          to submit a written plan describing the manner in  
23          which the requirements of this subsection will be im-  
24          plemented (including a plan for giving advance no-  
25          tice, where feasible, to an employee whose workweek



1 is to be reduced) together with an estimate of the  
2 number of layoffs that would have occurred absent  
3 the ability to participate in short-time compensation  
4 and such other information as the Secretary of  
5 Labor determines is appropriate;

6 “(9) in the case of employees represented by a  
7 union as the sole and exclusive representative, the  
8 appropriate official of the union has agreed to the  
9 terms of the employer’s written plan and implemen-  
10 tation is consistent with employer obligations under  
11 the applicable Federal laws; and

12 “(10) upon request by the State and approval  
13 by the Secretary of Labor, only such other provi-  
14 sions are included in the State law that are deter-  
15 mined to be appropriate for purposes of a short-time  
16 compensation program.”.

17 (2) EFFECTIVE DATE.—Subject to paragraph  
18 (3), the amendment made by paragraph (1) shall  
19 take effect on the date of the enactment of this Act.

20 (3) TRANSITION PERIOD FOR EXISTING PRO-  
21 GRAMS.—In the case of a State that is administering  
22 a short-time compensation program as of the date of  
23 the enactment of this Act and the State law cannot  
24 be administered consistent with the amendment

1 made by paragraph (1), such amendment shall take  
2 effect on the earlier of—

3 (A) the date the State changes its State  
4 law in order to be consistent with such amend-  
5 ment; or

6 (B) the date that is 2 years and 6 months  
7 after the date of the enactment of this Act.

8 (b) CONFORMING AMENDMENT.—

9 (1) INTERNAL REVENUE CODE OF 1986.—

10 (A) Subparagraph (E) of section  
11 3304(a)(4) of the Internal Revenue Code of  
12 1986 is amended to read as follows:

13 “(E) amounts may be withdrawn for the  
14 payment of short-time compensation under a  
15 short-time compensation program (as defined  
16 under section 3306(v));”.

17 (B) Subsection (f) of section 3306 of the  
18 Internal Revenue Code of 1986 is amended—

19 (i) by striking paragraph (5) (relating  
20 to short-time compensation) and inserting  
21 the following new paragraph:

22 “(5) amounts may be withdrawn for the pay-  
23 ment of short-time compensation under a short-time  
24 compensation program (as defined in subsection (v));  
25 and”; and

1 (ii) by redesignating paragraph (5)  
2 (relating to self-employment assistance  
3 program) as paragraph (6).

4 (2) SOCIAL SECURITY ACT.—Section 303(a)(5)  
5 of the Social Security Act is amended by striking  
6 “the payment of short-time compensation under a  
7 plan approved by the Secretary of Labor” and in-  
8 serting “the payment of short-time compensation  
9 under a short-time compensation program (as de-  
10 fined in section 3306(v) of the Internal Revenue  
11 Code of 1986)”.

12 (3) UNEMPLOYMENT COMPENSATION AMEND-  
13 MENTS OF 1992.—Subsections (b) through (d) of sec-  
14 tion 401 of the Unemployment Compensation  
15 Amendments of 1992 (26 U.S.C. 3304 note) are re-  
16 pealed.

17 **SEC. 342. TEMPORARY FINANCING OF SHORT-TIME COM-**  
18 **PENSATION PAYMENTS IN STATES WITH PRO-**  
19 **GRAMS IN LAW.**

20 (a) PAYMENTS TO STATES.—

21 (1) IN GENERAL.—Subject to paragraph (3),  
22 there shall be paid to a State an amount equal to  
23 100 percent of the amount of short-time compensa-  
24 tion paid under a short-time compensation program  
25 (as defined in section 3306(v) of the Internal Rev-

1        enue Code of 1986, as added by section 341(a))  
2        under the provisions of the State law.

3            (2) TERMS OF PAYMENTS.—Payments made to  
4        a State under paragraph (1) shall be payable by way  
5        of reimbursement in such amounts as the Secretary  
6        estimates the State will be entitled to receive under  
7        this section for each calendar month, reduced or in-  
8        creased, as the case may be, by any amount by  
9        which the Secretary finds that the Secretary's esti-  
10       mates for any prior calendar month were greater or  
11       less than the amounts which should have been paid  
12       to the State. Such estimates may be made on the  
13       basis of such statistical, sampling, or other method  
14       as may be agreed upon by the Secretary and the  
15       State agency of the State involved.

16            (3) LIMITATIONS ON PAYMENTS.—

17            (A) GENERAL PAYMENT LIMITATIONS.—

18        No payments shall be made to a State under  
19        this section for short-time compensation paid to  
20        an individual by the State during a benefit year  
21        in excess of 26 times the amount of regular  
22        compensation (including dependents' allow-  
23        ances) under the State law payable to such in-  
24        dividual for a week of total unemployment.

1           (B) EMPLOYER LIMITATIONS.—No pay-  
2           ments shall be made to a State under this sec-  
3           tion for benefits paid to an individual by the  
4           State under a short-time compensation program  
5           if such individual is employed by the partici-  
6           pating employer on a seasonal, temporary, or  
7           intermittent basis.

8           (b) APPLICABILITY.—

9           (1) IN GENERAL.—Payments to a State under  
10          subsection (a) shall be available for weeks of unem-  
11          ployment—

12           (A) beginning on or after the date of the  
13          enactment of this Act; and

14           (B) ending on or before the date that is 3  
15          years and 6 months after the date of the enact-  
16          ment of this Act.

17          (2) THREE-YEAR FUNDING LIMITATION FOR  
18          COMBINED PAYMENTS UNDER THIS SECTION AND  
19          SECTION 343.—States may receive payments under  
20          this section and section 343 with respect to a total  
21          of not more than 156 weeks.

22          (c) TWO-YEAR TRANSITION PERIOD FOR EXISTING  
23          PROGRAMS.—During any period that the transition provi-  
24          sion under section 341(a)(3) is applicable to a State with  
25          respect to a short-time compensation program, such State

1 shall be eligible for payments under this section. Subject  
2 to paragraphs (1)(B) and (2) of subsection (b), if at any  
3 point after the date of the enactment of this Act the State  
4 enacts a State law providing for the payment of short-  
5 time compensation under a short-time compensation pro-  
6 gram that meets the definition of such a program under  
7 section 3306(v) of the Internal Revenue Code of 1986, as  
8 added by section 341(a), the State shall be eligible for pay-  
9 ments under this section after the effective date of such  
10 enactment.

11 (d) FUNDING AND CERTIFICATIONS.—

12 (1) FUNDING.—There are appropriated, out of  
13 moneys in the Treasury not otherwise appropriated,  
14 such sums as may be necessary for purposes of car-  
15 rying out this section.

16 (2) CERTIFICATIONS.—The Secretary shall  
17 from time to time certify to the Secretary of the  
18 Treasury for payment to each State the sums pay-  
19 able to such State under this section.

20 (e) DEFINITIONS.—In this section:

21 (1) SECRETARY.—The term “Secretary” means  
22 the Secretary of Labor.

23 (2) STATE; STATE AGENCY; STATE LAW.—The  
24 terms “State”, “State agency”, and “State law”  
25 have the meanings given those terms in section 205

1 of the Federal-State Extended Unemployment Com-  
2 pensation Act of 1970 (26 U.S.C. 3304 note).

3 **SEC. 343. TEMPORARY FINANCING OF SHORT-TIME COM-**  
4 **PENSATION AGREEMENTS.**

5 (a) FEDERAL-STATE AGREEMENTS.—

6 (1) IN GENERAL.—Any State which desires to  
7 do so may enter into, and participate in, an agree-  
8 ment under this section with the Secretary provided  
9 that such State's law does not provide for the pay-  
10 ment of short-time compensation under a short-time  
11 compensation program (as defined in section  
12 3306(v) of the Internal Revenue Code of 1986, as  
13 added by section 341(a)).

14 (2) ABILITY TO TERMINATE.—Any State which  
15 is a party to an agreement under this section may,  
16 upon providing 30 days' written notice to the Sec-  
17 retary, terminate such agreement.

18 (b) PROVISIONS OF FEDERAL-STATE AGREEMENT.—

19 (1) IN GENERAL.—Any agreement under this  
20 section shall provide that the State agency of the  
21 State will make payments of short-time compensa-  
22 tion under a plan approved by the State. Such plan  
23 shall provide that payments are made in accordance  
24 with the requirements under section 3306(v) of the

1 Internal Revenue Code of 1986, as added by section  
2 341(a).

3 (2) LIMITATIONS ON PLANS.—

4 (A) GENERAL PAYMENT LIMITATIONS.—A  
5 short-time compensation plan approved by a  
6 State shall not permit the payment of short-  
7 time compensation to an individual by the State  
8 during a benefit year in excess of 26 times the  
9 amount of regular compensation (including de-  
10 pendents' allowances) under the State law pay-  
11 able to such individual for a week of total un-  
12 employment.

13 (B) EMPLOYER LIMITATIONS.—A short-  
14 time compensation plan approved by a State  
15 shall not provide payments to an individual if  
16 such individual is employed by the participating  
17 employer on a seasonal, temporary, or intermit-  
18 tent basis.

19 (3) EMPLOYER PAYMENT OF COSTS.—Any  
20 short-time compensation plan entered into by an em-  
21 ployer must provide that the employer will pay the  
22 State an amount equal to one-half of the amount of  
23 short-time compensation paid under such plan. Such  
24 amount shall be deposited in the State's unemploy-  
25 ment fund and shall not be used for purposes of cal-



1       culating an employer's contribution rate under sec-  
2       tion 3303(a)(1) of the Internal Revenue Code of  
3       1986.

4       (c) PAYMENTS TO STATES.—

5           (1) IN GENERAL.—There shall be paid to each  
6       State with an agreement under this section an  
7       amount equal to—

8           (A) one-half of the amount of short-time  
9       compensation paid to individuals by the State  
10      pursuant to such agreement; and

11          (B) any additional administrative expenses  
12      incurred by the State by reason of such agree-  
13      ment (as determined by the Secretary).

14          (2) TERMS OF PAYMENTS.—Payments made to  
15      a State under paragraph (1) shall be payable by way  
16      of reimbursement in such amounts as the Secretary  
17      estimates the State will be entitled to receive under  
18      this section for each calendar month, reduced or in-  
19      creased, as the case may be, by any amount by  
20      which the Secretary finds that the Secretary's esti-  
21      mates for any prior calendar month were greater or  
22      less than the amounts which should have been paid  
23      to the State. Such estimates may be made on the  
24      basis of such statistical, sampling, or other method

1 as may be agreed upon by the Secretary and the  
2 State agency of the State involved.

3 (3) FUNDING.—There are appropriated, out of  
4 moneys in the Treasury not otherwise appropriated,  
5 such sums as may be necessary for purposes of car-  
6 rying out this section.

7 (4) CERTIFICATIONS.—The Secretary shall  
8 from time to time certify to the Secretary of the  
9 Treasury for payment to each State the sums pay-  
10 able to such State under this section.

11 (d) APPLICABILITY.—

12 (1) IN GENERAL.—An agreement entered into  
13 under this section shall apply to weeks of unemploy-  
14 ment—

15 (A) beginning on or after the date on  
16 which such agreement is entered into; and

17 (B) ending on or before the date that is 2  
18 years and 13 weeks after the date of the enact-  
19 ment of this Act.

20 (2) TWO-YEAR FUNDING LIMITATION.—States  
21 may receive payments under this section with re-  
22 spect to a total of not more than 104 weeks.

23 (e) SPECIAL RULE.—If a State has entered into an  
24 agreement under this section and subsequently enacts a  
25 State law providing for the payment of short-time com-

1 pensionation under a short-time compensation program that  
 2 meets the definition of such a program under section  
 3 3306(v) of the Internal Revenue Code of 1986, as added  
 4 by section 341(a), the State—

5 (1) shall not be eligible for payments under this  
 6 section for weeks of unemployment beginning after  
 7 the effective date of such State law; and

8 (2) subject to paragraphs (1)(B) and (2) of sec-  
 9 tion 342(b), shall be eligible to receive payments  
 10 under section 342 after the effective date of such  
 11 State law.

12 (f) DEFINITIONS.—In this section:

13 (1) SECRETARY.—The term “Secretary” means  
 14 the Secretary of Labor.

15 (2) STATE; STATE AGENCY; STATE LAW.—The  
 16 terms “State”, “State agency”, and “State law”  
 17 have the meanings given those terms in section 205  
 18 of the Federal-State Extended Unemployment Com-  
 19 pensation Act of 1970 (26 U.S.C. 3304 note).

20 **SEC. 344. GRANTS FOR SHORT-TIME COMPENSATION PRO-**  
 21 **GRAMS.**

22 (a) GRANTS.—

23 (1) FOR IMPLEMENTATION OR IMPROVED AD-  
 24 MINISTRATION.—The Secretary shall award grants  
 25 to States that enact short-time compensation pro-

1       grams (as defined in subsection (i)(2)) for the pur-  
2       pose of implementation or improved administration  
3       of such programs.

4           (2) FOR PROMOTION AND ENROLLMENT.—The  
5       Secretary shall award grants to States that are eligi-  
6       ble and submit plans for a grant under paragraph  
7       (1) for such States to promote and enroll employers  
8       in short-time compensation programs (as so de-  
9       fined).

10          (3) ELIGIBILITY.—

11           (A) IN GENERAL.—The Secretary shall de-  
12       termine eligibility criteria for the grants under  
13       paragraph (1) and (2).

14           (B) CLARIFICATION.—A State admin-  
15       istering a short-time compensation program, in-  
16       cluding a program being administered by a  
17       State that is participating in the transition  
18       under the provisions of sections 341(a)(3) and  
19       342(c), that does not meet the definition of a  
20       short-time compensation program under section  
21       3306(v) of the Internal Revenue Code of 1986  
22       (as added by 341(a)), and a State with an  
23       agreement under section 343, shall not be eligi-  
24       ble to receive a grant under this section until  
25       such time as the State law of the State provides

1           for payments under a short-time compensation  
2           program that meets such definition and such  
3           law.

4           (b) AMOUNT OF GRANTS.—

5           (1) IN GENERAL.—The maximum amount avail-  
6           able for making grants to a State under paragraphs  
7           (1) and (2) shall be equal to the amount obtained  
8           by multiplying \$700,000,000 (less the amount used  
9           by the Secretary under subsection (e)) by the same  
10          ratio as would apply under subsection (a)(2)(B) of  
11          section 903 of the Social Security Act (42 U.S.C.  
12          1103) for purposes of determining such State's  
13          share of any excess amount (as described in sub-  
14          section (a)(1) of such section) that would have been  
15          subject to transfer to State accounts, as of October  
16          1, 2010, under the provisions of subsection (a) of  
17          such section.

18          (2) AMOUNT AVAILABLE FOR DIFFERENT  
19          GRANTS.—Of the maximum incentive payment deter-  
20          mined under paragraph (1) with respect to a  
21          State—

22                  (A) one-third shall be available for a grant  
23                  under subsection (a)(1); and

24                  (B) two-thirds shall be available for a  
25                  grant under subsection (a)(2).

1 (c) GRANT APPLICATION AND DISBURSAL.—

2 (1) APPLICATION.—Any State seeking a grant  
3 under paragraph (1) or (2) of subsection (a) shall  
4 submit an application to the Secretary at such time,  
5 in such manner, and complete with such information  
6 as the Secretary may require. In no case may the  
7 Secretary award a grant under this section with re-  
8 spect to an application that is submitted after De-  
9 cember 31, 2014.

10 (2) NOTICE.—The Secretary shall, within 30  
11 days after receiving a complete application, notify  
12 the State agency of the State of the Secretary’s find-  
13 ings with respect to the requirements for a grant  
14 under paragraph (1) or (2) (or both) of subsection  
15 (a).

16 (3) CERTIFICATION.—If the Secretary finds  
17 that the State law provisions meet the requirements  
18 for a grant under subsection (a), the Secretary shall  
19 thereupon make a certification to that effect to the  
20 Secretary of the Treasury, together with a certifi-  
21 cation as to the amount of the grant payment to be  
22 transferred to the State account in the Unemploy-  
23 ment Trust Fund (as established in section 904(a)  
24 of the Social Security Act (42 U.S.C. 1104(a))) pur-  
25 suant to that finding. The Secretary of the Treasury

1 shall make the appropriate transfer to the State ac-  
2 count within 7 days after receiving such certifi-  
3 cation.

4 (4) REQUIREMENT.—No certification of compli-  
5 ance with the requirements for a grant under para-  
6 graph (1) or (2) of subsection (a) may be made with  
7 respect to any State whose—

8 (A) State law is not otherwise eligible for  
9 certification under section 303 of the Social Se-  
10 curity Act (42 U.S.C. 503) or approvable under  
11 section 3304 of the Internal Revenue Code of  
12 1986; or

13 (B) short-time compensation program is  
14 subject to discontinuation or is not scheduled to  
15 take effect within 12 months of the certifi-  
16 cation.

17 (d) USE OF FUNDS.—The amount of any grant  
18 awarded under this section shall be used for the implemen-  
19 tation of short-time compensation programs and the over-  
20 all administration of such programs and the promotion  
21 and enrollment efforts associated with such programs,  
22 such as through—

23 (1) the creation or support of rapid response  
24 teams to advise employers about alternatives to lay-  
25 offs;

1           (2) the provision of education or assistance to  
2           employers to enable them to assess the feasibility of  
3           participating in short-time compensation programs;  
4           and

5           (3) the development or enhancement of systems  
6           to automate—

7                   (A) the submission and approval of plans;  
8                   and

9                   (B) the filing and approval of new and on-  
10                   going short-time compensation claims.

11           (e) ADMINISTRATION.—The Secretary is authorized  
12           to use 0.25 percent of the funds available under subsection  
13           (g) to provide for outreach and to share best practices with  
14           respect to this section and short-time compensation pro-  
15           grams.

16           (f) RECOUPMENT.—The Secretary shall establish a  
17           process under which the Secretary shall recoup the  
18           amount of any grant awarded under paragraph (1) or (2)  
19           of subsection (a) if the Secretary determines that, during  
20           the 5-year period beginning on the first date that any such  
21           grant is awarded to the State, the State—

22                   (1) terminated the State's short-time compensa-  
23                   tion program; or



1           (2) failed to meet appropriate requirements  
2           with respect to such program (as established by the  
3           Secretary).

4           (g) FUNDING.—There are appropriated, out of mon-  
5           eys in the Treasury not otherwise appropriated, to the  
6           Secretary, \$700,000,000 to carry out this section, to re-  
7           main available without fiscal year limitation.

8           (h) REPORTING.—The Secretary may establish re-  
9           porting requirements for States receiving a grant under  
10          this section in order to provide oversight of grant funds.

11          (i) DEFINITIONS.—In this section:

12           (1) SECRETARY.—The term “Secretary” means  
13           the Secretary of Labor.

14           (2) SHORT-TIME COMPENSATION PROGRAM.—  
15           The term “short-time compensation program” has  
16           the meaning given such term in section 3306(v) of  
17           the Internal Revenue Code of 1986, as added by sec-  
18           tion 341(a).

19           (3) STATE; STATE AGENCY; STATE LAW.—The  
20           terms “State”, “State agency”, and “State law”  
21           have the meanings given those terms in section 205  
22           of the Federal-State Extended Unemployment Com-  
23           pensation Act of 1970 (26 U.S.C. 3304 note).

1 **SEC. 345. ASSISTANCE AND GUIDANCE IN IMPLEMENTING**  
2 **PROGRAMS.**

3 (a) IN GENERAL.—In order to assist States in estab-  
4 lishing, qualifying, and implementing short-time com-  
5 pensation programs (as defined in section 3306(v) of the  
6 Internal Revenue Code of 1986, as added by section  
7 341(a)), the Secretary of Labor (in this section referred  
8 to as the “Secretary”) shall—

9 (1) develop model legislative language which  
10 may be used by States in developing and enacting  
11 such programs and periodically review and revise  
12 such model legislative language;

13 (2) provide technical assistance and guidance in  
14 developing, enacting, and implementing such pro-  
15 grams;

16 (3) establish reporting requirements for States,  
17 including reporting on—

18 (A) the number of estimated averted lay-  
19 offs;

20 (B) the number of participating employers  
21 and workers; and

22 (C) such other items as the Secretary of  
23 Labor determines are appropriate.

24 (b) MODEL LANGUAGE AND GUIDANCE.—The model  
25 language and guidance developed under subsection (a)  
26 shall allow sufficient flexibility by States and participating

1 employers while ensuring accountability and program in-  
2 tegrity.

3 (c) CONSULTATION.—In developing the model legisla-  
4 tive language and guidance under subsection (a), and in  
5 order to meet the requirements of subsection (b), the Sec-  
6 retary shall consult with employers, labor organizations,  
7 State workforce agencies, and other program experts.

8 **SEC. 346. REPORTS.**

9 (a) REPORTS.—

10 (1) IN GENERAL.—Not later than 4 years after  
11 the date of the enactment of this Act, the Secretary  
12 of Labor shall submit to Congress and to the Presi-  
13 dent a report or reports on the implementation of  
14 the provisions of this Act.

15 (2) REQUIREMENTS.—Any report under para-  
16 graph (1) shall at a minimum include the following:

17 (A) A description of best practices by  
18 States and employers in the administration,  
19 promotion, and use of short-time compensation  
20 programs (as defined in section 3306(v) of the  
21 Internal Revenue Code of 1986, as added by  
22 section 341(a)).

23 (B) An analysis of the significant chal-  
24 lenges to State enactment and implementation  
25 of short-time compensation programs.

1 (C) A survey of employers in States that  
2 have not enacted a short-time compensation  
3 program or entered into an agreement with the  
4 Secretary on a short-time compensation plan to  
5 determine the level of interest among such em-  
6 ployers in participating in short-time compensa-  
7 tion programs.

8 (b) FUNDING.—There are appropriated, out of any  
9 moneys in the Treasury not otherwise appropriated, to the  
10 Secretary of Labor, \$1,500,000 to carry out this section,  
11 to remain available without fiscal year limitation.

12 **Subtitle B—Long Term**  
13 **Unemployed Hiring Preferences**

14 **SEC. 351. LONG TERM UNEMPLOYED WORKERS WORK OP-**  
15 **PORTUNITY TAX CREDITS.**

16 (a) IN GENERAL.—Paragraph (3) of section 51(b) of  
17 the Internal Revenue Code is amended by inserting  
18 “\$10,000 per year in the case of any individual who is  
19 a qualified long term unemployed individual by reason of  
20 subsection (d)(11), and” before “\$12,000 per year”.

21 (b) LONG TERM UNEMPLOYEED INDIVIDUALS TAX  
22 CREDITS.—Paragraph (d) of section 51 of the Internal  
23 Revenue Code is amended by—

24 (1) inserting “(J) qualified long term unem-  
25 ployed individual” at the end of paragraph (d)(1),

1           (2) inserting a new paragraph after paragraph  
2           (10) as follows:

3           “(11) QUALIFIED LONG TERM UNEMPLOYED  
4           INDIVIDUAL.—

5                   “(A) IN GENERAL.—The term ‘qualified  
6           long term unemployed individual’ means any in-  
7           dividual who was not a student for at least 6  
8           months during the 1-year period ending on the  
9           hiring date and is certified by the designated  
10          local agency as having aggregate periods of un-  
11          employment during the 1-year period ending on  
12          the hiring date which equal or exceed 6 months.

13                   “(B) STUDENT.—For purposes of this sub-  
14          section, a student is an individual enrolled at  
15          least half-time in a program that leads to a de-  
16          gree, certificate, or other recognized educational  
17          credential for at least 6 months whether or not  
18          consecutive during the 1-year period ending on  
19          the hiring date.”; and

20          (3) renumbering current paragraphs (11)  
21          through (14) as paragraphs (12) through (15).

22          (c) SIMPLIFIED CERTIFICATION.—Section 51(d) of  
23          the Internal Revenue Code is amended by adding a new  
24          paragraph 16 as follows:

1           “(16) Credit allowed for qualified long term un-  
2 employed individuals.

3           “(A) IN GENERAL.—Any qualified long  
4 term unemployed individual under paragraph  
5 (11) will be treated as certified by the des-  
6 ignated local agency as having aggregate peri-  
7 ods of unemployment if—

8           “(i) the individual is certified by the  
9 designated local agency as being in receipt  
10 of unemployment compensation under  
11 State or Federal law for not less than 6  
12 months during the 1-year period ending on  
13 the hiring date.

14           “(B) REGULATORY AUTHORITY.—The Sec-  
15 retary in his discretion may provide alternative  
16 methods for certification.”.

17           (d) CREDIT MADE AVAILABLE TO TAX-EXEMPT EM-  
18 PLOYERS IN CERTAIN CIRCUMSTANCES.—Section 52(c) of  
19 the Internal Revenue Code is amended—

20           (1) by striking the word “No” at the beginning  
21 of the section and replacing it with “Except as pro-  
22 vided in this subsection, no”; and

23           (2) the following new paragraphs are inserted  
24 at the end of section 52(c)—

1           “(1) IN GENERAL.—In the case of a tax-exempt  
2 employer, there shall be treated as a credit allowable  
3 under subpart C (and not allowable under subpart  
4 D) the lesser of—

5           “(A) the amount of the work opportunity  
6 credit determined under this subpart with re-  
7 spect to such employer that is related to the  
8 hiring of qualified long term unemployed indi-  
9 viduals described in subsection (d)(11); or

10           “(B) the amount of the payroll taxes of the  
11 employer during the calendar year in which the  
12 taxable year begins.

13           “(2) CREDIT AMOUNT.—In calculating tax-ex-  
14 empt employers, the work opportunity credit shall be  
15 determined by substituting ‘26 percent’ for ‘40 per-  
16 cent’ in section 51(a) and by substituting ‘16.25  
17 percent’ for ‘25 percent’ in section 51(i)(3)(A).

18           “(3) TAX-EXEMPT EMPLOYER.—For purposes  
19 of this subtitle, the term ‘tax-exempt employer’  
20 means an employer that is—

21           “(A) an organization described in section  
22 501(c) and exempt from taxation under section  
23 501(a), or

1           “(B) a public higher education institution  
2           (as defined in section 101 of the Higher Edu-  
3           cation Act of 1965).

4           “(4) PAYROLL TAXES.—For purposes of this  
5           subsection:

6           “(A) IN GENERAL.—The term ‘payroll  
7           taxes’ means—

8                   “(i) amounts required to be withheld  
9                   from the employees of the tax-exempt em-  
10                  ployer under section 3401(a),

11                   “(ii) amounts required to be withheld  
12                   from such employees under section 3101,  
13                   and

14                   “(iii) amounts of the taxes imposed on  
15                   the tax-exempt employer under section  
16                   3111.”

17           (e) TREATMENT OF POSSESSIONS.—

18                   (1) PAYMENTS TO POSSESSIONS.—

19                           (A) MIRROR CODE POSSESSIONS.—The  
20                           Secretary of the Treasury shall pay to each pos-  
21                           session of the United States with a mirror code  
22                           tax system amounts equal to the loss to that  
23                           possession by reason of the application of this  
24                           section (other than this subsection). Such  
25                           amounts shall be determined by the Secretary



1 of the Treasury based on information provided  
2 by the government of the respective possession  
3 of the United States.

4 (B) OTHER POSSESSIONS.—The Secretary  
5 of the Treasury shall pay to each possession of  
6 the United States, which does not have a mirror  
7 code tax system, amounts estimated by the Sec-  
8 retary of the Treasury as being equal to the ag-  
9 gregate credits that would have been provided  
10 by the possession by reason of the application  
11 of this section (other than this subsection) if a  
12 mirror code tax system had been in effect in  
13 such possession. The preceding sentence shall  
14 not apply with respect to any possession of the  
15 United States unless such possession has a  
16 plan, which has been approved by the Secretary  
17 of the Treasury, under which such possession  
18 will promptly distribute such payments.

19 (2) COORDINATION WITH CREDIT ALLOWED  
20 AGAINST UNITED STATES INCOME TAXES.—No in-  
21 crease in the credit determined under section 38(b)  
22 of the Internal Revenue Code of 1986 that is attrib-  
23 utable to the credit provided by this section (other  
24 than this subsection (e)) shall be taken into account  
25 with respect to any person—

1           (A) to whom a credit is allowed against  
2 taxes imposed by the possession of the United  
3 States by reason of this section for such taxable  
4 year; or

5           (B) who is eligible for a payment under a  
6 plan described in paragraph (1)(B) with respect  
7 to such taxable year.

8           (3) DEFINITIONS AND SPECIAL RULES.—

9           (A) POSSESSION OF THE UNITED  
10 STATES.—For purposes of this subsection (e),  
11 the term “possession of the United States” in-  
12 cludes American Samoa, the Commonwealth of  
13 the Northern Mariana Islands, the Common-  
14 wealth of Puerto Rico, Guam, and the United  
15 States Virgin Islands.

16           (B) MIRROR CODE TAX SYSTEM.—For pur-  
17 poses of this subsection, the term “mirror code  
18 tax system” means, with respect to any posses-  
19 sion of the United States, the income tax sys-  
20 tem of such possession if the income tax liabil-  
21 ity of the residents of such possession under  
22 such system is determined by reference to the  
23 income tax laws of the United States as if such  
24 possession were the United States.

1           (C) TREATMENT OF PAYMENTS.—For pur-  
2           poses of section 1324(b)(2) of title 31, United  
3           States Code, rules similar to the rules of section  
4           1001(b)(3)(C) of the American Recovery and  
5           Reinvestment Tax Act of 2009 shall apply.

6           (f) EFFECTIVE DATE.—The amendments made by  
7           this section shall apply to individuals who begin work for  
8           the employer after the date of the enactment of this Act.

9           **Subtitle C—Pathways Back to**  
10           **Work**

11       **SEC. 361. SHORT TITLE.**

12           This subtitle may be cited as the “Pathways Back  
13           to Work Act of 2011”.

14       **SEC. 362. ESTABLISHMENT OF PATHWAYS BACK TO WORK**  
15           **FUND.**

16           (a) ESTABLISHMENT.—There is established in the  
17           Treasury of the United States a fund which shall be  
18           known as the Pathways Back to Work Fund (hereafter  
19           in this Act referred to as “the Fund”).

20           (b) DEPOSITS INTO THE FUND.—Out of any  
21           amounts in the Treasury of the United States not other-  
22           wise appropriated, there are appropriated \$5,000,000,000  
23           for payment to the Fund to be used by the Secretary of  
24           Labor to carry out this Act.

1 **SEC. 363. AVAILABILITY OF FUNDS.**

2 (a) IN GENERAL.—Of the amounts available to the  
3 Fund under section 362(b), the Secretary of Labor shall—

4 (1) allot \$2,000,000,000 in accordance with  
5 section 364 to provide subsidized employment to un-  
6 employed, low-income adults;

7 (2) allot \$1,500,000,000 in accordance with  
8 section 365 to provide summer and year-round em-  
9 ployment opportunities to low-income youth; and

10 (3) award \$1,500,000,000 in competitive grants  
11 in accordance with section 366 to local entities to  
12 carry out work-based training and other work-re-  
13 lated and educational strategies and activities of  
14 demonstrated effectiveness to unemployed, low-in-  
15 come adults and low-income youth to provide the  
16 skills and assistance needed to obtain employment.

17 (b) RESERVATION.—The Secretary of Labor may re-  
18 serve not more than 1 percent of amounts available to the  
19 Fund under each of paragraphs (1)–(3) of subsection (a)  
20 for the costs of technical assistance, evaluations and Fed-  
21 eral administration of this Act.

22 (c) PERIOD OF AVAILABILITY.—The amounts appro-  
23 priated under this Act shall be available for obligation by  
24 the Secretary of Labor until December 31, 2012, and shall  
25 be available for expenditure by grantees and subgrantees  
26 until September 30, 2013.

1 **SEC. 364. SUBSIDIZED EMPLOYMENT FOR UNEMPLOYED,**  
2 **LOW-INCOME ADULTS.**

3 (a) IN GENERAL.—

4 (1) ALLOTMENTS.—From the funds available  
5 under section 363(a)(1), the Secretary of Labor  
6 shall make an allotment under subsection (b) to each  
7 State that has a State plan approved under sub-  
8 section (c) and to each outlying area and Native  
9 American grantee under section 166 of the Work-  
10 force Investment Act of 1998 that meets the re-  
11 quirements of this section, for the purpose of pro-  
12 viding subsidized employment opportunities to unem-  
13 ployed, low-income adults.

14 (2) GUIDANCE.—Not later than 30 days after  
15 the date of enactment of this Act, the Secretary of  
16 Labor, in coordination with the Secretary of Health  
17 and Human Services, shall issue guidance regarding  
18 the implementation of this section. Such guidance  
19 shall, consistent with this section, include procedures  
20 for the submission and approval of State and local  
21 plans and the allotment and allocation of funds, in-  
22 cluding reallocation and reallocation of such funds,  
23 that promote the expeditious and effective implemen-  
24 tation of the activities authorized under this section.

25 (b) STATE ALLOTMENTS.—

1           (1) RESERVATIONS FOR OUTLYING AREAS AND  
2 TRIBES.—Of the funds described subsection (a)(1),  
3 the Secretary shall reserve—

4           (A) not more than one-quarter of one per-  
5 cent to provide assistance to outlying areas to  
6 provide subsidized employment to low-income  
7 adults who are unemployed; and

8           (B) 1.5 percent to provide assistance to  
9 grantees of the Native American programs  
10 under section 166 of the Workforce Investment  
11 Act of 1998 to provide subsidized employment  
12 to low-income adults who are unemployed.

13           (2) STATES.—After determining the amounts to  
14 be reserved under paragraph (1), the Secretary of  
15 Labor shall allot the remainder of the amounts de-  
16 scribed in subsection (a)(1) among the States as fol-  
17 lows—

18           (A) one-third shall be allotted on the basis  
19 of the relative number of unemployed individ-  
20 uals in areas of substantial unemployment in  
21 each State, compared to the total number of  
22 unemployed individuals in areas of substantial  
23 unemployment in all States;

24           (B) one-third shall be allotted on the basis  
25 of the relative excess number of unemployed in-

1           dividuals in each State, compared to the total  
2           excess number of unemployed individuals in all  
3           States; and

4           (C) one-third shall be allotted on the basis  
5           of the relative number of disadvantaged adults  
6           and youth in each State, compared to the total  
7           number of disadvantaged adults and youth in  
8           all States.

9           (3) DEFINITIONS.—For purposes of the for-  
10          mula described in paragraph (2)—

11           (A) AREA OF SUBSTANTIAL UNEMPLOY-  
12          MENT.—The term “area of substantial unem-  
13          ployment” means any contiguous area with a  
14          population of at least 10,000 and that has an  
15          average rate of unemployment of at least 6.5  
16          percent for the most recent 12 months, as de-  
17          termined by the Secretary.

18           (B) DISADVANTAGED ADULTS AND  
19          YOUTH.—The term “disadvantaged adults and  
20          youth” means an individual who is age 16 and  
21          older (subject to section 132(b)(1)(B)(v)(I) of  
22          the Workforce Investment Act of 1998) who re-  
23          ceived an income, or is a member of a family  
24          that received a total family income, that, in re-

1           lation to family size, does not exceed the higher  
2           of—

3                   (i) the poverty line; or

4                   (ii) 70 percent of the lower living  
5           standard income level.

6           (C) EXCESS NUMBER.—The term “excess  
7           number” means, used with respect to the excess  
8           number of unemployed individuals within a  
9           State, the higher of—

10                   (i) the number that represents the  
11           number of unemployed individuals in ex-  
12           cess of 4.5 percent of the civilian labor  
13           force in the State; or

14                   (ii) the number that represents the  
15           number of unemployed individuals in ex-  
16           cess of 4.5 percent of the civilian labor  
17           force in areas of substantial unemployment  
18           in such State.

19           (4) REALLOTMENT.—If the Governor of a State  
20           does not submit a State plan by the time specified  
21           in subsection (c), or a State does not receive ap-  
22           proval of a State plan, the amount the State would  
23           have been eligible to receive pursuant to the formula  
24           under paragraph (2) shall be transferred within the



1 Fund and added to the amounts available for the  
2 competitive grants under section 363(a)(3).

3 (c) STATE PLAN.—

4 (1) IN GENERAL.—For a State to be eligible to  
5 receive an allotment of the funds under subsection  
6 (b), the Governor of the State shall submit to the  
7 Secretary of Labor a State plan in such form and  
8 containing such information as the Secretary may  
9 require. At a minimum, such plan shall include—

10 (A) a description of the strategies and ac-  
11 tivities to be carried out by the State, in coordi-  
12 nation with employers in the State, to provide  
13 subsidized employment opportunities to unem-  
14 ployed, low-income adults, including strategies  
15 relating to the level and duration of subsidies  
16 consistent with subsection (e)(2);

17 (B) a description of the requirements the  
18 State will apply relating to the eligibility of un-  
19 employed, low-income adults, consistent with  
20 section 368(6), for subsidized employment op-  
21 portunities, which may include criteria to target  
22 assistance to particular categories of such  
23 adults, such as individuals with disabilities or  
24 individuals who have exhausted all rights to un-  
25 employment compensation;

1 (C) a description of how the funds allotted  
2 to provide subsidized employment opportunities  
3 will be administered in the State and local  
4 areas, in accordance with subsection (d);

5 (D) a description of the performance out-  
6 comes to be achieved by the State through the  
7 activities carried out under this section and the  
8 processes the State will use to track perform-  
9 ance, consistent with guidance provided by the  
10 Secretary of Labor regarding such outcomes  
11 and processes and with section 367(b);

12 (E) a description of the coordination of ac-  
13 tivities to be carried out with the funds pro-  
14 vided under this section with activities under  
15 title I of the Workforce Investment Act of  
16 1998, the TANF program under part A of title  
17 IV of the Social Security Act, and other appro-  
18 priate Federal and State programs that may as-  
19 sist unemployed, low-income adults in obtaining  
20 and retaining employment;

21 (F) a description of the timelines for im-  
22 plementation of the activities described in sub-  
23 paragraph (A), and the number of unemployed,  
24 low-income adults expected to be placed in sub-  
25 sidized employment by quarter;

1           (G) assurances that the State will report  
2 such information as the Secretary of Labor may  
3 require relating to fiscal, performance and other  
4 matters that the Secretary determines is nec-  
5 essary to effectively monitor the activities car-  
6 ried out under this section; and

7           (H) assurances that the State will ensure  
8 compliance with the labor standards and protec-  
9 tions described in section 367(a) of this Act.

10           (2) SUBMISSION AND APPROVAL OF STATE  
11 PLAN.—

12           (A) SUBMISSION WITH OTHER PLANS.—

13           The State plan described in this subsection may  
14 be submitted in conjunction with the State plan  
15 modification or request for funds required  
16 under section 365, and may be submitted as a  
17 modification to a State plan that has been ap-  
18 proved under section 112 of the Workforce In-  
19 vestment Act of 1998.

20           (B) SUBMISSION AND APPROVAL.—

21           (i) SUBMISSION.—The Governor shall  
22 submit a plan to the Secretary of Labor  
23 not later than 75 days after the enactment  
24 of this Act and the Secretary of Labor  
25 shall make a determination regarding the

1 approval or disapproval of such plans not  
2 later than 45 days after the submission of  
3 such plan. If the plan is disapproved, the  
4 Secretary of Labor may provide a reason-  
5 able period of time in which a disapproved  
6 plan may be amended and resubmitted for  
7 approval.

8 (ii) APPROVAL.—The Secretary of  
9 Labor shall approve a State plan that the  
10 Secretary determines is consistent with re-  
11 quirements of this section and reasonably  
12 appropriate and adequate to carry out the  
13 purposes of this section. If the plan is ap-  
14 proved, the Secretary shall allot funds to  
15 States within 30 days after such approval.

16 (3) MODIFICATIONS TO STATE PLAN.—The  
17 Governor may submit a modification to a State plan  
18 under this subsection consistent with the require-  
19 ments of this section.

20 (d) ADMINISTRATION WITHIN THE STATE.—

21 (1) OPTION.—The State may administer the  
22 funds for activities under this section through—

23 (A) the State and local entities responsible  
24 for the administration of the adult formula pro-

1           gram under title I–B of the Workforce Invest-  
2           ment Act of 1998;

3           (B) the entities responsible for the admin-  
4           istration of the TANF program under part A of  
5           title IV of the Social Security Act; or

6           (C) a combination of the entities described  
7           in subparagraphs (A) and (B).

8           (2) WITHIN-STATE ALLOCATIONS.—

9           (A) ALLOCATION OF FUNDS.—The Gov-  
10          ernor may reserve up to 5 percent of the allot-  
11          ment under subsection (b)(2) for administration  
12          and technical assistance, and shall allocate the  
13          remainder, in accordance with the option elect-  
14          ed under paragraph (1)—

15               (i) among local workforce investment  
16               areas within the State in accordance with  
17               the factors identified in subsection (b)(2),  
18               except that for purposes of such allocation  
19               references to a State in such paragraph  
20               shall be deemed to be references to a local  
21               workforce investment area and references  
22               to all States shall be deemed to be ref-  
23               erences to all local areas in the State in-  
24               volved, of which not more than 10 percent  
25               of the funds allocated to a local workforce

1 investment area may be used for the costs  
2 of administration of this section; or

3 (ii) through entities responsible for  
4 the administration of the TANF program  
5 under part A of title IV of the Social Secu-  
6 rity Act in local areas in such manner as  
7 the State may determine appropriate.

8 (B) LOCAL PLANS.—

9 (i) IN GENERAL.—In the case where  
10 the responsibility for the administration of  
11 activities is to be carried out by the enti-  
12 ties described under paragraph (1)(A), in  
13 order to receive an allocation under sub-  
14 paragraph (A)(i), a local workforce invest-  
15 ment board, in partnership with the chief  
16 elected official of the local workforce in-  
17 vestment area involved, shall submit to the  
18 Governor a local plan for the use of such  
19 funds under this section not later than 30  
20 days after the submission of the State  
21 plan. Such local plan may be submitted as  
22 a modification to a local plan approved  
23 under section 118 of the Workforce Invest-  
24 ment Act of 1998.

1           (ii) CONTENTS.—The local plan de-  
2           scribed in clause (i) shall contain the ele-  
3           ments described in subparagraphs (A)–(H)  
4           of subsection (c)(1), as applied to the local  
5           workforce investment area.

6           (iii) APPROVAL.—The Governor shall  
7           approve or disapprove the local plan sub-  
8           mitted under clause (i) within 30 days  
9           after submission, or if later, 30 days after  
10          the approval of the State plan. The Gov-  
11          ernor shall approve the plan unless the  
12          Governor determines that the plan is in-  
13          consistent with requirements of this section  
14          or is not reasonably appropriate and ade-  
15          quate to carry out the purposes of this sec-  
16          tion. If the Governor has not made a de-  
17          termination within the period specified  
18          under the first sentence of this clause, the  
19          plan shall be considered approved. If the  
20          plan is disapproved, the Governor may pro-  
21          vide a reasonable period of time in which  
22          a disapproved plan may be amended and  
23          resubmitted for approval. The Governor  
24          shall allocate funds to local workforce in-

1 investment areas with approved plans within  
2 30 days after such approval.

3 (C) REALLOCATION OF FUNDS TO LOCAL  
4 AREAS.—If a local workforce investment board  
5 does not submit a local plan by the time speci-  
6 fied in subparagraph (B) or the Governor does  
7 not approve a local plan, the amount the local  
8 workforce investment area would have been eli-  
9 gible to receive pursuant to the formula under  
10 subparagraph (A)(i) shall be allocated to local  
11 workforce investment areas that receive ap-  
12 proval of the local plan under subparagraph  
13 (B). Such reallocations shall be made in accord-  
14 ance with the relative share of the allocations to  
15 such local workforce investment areas applying  
16 the formula factors described under subpara-  
17 graph (A)(i).

18 (e) USE OF FUNDS.—

19 (1) IN GENERAL.—The funds under this section  
20 shall be used to provide subsidized employment for  
21 unemployed, low-income adults. The State and local  
22 entities described in subsection (d)(1) may use a va-  
23 riety of strategies in recruiting employers and identi-  
24 fying appropriate employment opportunities, with a  
25 priority to be provided to employment opportunities



1 likely to lead to unsubsidized employment in emerg-  
2 ing or in-demand occupations in the local area.  
3 Funds under this section may be used to provide  
4 support services, such as transportation and child  
5 care, that are necessary to enable the participation  
6 of individuals in subsidized employment opportuni-  
7 ties.

8 (2) LEVEL OF SUBSIDY AND DURATION.—The  
9 States or local entities described in subsection (d)(1)  
10 may determine the percentage of the wages and  
11 costs of employing a participant for which an em-  
12 ployer may receive a subsidy with the funds provided  
13 under this section, and the duration of such subsidy,  
14 in accordance with guidance issued by the Secretary.  
15 The State or local entities may establish criteria for  
16 determining such percentage or duration using ap-  
17 propriate factors such as the size of the employer  
18 and types of employment.

19 (f) COORDINATION OF FEDERAL ADMINISTRATION.—  
20 The Secretary of Labor shall administer this section in  
21 coordination with the Secretary of Health and Human  
22 Services to ensure the effective implementation of this sec-  
23 tion.



1 guidance, and the allotment and allocation of funds,  
2 including reallocation and reallocation of such funds,  
3 that promote the expeditious and effective implemen-  
4 tation of the activities authorized under this section.

5 (2) REQUIREMENTS.—Except as otherwise pro-  
6 vided in the guidance described in paragraph (1)  
7 and in this section and other provisions of this Act,  
8 the funds provided for activities under this section  
9 shall be administered in accordance with subtitles B  
10 and E of title I of the Workforce Investment Act of  
11 1998 relating to youth activities.

12 (c) STATE ALLOTMENTS.—

13 (1) RESERVATIONS FOR OUTLYING AREAS AND  
14 TRIBES.—Of the funds described subsection (a), the  
15 Secretary shall reserve—

16 (A) not more than one-quarter of one per-  
17 cent to provide assistance to outlying areas to  
18 provide summer and year-round employment  
19 opportunities to low-income youth; and

20 (B) 1.5 percent to provide assistance to  
21 grantees of the Native American programs  
22 under section 166 of the Workforce Investment  
23 Act of 1998 to provide summer and year-round  
24 employment opportunities to low-income youth.

1           (2) STATES.—After determining the amounts to  
2           be reserved under paragraph (1), the Secretary of  
3           Labor shall allot the remainder of the amounts de-  
4           scribed in subsection (a) among the States in ac-  
5           cordance with the factors described in section  
6           364(b)(2) of this Act.

7           (3) REALLOTMENT.—If the Governor of a State  
8           does not submit a State plan modification or other  
9           request for funds specified in guidance under sub-  
10          section (b) by the time specified in subsection  
11          (d)(2)(B), or a State does not receive approval of  
12          such State plan modification or request, the amount  
13          the State would have been eligible to receive pursu-  
14          ant to the formula under paragraph (2) shall be  
15          transferred within the Fund and added to the  
16          amounts available for the competitive grants under  
17          section 363(a)(3).

18          (d) STATE PLAN MODIFICATION.—

19               (1) IN GENERAL.—For a State to be eligible to  
20               receive an allotment of the funds under subsection  
21               (c), the Governor of the State shall submit to the  
22               Secretary of Labor a modification to a State plan  
23               approved under section 112 of the Workforce Invest-  
24               ment Act of 1998, or other request for funds de-  
25               scribed in guidance in subsection (b), in such form

1 and containing such information as the Secretary  
2 may require. At a minimum, such plan modification  
3 or request shall include—

4 (A) a description of the strategies and ac-  
5 tivities to be carried out to provide summer em-  
6 ployment opportunities and year-round employ-  
7 ment opportunities, including the linkages to  
8 educational activities, consistent with subsection  
9 (f);

10 (B) a description of the requirements the  
11 States will apply relating to the eligibility of  
12 low-income youth, consistent with section  
13 368(4), for summer employment opportunities  
14 and year-round employment opportunities,  
15 which may include criteria to target assistance  
16 to particular categories of such low-income  
17 youth, such as youth with disabilities, con-  
18 sistent with subsection (f);

19 (C) a description of the performance out-  
20 comes to be achieved by the State through the  
21 activities carried out under this section and the  
22 processes the State will use to track perform-  
23 ance, consistent with guidance provided by the  
24 Secretary of Labor regarding such outcomes  
25 and processes and with section 367(b);

1 (D) a description of the timelines for im-  
2 plementation of the activities described in sub-  
3 paragraph (A), and the number of low-income  
4 youth expected to be placed in summer employ-  
5 ment opportunities, and year-round employment  
6 opportunities, respectively, by quarter;

7 (E) assurances that the State will report  
8 such information as the Secretary may require  
9 relating to fiscal, performance and other mat-  
10 ters that the Secretary determines is necessary  
11 to effectively monitor the activities carried out  
12 under this section; and

13 (F) assurances that the State will ensure  
14 compliance with the labor standards protections  
15 described in section 367(a).

16 (2) SUBMISSION AND APPROVAL OF STATE  
17 PLAN MODIFICATION OR REQUEST.—

18 (A) SUBMISSION.—The Governor shall  
19 submit a modification of the State plan or other  
20 request for funds described in guidance in sub-  
21 section (b) to the Secretary of Labor not later  
22 than 30 days after the issuance of such guid-  
23 ance. The State plan modification or request for  
24 funds required under this subsection may be

1 submitted in conjunction with the State plan re-  
2 quired under section 364.

3 (B) APPROVAL.—The Secretary of Labor  
4 shall approve the plan or request submitted  
5 under subparagraph (A) within 30 days after  
6 submission, unless the Secretary determines  
7 that the plan or request is inconsistent with the  
8 requirements of this section. If the Secretary  
9 has not made a determination within 30 days,  
10 the plan or request shall be considered ap-  
11 proved. If the plan or request is disapproved,  
12 the Secretary may provide a reasonable period  
13 of time in which a disapproved plan or request  
14 may be amended and resubmitted for approval.  
15 If the plan or request is approved, the Sec-  
16 retary shall allot funds to States within 30 days  
17 after such approval.

18 (3) MODIFICATIONS TO STATE PLAN OR RE-  
19 QUEST.—The Governor may submit further modi-  
20 fications to a State plan or request for funds identi-  
21 fied under subsection (b) to carry out this section in  
22 accordance with the requirements of this section.

23 (e) WITHIN-STATE ALLOCATION AND ADMINISTRA-  
24 TION.—

1           (1) IN GENERAL.—Of the funds allotted to the  
2 State under subsection (c), the Governor—

3           (A) may reserve up to 5 percent of the al-  
4 lotment for administration and technical assist-  
5 ance; and

6           (B) shall allocate the remainder of the al-  
7 lotment among local workforce investment areas  
8 within the State in accordance with the factors  
9 identified in section 364(b)(2), except that for  
10 purposes of such allocation references to a  
11 State in such paragraph shall be deemed to be  
12 references to a local workforce investment area  
13 and references to all States shall be deemed to  
14 be references to all local areas in the State in-  
15 volved. Not more than 10 percent of the funds  
16 allocated to a local workforce investment area  
17 may be used for the costs of administration of  
18 this section.

19           (2) LOCAL PLAN.—

20           (A) SUBMISSION.—In order to receive an  
21 allocation under paragraph (1)(B), the local  
22 workforce investment board, in partnership with  
23 the chief elected official for the local workforce  
24 investment area involved, shall submit to the  
25 Governor a modification to a local plan ap-



1           proved under section 118 of the Workforce In-  
2           vestment Act of 1998, or other form of request  
3           for funds as may be identified in the guidance  
4           issued under subsection (b), not later than 30  
5           days after the submission by the State of the  
6           modification to the State plan or other request  
7           for funds identified in subsection (b), describing  
8           the strategies and activities to be carried out  
9           under this section.

10           (B) APPROVAL.—The Governor shall ap-  
11           prove the local plan submitted under subpara-  
12           graph (A) within 30 days after submission, un-  
13           less the Governor determines that the plan is  
14           inconsistent with requirements of this section.  
15           If the Governor has not made a determination  
16           within 30 days, the plan shall be considered ap-  
17           proved. If the plan is disapproved, the Governor  
18           may provide a reasonable period of time in  
19           which a disapproved plan may be amended and  
20           resubmitted for approval. The Governor shall  
21           allocate funds to local workforce investment  
22           areas with approved plans within 30 days after  
23           approval.

24           (3) REALLOCATION.—If a local workforce in-  
25           vestment board does not submit a local plan modi-

1        fication (or other request for funds identified in  
2        guidance under subsection (b)) by the time specified  
3        in paragraph (2), or does not receive approval of a  
4        local plan, the amount the local workforce invest-  
5        ment area would have been eligible to receive pursu-  
6        ant to the formula under paragraph (1)(B) shall be  
7        allocated to local workforce investment areas that re-  
8        ceive approval of the local plan modification or re-  
9        quest for funds under paragraph (2). Such realloca-  
10       tions shall be made in accordance with the relative  
11       share of the allocations to such local workforce in-  
12       vestment areas applying the formula factors de-  
13       scribed under paragraph (1)(B).

14       (f) USE OF FUNDS.—

15            (1) IN GENERAL.—The funds provided under  
16       this section shall be used—

17            (A) to provide summer employment oppor-  
18       tunities for low-income youth, ages 16 through  
19       24, with direct linkages to academic and occu-  
20       pational learning, and may include the provision  
21       of supportive services, such as transportation or  
22       child care, necessary to enable such youth to  
23       participate; and

24            (B) to provide year round employment op-  
25       portunities, which may be combined with other

1 activities authorized under section 129 of the  
2 Workforce Investment Act of 1998, to low-in-  
3 come youth, ages 16 through 24, with a priority  
4 to out-of school youth who are—

5 (i) high school dropouts; or

6 (ii) recipients of a secondary school  
7 diploma or its equivalent but who are basic  
8 skills deficient unemployed or under-  
9 employed.

10 (2) PROGRAM PRIORITIES.—In administering  
11 the funds under this section, the local board and  
12 local chief elected officials shall give a priority to—

13 (A) identifying employment opportunities  
14 that are—

15 (i) in emerging or in-demand occupa-  
16 tions in the local workforce investment  
17 area; or

18 (ii) in the public or nonprofit sector  
19 that meet community needs; and

20 (B) linking year-round program partici-  
21 pants to training and educational activities that  
22 will provide such participants an industry-recog-  
23 nized certificate or credential.

24 (3) PERFORMANCE ACCOUNTABILITY.—For ac-  
25 tivities funded under this section, in lieu of the re-

1 requirements described in section 136 of the Work-  
2 force Investment Act of 1998, State and local work-  
3 force investment areas shall provide such reports as  
4 the Secretary of Labor may require regarding the  
5 performance outcomes described in section  
6 367(a)(5).

7 **SEC. 366. WORK-BASED EMPLOYMENT STRATEGIES OF**  
8 **DEMONSTRATED EFFECTIVENESS.**

9 (a) IN GENERAL.—From the funds available under  
10 section 363(a)(3), the Secretary of Labor shall award  
11 grants on a competitive basis to eligible entities to carry  
12 out work-based strategies of demonstrated effectiveness.

13 (b) USE OF FUNDS.—The grants awarded under this  
14 section shall be used to support strategies and activities  
15 of demonstrated effectiveness that are designed to provide  
16 unemployed, low-income adults or low-income youth with  
17 the skills that will lead to employment as part of or upon  
18 completion of participation in such activities. Such strate-  
19 gies and activities may include—

20 (1) on-the-job training, registered apprentice-  
21 ship programs, or other programs that combine work  
22 with skills development;

23 (2) sector-based training programs that have  
24 been designed to meet the specific requirements of  
25 an employer or group of employers in that sector

1 and where employers are committed to hiring indi-  
2 viduals upon successful completion of the training;

3 (3) training that supports an industry sector or  
4 an employer-based or labor-management committee  
5 industry partnership which includes a significant  
6 work-experience component;

7 (4) acquisition of industry-recognized creden-  
8 tials in a field identified by the State or local work-  
9 force investment area as a growth sector or demand  
10 industry in which there are likely to be significant  
11 job opportunities in the short-term;

12 (5) connections to immediate work opportuni-  
13 ties, including subsidized employment opportunities,  
14 or summer employment opportunities for youth, that  
15 includes concurrent skills training and other sup-  
16 ports;

17 (6) career academies that provide students with  
18 the academic preparation and training, including  
19 paid internships and concurrent enrollment in com-  
20 munity colleges or other postsecondary institutions,  
21 needed to pursue a career pathway that leads to  
22 postsecondary credentials and high-demand jobs;  
23 and

24 (7) adult basic education and integrated basic  
25 education and training models for low-skilled adults,

1 hosted at community colleges or at other sites, to  
2 prepare individuals for jobs that are in demand in  
3 a local area.

4 (c) ELIGIBLE ENTITY.—An eligible entity shall in-  
5 clude a local chief elected official, in collaboration with the  
6 local workforce investment board for the local workforce  
7 investment area involved (which may include a partnership  
8 with of such officials and boards in the region and in the  
9 State), or an entity eligible to apply for an Indian and  
10 Native American grant under section 166 of the Work-  
11 force Investment Act of 1998, and may include, in part-  
12 nership with such officials, boards, and entities, the fol-  
13 lowing—

- 14 (1) employers or employer associations;
- 15 (2) adult education providers and postsecondary  
16 educational institutions, including community col-  
17 leges;
- 18 (3) community-based organizations;
- 19 (4) joint labor-management committees;
- 20 (5) work-related intermediaries; or
- 21 (6) other appropriate organizations.

22 (d) APPLICATION.—An eligible entity seeking to re-  
23 ceive a grant under this section shall submit to the Sec-  
24 retary of Labor an application at such time, in such man-

1 ner, and containing such information as the Secretary may  
2 require. At a minimum, the application shall—

3           (1) describe the strategies and activities of dem-  
4 onstrated effectiveness that the eligible entities will  
5 carry out to provide unemployed, low-income adults  
6 and low-income youth with the skills that will lead  
7 to employment upon completion of participation in  
8 such activities;

9           (2) describe the requirements that will apply re-  
10 lating to the eligibility of unemployed, low-income  
11 adults or low-income youth, consistent with para-  
12 graphs (4) and (6) of section 368, for activities car-  
13 ried out under this section, which may include cri-  
14 teria to target assistance to particular categories of  
15 such adults and youth, such as individuals with dis-  
16 abilities or individuals who have exhausted all rights  
17 to unemployment compensation;

18           (3) describe how the strategies and activities  
19 address the needs of the target populations identi-  
20 fied in paragraph (2) and the needs of employers in  
21 the local area;

22           (4) describe the expected outcomes to be  
23 achieved by implementing the strategies and activi-  
24 ties;

1           (5) provide evidence that the funds provided  
2           may be expended expeditiously and efficiently to im-  
3           plement the strategies and activities;

4           (6) describe how the strategies and activities  
5           will be coordinated with other Federal, State and  
6           local programs providing employment, education and  
7           supportive activities;

8           (7) provide evidence of employer commitment to  
9           participate in the activities funded under this sec-  
10          tion, including identification of anticipated occupa-  
11          tional and skill needs;

12          (8) provide assurances that the grant recipient  
13          will report such information as the Secretary may  
14          require relating to fiscal, performance and other  
15          matters that the Secretary determines is necessary  
16          to effectively monitor the activities carried out under  
17          this section; and

18          (9) provide assurances that the use of the funds  
19          provided under this section will comply with the  
20          labor standards and protections described section  
21          367(a).

22          (e) PRIORITY IN AWARDS.—In awarding grants  
23          under this section, the Secretary of Labor shall give a pri-  
24          ority to applications submitted by eligible entities from  
25          areas of high poverty and high unemployment, as defined



1 by the Secretary, such as Public Use Microdata Areas  
2 (PUMAs) as designated by the Census Bureau.

3 (f) COORDINATION OF FEDERAL ADMINISTRATION.—

4 The Secretary of Labor shall administer this section in  
5 coordination with the Secretary of Education, Secretary  
6 of Health and Human Services, and other appropriate  
7 agency heads, to ensure the effective implementation of  
8 this section.

9 **SEC. 367. GENERAL REQUIREMENTS.**

10 (a) LABOR STANDARDS AND PROTECTIONS.—Activi-  
11 ties provided with funds under this Act shall be subject  
12 to the requirements and restrictions, including the labor  
13 standards, described in section 181 of the Workforce In-  
14 vestment Act of 1998 and the nondiscrimination provi-  
15 sions of section 188 of such Act, in addition to other appli-  
16 cable Federal laws.

17 (b) REPORTING.—The Secretary may require the re-  
18 porting of information relating to fiscal, performance and  
19 other matters that the Secretary determines is necessary  
20 to effectively monitor the activities carried out with funds  
21 provided under this Act. At a minimum, grantees and sub-  
22 grantees shall provide information relating to—

23 (1) the number individuals participating in ac-  
24 tivities with funds provided under this Act and the

1 number of such individuals who have completed such  
2 participation;

3 (2) the expenditures of funds provided under  
4 the Act;

5 (3) the number of jobs created pursuant to the  
6 activities carried out under this Act;

7 (4) the demographic characteristics of individ-  
8 uals participating in activities under this Act;

9 (5) the performance outcomes of individuals  
10 participating in activities under this Act, including—

11 (A) for adults participating in activities  
12 funded under section 364 of this Act—

13 (i) entry in unsubsidized employment,

14 (ii) retention in unsubsidized employ-  
15 ment, and

16 (iii) earnings in unsubsidized employ-  
17 ment;

18 (B) for low-income youth participating in  
19 summer employment activities under sections  
20 365 and 366—

21 (i) work readiness skill attainment  
22 using an employer validated checklist; and

23 (ii) placement in or return to sec-  
24 ondary or postsecondary education or

1 training, or entry into unsubsidized em-  
2 ployment;

3 (C) for low-income youth participating in  
4 year-round employment activities under section  
5 365 or in activities under section 366—

6 (i) placement in or return to post-sec-  
7 ondary education;

8 (ii) attainment of high school diploma  
9 or its equivalent;

10 (iii) attainment of an industry-recog-  
11 nized credential; and

12 (iv) entry into unsubsidized employ-  
13 ment, retention, and earnings as described  
14 in subparagraph (A); and

15 (D) for unemployed, low-income adults  
16 participating in activities under section 366—

17 (i) entry into unsubsidized employ-  
18 ment, retention, and earnings as described  
19 in subparagraph (A); and

20 (ii) the attainment of industry-recog-  
21 nized credentials.

22 (c) ACTIVITIES REQUIRED TO BE ADDITIONAL.—

23 Funds provided under this Act shall only be used for ac-  
24 tivities that are in addition to activities that would other-

1 wise be available in the State or local area in the absence  
2 of such funds.

3 (d) **ADDITIONAL REQUIREMENTS.**—The Secretary of  
4 Labor may establish such additional requirements as the  
5 Secretary determines may be necessary to ensure fiscal in-  
6 tegrity, effective monitoring, and the appropriate and  
7 prompt implementation of the activities under this Act.

8 (e) **REPORT OF INFORMATION AND EVALUATIONS TO**  
9 **CONGRESS AND THE PUBLIC.**—The Secretary of Labor  
10 shall provide to the appropriate Committees of the Con-  
11 gress and make available to the public the information re-  
12 ported pursuant to subsection (b) and the evaluations of  
13 activities carried out pursuant to the funds reserved under  
14 section 363(b).

15 **SEC. 368. DEFINITIONS.**

16 In this Act:

17 (1) **LOCAL CHIEF ELECTED OFFICIAL.**—The  
18 term “local chief elected official” means the chief  
19 elected executive officer of a unit of local govern-  
20 ment in a local workforce investment area or in the  
21 case where more than one unit of general govern-  
22 ment, the individuals designated under an agreement  
23 described in section 117(c)(1)(B) of the Workforce  
24 Investment Act of 1998.

1           (2) LOCAL WORKFORCE INVESTMENT AREA.—

2           The term “local workforce investment area” means  
3           such area designated under section 116 of the Work-  
4           force Investment Act of 1998.

5           (3) LOCAL WORKFORCE INVESTMENT BOARD.—

6           The term “local workforce investment board” means  
7           such board established under section 117 of the  
8           Workforce Investment Act of 1998.

9           (4) LOW-INCOME YOUTH.—The term “low-in-  
10          come youth” means an individual who—

11                   (A) is aged 16 through 24;

12                   (B) meets the definition of a low-income  
13          individual provided in section 101(25) of the  
14          Workforce Investment Act of 1998 , except that  
15          States, local workforce investment areas under  
16          section 365 and eligible entities under section  
17          366(c), subject to approval in the applicable  
18          State plans, local plans, and applications for  
19          funds, may increase the income level specified  
20          in subparagraph (B)(i) of such section to an  
21          amount not in excess of 200 percent of the pov-  
22          erty line for purposes of determining eligibility  
23          for participation in activities under sections 365  
24          and 366 of this Act; and

1           (C) is in one or more of the categories  
2           specified in section 101(13)(C) of the Work-  
3           force Investment Act of 1998.

4           (5) OUTLYING AREA.—The term “outlying  
5           area” means the United States Virgin Islands,  
6           Guam, American Samoa, the Commonwealth of the  
7           Northern Mariana Islands, and the Republic of  
8           Palau.

9           (6) UNEMPLOYED, LOW-INCOME ADULT.—The  
10          term “unemployed, low-income adult” means an in-  
11          dividual who—

12                 (A) is age 18 or older;

13                 (B) is without employment and is seeking  
14                 assistance under this Act to obtain employment;  
15                 and

16                 (C) meets the definition of a “low-income  
17                 individual” under section 101(25) of the Work-  
18                 force Investment Act of 1998, except that for  
19                 that States, local entities described in section  
20                 364(d)(1) and eligible entities under section  
21                 366(c), subject to approval in the applicable  
22                 State plans, local plans, and applications for  
23                 funds, may increase the income level specified  
24                 in subparagraph (B)(i) of such section to an  
25                 amount not in excess of 200 percent of the pov-

1           erty line for purposes of determining eligibility  
2           for participation in activities under sections 364  
3           and 366 of this Act.

4           (7) STATE.—The term “State” means each of  
5           the several States of the United States, the District  
6           of Columbia, and Puerto Rico.

7   **Subtitle D—Prohibition of Dis-**  
8   **crimination in Employment on**  
9   **the Basis of an Individual’s Sta-**  
10  **tus as Unemployed**

11 **SEC. 371. SHORT TITLE.**

12           This subtitle may be cited as the “Fair Employment  
13 Opportunity Act of 2011”.

14 **SEC. 372. FINDINGS AND PURPOSE.**

15           (a) FINDINGS.—Congress finds that denial of em-  
16 ployment opportunities to individuals because of their sta-  
17 tus as unemployed is discriminatory and burdens com-  
18 merce by—

19           (1) reducing personal consumption and under-  
20 mining economic stability and growth;

21           (2) squandering human capital essential to the  
22 Nation’s economic vibrancy and growth;

23           (3) increasing demands for Federal and State  
24 unemployment insurance benefits, reducing trust  
25 fund assets, and leading to higher payroll taxes for

1 employers, cuts in benefits for jobless workers, or  
2 both;

3 (4) imposing additional burdens on publicly  
4 funded health and welfare programs; and

5 (5) depressing income, property, and other tax  
6 revenues that the Federal Government, States, and  
7 localities rely on to support operations and institu-  
8 tions essential to commerce.

9 (b) PURPOSES.—The purposes of this Act are—

10 (1) to prohibit employers and employment agen-  
11 cies from disqualifying an individual from employ-  
12 ment opportunities because of that individual’s sta-  
13 tus as unemployed;

14 (2) to prohibit employers and employment agen-  
15 cies from publishing or posting any advertisement or  
16 announcement for an employment opportunity that  
17 indicates that an individual’s status as unemployed  
18 disqualifies that individual for the opportunity; and

19 (3) to eliminate the burdens imposed on com-  
20 merce due to the exclusion of such individuals from  
21 employment.

22 **SEC. 373. DEFINITIONS.**

23 As used in this Act—

24 (1) the term “affected individual” means any  
25 person who was subject to an unlawful employment



1 practice solely because of that individual’s status as  
2 unemployed;

3 (2) the term “Commission” means the Equal  
4 Employment Opportunity Commission;

5 (3) the term “employee” means—

6 (A) an employee as defined in section  
7 701(f) of the Civil Rights Act of 1964 (42  
8 U.S.C. 2000e(f));

9 (B) a State employee to which section  
10 302(a)(1) of the Government Employee Rights  
11 Act of 1991 (42 U.S.C. 2000e-16b(a)(1)) ap-  
12 plies;

13 (C) a covered employee, as defined in sec-  
14 tion 101 of the Congressional Accountability  
15 Act of 1995 (2 U.S.C. 1301) or section 411(c)  
16 of title 3, United States Code; or

17 (D) an employee or applicant to which sec-  
18 tion 717(a) of the Civil Rights Act of 1964 (42  
19 U.S.C. 2000e-16(a)) applies;

20 (4) the term “employer” means—

21 (A) a person engaged in an industry affect-  
22 ing commerce (as defined in section 701(h) of  
23 the Civil Rights Act of 1964 (42 U.S.C.  
24 2000e(h)) who has 15 or more employees for  
25 each working day in each of 20 or more cal-

1           endar weeks in the current or preceding cal-  
2           endar year, and any agent of such a person, but  
3           does not include a bona fide private member-  
4           ship club that is exempt from taxation under  
5           section 501(c) of the Internal Revenue Code of  
6           1986;

7           (B) an employing authority to which sec-  
8           tion 302(a)(1) of the Government Employee  
9           Rights Act of 1991 applies;

10          (C) an employing office, as defined in sec-  
11          tion 101 of the Congressional Accountability  
12          Act of 1995 or section 411(c) of title 3, United  
13          States Code; or

14          (D) an entity to which section 717(a) of  
15          the Civil Rights Act of 1964 (42 U.S.C. 2000e-  
16          16(a)) applies;

17          (5) the term “employment agency” means any  
18          person regularly undertaking with or without com-  
19          pensation to procure employees for an employer or  
20          to procure for individuals opportunities to work as  
21          employees for an employer and includes an agent of  
22          such a person, and any person who maintains an  
23          Internet website or print medium that publishes ad-  
24          vertisements or announcements of openings in jobs  
25          for employees;

1           (6) the term “person” has the meaning given  
2 the term in section 701(a) of the Civil Rights Act  
3 of 1964 (42 U.S.C. 2000e(a));

4           (7) the term “status as unemployed”, used with  
5 respect to an individual, means that the individual,  
6 at the time of application for employment or at the  
7 time of action alleged to violate this Act, does not  
8 have a job, is available for work and is searching for  
9 work.

10 **SEC. 374. PROHIBITED ACTS.**

11       (a) EMPLOYERS.—It shall be an unlawful employ-  
12 ment practice for an employer to—

13           (1) publish in print, on the Internet, or in any  
14 other medium, an advertisement or announcement  
15 for an employee for any job that includes—

16               (A) any provision stating or indicating that  
17 an individual’s status as unemployed disquali-  
18 fies the individual for any employment oppor-  
19 tunity; or

20               (B) any provision stating or indicating that  
21 an employer will not consider or hire an indi-  
22 vidual for any employment opportunity based  
23 on that individual’s status as unemployed; or

1           (2) fail or refuse to consider for employment, or  
2 fail or refuse to hire, an individual as an employee  
3 because of the individual's status as unemployed; or

4           (3) direct or request that an employment agen-  
5 cy take an individual's status as unemployed into ac-  
6 count to disqualify an applicant for consideration,  
7 screening, or referral for employment as an em-  
8 ployee.

9           (b) EMPLOYMENT AGENCIES.—It shall be an unlaw-  
10 ful employment practice for an employment agency to—

11           (1) publish, in print or on the Internet or in  
12 any other medium, an advertisement or announce-  
13 ment for any vacancy in a job, as an employee, that  
14 includes—

15                   (A) any provision stating or indicating that  
16 an individual's status as unemployed disquali-  
17 fies the individual for any employment oppor-  
18 tunity; or

19                   (B) any provision stating or indicating that  
20 the employment agency or an employer will not  
21 consider or hire an individual for any employ-  
22 ment opportunity based on that individual's sta-  
23 tus as unemployed;

24           (2) screen, fail or refuse to consider, or fail or  
25 refuse to refer an individual for employment as an

1 employee because of the individual's status as unem-  
2 ployed; or

3 (3) limit, segregate, or classify any individual in  
4 any manner that would limit or tend to limit the in-  
5 dividual's access to information about jobs, or con-  
6 sideration, screening, or referral for jobs, as employ-  
7 ees, solely because of an individual's status as unem-  
8 ployed.

9 (c) INTERFERENCE WITH RIGHTS, PROCEEDINGS OR  
10 INQUIRIES.—It shall be unlawful for any employer or em-  
11 ployment agency to—

12 (1) interfere with, restrain, or deny the exercise  
13 of or the attempt to exercise, any right provided  
14 under this Act; or

15 (2) fail or refuse to hire, to discharge, or in any  
16 other manner to discriminate against any individual,  
17 as an employee, because such individual—

18 (A) opposed any practice made unlawful by  
19 this Act;

20 (B) has asserted any right, filed any  
21 charge, or has instituted or caused to be insti-  
22 tuted any proceeding, under or related to this  
23 Act;

24 (C) has given, or is about to give, any in-  
25 formation in connection with any inquiry or

1 proceeding relating to any right provided under  
2 this Act; or

3 (D) has testified, or is about to testify, in  
4 any inquiry or proceeding relating to any right  
5 provided under this Act.

6 (d) CONSTRUCTION.—Nothing in this Act is intended  
7 to preclude an employer or employment agency from con-  
8 sidering an individual’s employment history, or from ex-  
9 amining the reasons underlying an individual’s status as  
10 unemployed, in assessing an individual’s ability to perform  
11 a job or in otherwise making employment decisions about  
12 that individual. Such consideration or examination may in-  
13 clude an assessment of whether an individual’s employ-  
14 ment in a similar or related job for a period of time rea-  
15 sonably proximate to the consideration of such individual  
16 for employment is job-related or consistent with business  
17 necessity.

18 **SEC. 375. ENFORCEMENT.**

19 (a) ENFORCEMENT POWERS.—With respect to the  
20 administration and enforcement of this Act—

21 (1) the Commission shall have the same powers  
22 as the Commission has to administer and enforce—

23 (A) title VII of the Civil Rights Act of  
24 1964 (42 U.S.C. 2000e et seq.); or

1 (B) sections 302 and 304 of the Govern-  
2 ment Employee Rights Act of 1991 (42 U.S.C.  
3 2000e–16b and 2000e–16c), in the case of an  
4 affected individual who would be covered by  
5 such title, or by section 302(a)(1) of the Gov-  
6 ernment Employee Rights Act of 1991 (42  
7 U.S.C. 2000e–16b(a)(1)), respectively;

8 (2) the Librarian of Congress shall have the  
9 same powers as the Librarian of Congress has to ad-  
10 minister and enforce title VII of the Civil Rights Act  
11 of 1964 (42 U.S.C. 2000e et seq.) in the case of an  
12 affected individual who would be covered by such  
13 title;

14 (3) the Board (as defined in section 101 of the  
15 Congressional Accountability Act of 1995 (2 U.S.C.  
16 1301)) shall have the same powers as the Board has  
17 to administer and enforce the Congressional Ac-  
18 countability Act of 1995 (2 U.S.C. 1301 et seq.) in  
19 the case of an affected individual who would be cov-  
20 ered by section 201(a)(1) of such Act (2 U.S.C.  
21 1311(a)(1));

22 (4) the Attorney General shall have the same  
23 powers as the Attorney General has to administer  
24 and enforce—

1 (A) title VII of the Civil Rights Act of  
2 1964 (42 U.S.C. 2000e et seq.); or

3 (B) sections 302 and 304 of the Govern-  
4 ment Employee Rights Act of 1991 (42 U.S.C.  
5 2000e–16b and 2000e–16c); in the case of an  
6 affected individual who would be covered by  
7 such title, or of section 302(a)(1) of the Gov-  
8 ernment Employee Rights Act of 1991 (42  
9 U.S.C. 2000e–16b(a)(1)), respectively;

10 (5) the President, the Commission, and the  
11 Merit Systems Protection Board shall have the same  
12 powers as the President, the Commission, and the  
13 Board, respectively, have to administer and enforce  
14 chapter 5 of title 3, United States Code, in the case  
15 of an affected individual who would be covered by  
16 section 411 of such title; and

17 (6) a court of the United States shall have the  
18 same jurisdiction and powers as the court has to en-  
19 force—

20 (A) title VII of the Civil Rights Act of  
21 1964 (42 U.S.C. 2000e et seq.) in the case of  
22 a claim alleged by such individual for a viola-  
23 tion of such title;

24 (B) sections 302 and 304 of the Govern-  
25 ment Employee Rights Act of 1991 (42 U.S.C.



1           2000e–16b and 2000e–16c) in the case of a  
2           claim alleged by such individual for a violation  
3           of section 302(a)(1) of such Act (42 U.S.C.  
4           2000e–16b(a)(1));

5           (C) the Congressional Accountability Act  
6           of 1995 (2 U.S.C. 1301 et seq.) in the case of  
7           a claim alleged by such individual for a viola-  
8           tion of section 201(a)(1) of such Act (2 U.S.C.  
9           1311(a)(1)); and

10          (D) chapter 5 of title 3, United States  
11          Code, in the case of a claim alleged by such in-  
12          dividual for a violation of section 411 of such  
13          title.

14          (b) PROCEDURES.—The procedures applicable to a  
15          claim alleged by an individual for a violation of this Act  
16          are—

17               (1) the procedures applicable for a violation of  
18               title VII of the Civil Rights Act of 1964 (42 U.S.C.  
19               2000e et seq.) in the case of a claim alleged by such  
20               individual for a violation of such title;

21               (2) the procedures applicable for a violation of  
22               section 302(a)(1) of the Government Employee  
23               Rights Act of 1991 (42 U.S.C. 2000e–16b(a)(1)) in  
24               the case of a claim alleged by such individual for a  
25               violation of such section;

1           (3) the procedures applicable for a violation of  
2 section 201(a)(1) of the Congressional Account-  
3 ability Act of 1995 (2 U.S.C. 1311(a)(1)) in the  
4 case of a claim alleged by such individual for a viola-  
5 tion of such section; and

6           (4) the procedures applicable for a violation of  
7 section 411 of title 3, United States Code, in the  
8 case of a claim alleged by such individual for a viola-  
9 tion of such section.

10 (c) REMEDIES.—

11           (1) In any claim alleging a violation of Section  
12 374(a)(1) or 374(b)(1) of this Act, an individual, or  
13 any person acting on behalf of the individual as set  
14 forth in Section 375(a) of this Act, may be awarded,  
15 as appropriate:

16           (A) an order enjoining the respondent from  
17 engaging in the unlawful employment practice;

18           (B) reimbursement of costs expended as a  
19 result of the unlawful employment practice;

20           (C) an amount in liquidated damages not  
21 to exceed \$1,000 for each day of the violation;  
22 and

23           (D) reasonable attorney's fees (including  
24 expert fees) and costs attributable to the pur-  
25 suit of a claim under this Act, except that no

1 person identified in Section 103(a) of this Act  
2 shall be eligible to receive attorney's fees.

3 (2) In any claim alleging a violation of any  
4 other subsection of this Act, an individual, or any  
5 person acting on behalf of the individual as set forth  
6 in Section 375(a) of this Act, may be awarded, as  
7 appropriate, the remedies available for a violation of  
8 title VII of the Civil Rights Act of 1964 (42 U.S.C.  
9 2000e et seq.), section 302(a)(1) of the Government  
10 Employee Rights Act of 1991 (42 U.S.C. 2000e–  
11 16b(a)(1)), section 201(a)(1) of the Congressional  
12 Accountability Act of 1995 (2 U.S.C. 1311(a)(1)),  
13 and section 411 of title 3, United States Code, ex-  
14 cept that in a case in which wages, salary, employ-  
15 ment benefits, or other compensation have not been  
16 denied or lost to the individual, damages may be  
17 awarded in an amount not to exceed \$5,000.

18 **SEC. 376. FEDERAL AND STATE IMMUNITY.**

19 (a) ABROGATION OF STATE IMMUNITY.—A State  
20 shall not be immune under the 11th Amendment to the  
21 Constitution from a suit brought in a Federal court of  
22 competent jurisdiction for a violation of this Act.

23 (b) WAIVER OF STATE IMMUNITY.—

24 (1) IN GENERAL.—

1           (A) WAIVER.—A State’s receipt or use of  
2           Federal financial assistance for any program or  
3           activity of a State shall constitute a waiver of  
4           sovereign immunity, under the 11th Amend-  
5           ment to the Constitution or otherwise, to a suit  
6           brought by an employee or applicant for em-  
7           ployment of that program or activity under this  
8           Act for a remedy authorized under Section  
9           375(c) of this Act.

10           (B) DEFINITION.—In this paragraph, the  
11           term “program or activity” has the meaning  
12           given the term in section 606 of the Civil  
13           Rights Act of 1964 (42 U.S.C. 2000d–4a).

14           (2) EFFECTIVE DATE.—With respect to a par-  
15           ticular program or activity, paragraph (1) applies to  
16           conduct occurring on or after the day, after the date  
17           of enactment of this Act, on which a State first re-  
18           ceives or uses Federal financial assistance for that  
19           program or activity.

20           (c) REMEDIES AGAINST STATE OFFICIALS.—An offi-  
21           cial of a State may be sued in the official capacity of the  
22           official by any employee or applicant for employment who  
23           has complied with the applicable procedures of this Act,  
24           for relief that is authorized under this Act.

1 (d) REMEDIES AGAINST THE UNITED STATES AND  
2 THE STATES.—Notwithstanding any other provision of  
3 this Act, in an action or administrative proceeding against  
4 the United States or a State for a violation of this Act,  
5 remedies (including remedies at law and in equity) are  
6 available for the violation to the same extent as such rem-  
7 edies would be available against a non-governmental enti-  
8 ty.

9 **SEC. 377. RELATIONSHIP TO OTHER LAWS.**

10 This Act shall not invalidate or limit the rights, rem-  
11 edies, or procedures available to an individual claiming  
12 discrimination prohibited under any other Federal law or  
13 regulation or any law or regulation of a State or political  
14 subdivision of a State.

15 **SEC. 378. SEVERABILITY.**

16 If any provision of this Act, or the application of the  
17 provision to any person or circumstance, is held to be in-  
18 valid, the remainder of this Act and the application of the  
19 provision to any other person or circumstances shall not  
20 be affected by the invalidity.

21 **SEC. 379. EFFECTIVE DATE.**

22 This Act shall take effect on the date of enactment  
23 of this Act and shall not apply to conduct occurring before  
24 the effective date.

1                   **TITLE IV—OFFSETS**  
2   **Subtitle A—28 Percent Limitation**  
3       **on Certain Deductions and Ex-**  
4       **clusions**

5   **SEC. 401. 28 PERCENT LIMITATION ON CERTAIN DEDUC-**  
6                   **TIONS AND EXCLUSIONS.**

7       (a) IN GENERAL.—Part I of subchapter B of chapter  
8 1 of the Internal Revenue Code of 1986 is amended by  
9 adding at the end the following new section:

10 **“SEC. 69. LIMITATION ON CERTAIN DEDUCTIONS AND EX-**  
11                   **CLUSIONS.**

12       “(a) IN GENERAL.—In the case of an individual for  
13 any taxable year, if—

14               “(1) the taxpayer’s adjusted gross income is  
15 above—

16                   “(A) \$250,000 in the case of a joint return  
17 within the meaning of section 6013,

18                   “(B) \$225,000 in the case of a head of  
19 household return,

20                   “(C) \$125,000 in the case of a married fil-  
21 ing separately return, or

22                   “(D) \$200,000 in all other cases; and

23       “(2) the taxpayer’s adjusted taxable income for  
24 such taxable year exceeds the minimum marginal  
25 rate amount, then the tax imposed under section 1

1 with respect to such taxpayer for such taxable year  
2 shall be increased by the amount determined under  
3 subsection (b). If the taxpayer is subject to tax  
4 under section 55, then in lieu of an increase in tax  
5 under section 1, the tax imposed under section 55  
6 with respect to such taxpayer for such taxable year  
7 shall be increased by the amount determined under  
8 subsection (c).

9 “(b) ADDITIONAL AMOUNT.—The amount deter-  
10 mined under this subsection with respect to any taxpayer  
11 for any taxable year is the excess (if any) of—

12 “(1) the tax which would be imposed under sec-  
13 tion 1 with respect to such taxpayer for such taxable  
14 year if ‘adjusted taxable income’ were substituted  
15 for ‘taxable income’ each place it appears therein,  
16 over

17 “(2) the sum of—

18 “(A) the tax which would be imposed  
19 under such section with respect to such tax-  
20 payer for such taxable year on the greater of—

21 “(i) taxable income, or

22 “(ii) the minimum marginal rate  
23 amount, plus

1           “(B) 28 percent of the excess (if any) of  
2           the taxpayer’s adjusted taxable income over the  
3           greater of—

4                   “(i) the taxpayer’s taxable income, or  
5                   “(ii) the minimum marginal rate  
6                   amount.

7           “(c) ADDITIONAL AMT AMOUNT.—

8                   “(1) The amount determined under this sub-  
9                   section with respect to any taxpayer for any taxable  
10                  year is the additional amount computed under sub-  
11                  section (b) multiplied by the ratio that—

12                           “(A) the result of—

13                                   “(i) all itemized deductions (before  
14                                   the application of section 68), plus

15                                   “(ii) the specified above-the-line de-  
16                                   ductions and specified exclusions, minus

17                                   “(iii) the amount of deductions dis-  
18                                   allowed under section 56(b)(1)(A) and (B),  
19                                   minus

20                                   “(iv) the non-preference disallowed de-  
21                                   ductions, bears to—

22                           “(B) the sum of—

23                                   “(i) the total of itemized deductions  
24                                   (after the application of section 68), plus



1                   “(ii) the specified above-the-line de-  
2                   ductions and specified exclusions.

3                   “(2) If the top of the AMT exemption phase-  
4                   out range for the taxpayer exceeds the minimum  
5                   marginal rate amount for the taxpayer and if the  
6                   taxpayer’s alternative minimum taxable income does  
7                   not exceed the top of the AMT exemption phase-out  
8                   range, the taxpayer must increase its additional  
9                   AMT amount by 7 percent of the excess of—

10                   “(A) the lesser of—

11                   “(i) the top of the AMT exemption  
12                   phase-out range, or

13                   “(ii) the taxpayer’s alternative min-  
14                   imum taxable income, computed—

15                   “(I) without regard to any  
16                   itemized deduction or any specified  
17                   above-the-line deduction, and

18                   “(II) by including the amount of  
19                   any specified exclusion; over

20                   “(B) the greater of—

21                   “(i) the taxpayer’s alternative min-  
22                   imum taxable income, or

23                   “(ii) the minimum marginal rate  
24                   amount.

1       “(d) MINIMUM MARGINAL RATE AMOUNT.—For pur-  
2 poses of this section, the term ‘minimum marginal rate  
3 amount’ means, with respect to any taxpayer for any tax-  
4 able year, the highest amount of the taxpayer’s taxable  
5 income which would be subject to a marginal rate of tax  
6 under section 1 that is less than 36 percent with respect  
7 to such taxable year.

8       “(e) ADJUSTED TAXABLE INCOME.—For purposes of  
9 this section—

10           “(1) IN GENERAL.—The term ‘adjusted taxable  
11 income’ means taxable income computed—

12                   “(A) without regard to any itemized deduc-  
13 tion or any specified above-the-line deduction,  
14 and

15                   “(B) by including in gross income any  
16 specified exclusion.

17           “(2) SPECIFIED ABOVE-THE-LINE DEDUC-  
18 TION.—The term ‘specified above-the-line deduction’  
19 means—

20                   “(A) the deduction provided under section  
21 162(l) (relating to special rules for health insur-  
22 ance costs of self-employed individuals),

23                   “(B) the deduction provided under section  
24 199 (relating to income attributable to domestic  
25 production activities), and

1           “(C) the deductions provided under the fol-  
2           lowing paragraphs of section 62(a):

3           “(i) Paragraph (2) (relating to certain  
4           trade and business deductions of employ-  
5           ees), other than subparagraph (A) thereof.

6           “(ii) Paragraph (15) (relating to mov-  
7           ing expenses).

8           “(iii) Paragraph (16) (relating to Ar-  
9           cher MSAs).

10          “(iv) Paragraph (17) (relating to in-  
11          terest on education loans).

12          “(v) Paragraph (18) (relating to high-  
13          er education expenses).

14          “(vi) Paragraph (19) (relating to  
15          health savings accounts).

16          “(3) SPECIFIED EXCLUSION.—The term ‘speci-  
17          fied exclusion’ means—

18               “(A) any interest excluded under section  
19               103,

20               “(B) any exclusion with respect to the cost  
21               described in section 6051(a)(14) (without re-  
22               gard to subparagraph (B) thereof), and

23               “(C) any foreign earned income excluded  
24               under section 911.

1       “(f) NON-PREFERENCE DISALLOWED DEDUC-  
2 TIONS.—For purposes of this section, the term ‘AMT-al-  
3 lowed deductions’ means all itemized deductions dis-  
4 allowed by section 68 multiplied by the ratio that—

5           “(1) a taxpayer’s itemized deductions for the  
6 taxable year that are subject to section 68 (that is,  
7 not including those excluded under section 68(e))  
8 and that are not limited under section 56(b)(1)(A)  
9 or (B), bears to

10          “(2) the taxpayer’s itemized deductions for the  
11 taxable year that are subject to section 68 (that is,  
12 not including those excluded under section 68(e)).

13       “(g) REGULATIONS.—The Secretary shall prescribe  
14 such regulations as may be appropriate to carry out this  
15 section, including regulations which provide appropriate  
16 adjustments to the additional AMT amount.”.

17       (b) EFFECTIVE DATE.—The amendments made by  
18 this section shall apply to taxable years beginning on or  
19 after January 1, 2013.

1 **Subtitle B—Tax Carried Interest in**  
2 **Investment Partnerships as Or-**  
3 **dinary Income**

4 **SEC. 411. PARTNERSHIP INTERESTS TRANSFERRED IN**  
5 **CONNECTION WITH PERFORMANCE OF SERV-**  
6 **ICES.**

7 (a) MODIFICATION TO ELECTION TO INCLUDE PART-  
8 NERSHIP INTEREST IN GROSS INCOME IN YEAR OF  
9 TRANSFER.—Subsection (c) of section 83 of the Internal  
10 Revenue Code of 1986 is amended by redesignating para-  
11 graph (4) as paragraph (5) and by inserting after para-  
12 graph (3) the following new paragraph:

13 “(4) PARTNERSHIP INTERESTS.—Except as  
14 provided by the Secretary—

15 “(A) IN GENERAL.—In the case of any  
16 transfer of an interest in a partnership in con-  
17 nection with the provision of services to (or for  
18 the benefit of) such partnership—

19 “(i) the fair market value of such in-  
20 terest shall be treated for purposes of this  
21 section as being equal to the amount of the  
22 distribution which the partner would re-  
23 ceive if the partnership sold (at the time of  
24 the transfer) all of its assets at fair market  
25 value and distributed the proceeds of such

1 sale (reduced by the liabilities of the part-  
2 nership) to its partners in liquidation of  
3 the partnership, and

4 “(ii) the person receiving such interest  
5 shall be treated as having made the elec-  
6 tion under subsection (b)(1) unless such  
7 person makes an election under this para-  
8 graph to have such subsection not apply.

9 “(B) ELECTION.—The election under sub-  
10 paragraph (A)(ii) shall be made under rules  
11 similar to the rules of subsection (b)(2).”.

12 (b) EFFECTIVE DATE.—The amendments made by  
13 this section shall apply to interests in partnerships trans-  
14 ferred after December 31, 2012.

15 **SEC. 412. SPECIAL RULES FOR PARTNERS PROVIDING IN-**  
16 **VESTMENT MANAGEMENT SERVICES TO**  
17 **PARTNERSHIPS.**

18 (a) IN GENERAL.—Part I of subchapter K of chapter  
19 1 of the Internal Revenue Code of 1986 is amended by  
20 adding at the end the following new section:

1 **“SEC. 710. SPECIAL RULES FOR PARTNERS PROVIDING IN-**  
2 **VESTMENT MANAGEMENT SERVICES TO**  
3 **PARTNERSHIPS.**

4 “(a) TREATMENT OF DISTRIBUTIVE SHARE OF  
5 PARTNERSHIP ITEMS.—For purposes of this title, in the  
6 case of an investment services partnership interest—

7 “(1) IN GENERAL.—Notwithstanding section  
8 702(b)—

9 “(A) an amount equal to the net capital  
10 gain with respect to such interest for any part-  
11 nership taxable year shall be treated as ordi-  
12 nary income, and

13 “(B) subject to the limitation of paragraph  
14 (2), an amount equal to the net capital loss  
15 with respect to such interest for any partner-  
16 ship taxable year shall be treated as an ordi-  
17 nary loss.

18 “(2) RECHARACTERIZATION OF LOSSES LIM-  
19 ITED TO RECHARACTERIZED GAINS.—The amount  
20 treated as ordinary loss under paragraph (1)(B) for  
21 any taxable year shall not exceed the excess (if any)  
22 of—

23 “(A) the aggregate amount treated as ordi-  
24 nary income under paragraph (1)(A) with re-  
25 spect to the investment services partnership in-

1           terest for all preceding partnership taxable  
2           years to which this section applies, over

3           “(B) the aggregate amount treated as or-  
4           dinary loss under paragraph (1)(B) with re-  
5           spect to such interest for all preceding partner-  
6           ship taxable years to which this section applies.

7           “(3) ALLOCATION TO ITEMS OF GAIN AND  
8           LOSS.—

9           “(A) NET CAPITAL GAIN.—The amount  
10          treated as ordinary income under paragraph  
11          (1)(A) shall be allocated ratably among the  
12          items of long-term capital gain taken into ac-  
13          count in determining such net capital gain.

14          “(B) NET CAPITAL LOSS.—The amount  
15          treated as ordinary loss under paragraph (1)(B)  
16          shall be allocated ratably among the items of  
17          long-term capital loss and short-term capital  
18          loss taken into account in determining such net  
19          capital loss.

20          “(4) TERMS RELATING TO CAPITAL GAINS AND  
21          LOSSES.—For purposes of this section—

22          “(A) IN GENERAL.—Net capital gain, long-  
23          term capital gain, and long-term capital loss,  
24          with respect to any investment services partner-  
25          ship interest for any taxable year, shall be de-



1           terminated under section 1222, except that such  
2           section shall be applied—

3                   “(i) without regard to the recharacter-  
4                   ization of any item as ordinary income or  
5                   ordinary loss under this section,

6                   “(ii) by only taking into account items  
7                   of gain and loss taken into account by the  
8                   holder of such interest under section 702  
9                   with respect to such interest for such tax-  
10                  able year,

11                  “(iii) by treating property which is  
12                  taken into account in determining gains  
13                  and losses to which section 1231 applies as  
14                  capital assets held for more than 1 year,  
15                  and

16                  “(iv) without regard to section 1202.

17                  “(B) NET CAPITAL LOSS.—The term ‘net  
18                  capital loss’ means the excess of the losses from  
19                  sales or exchanges of capital assets over the  
20                  gains from such sales or exchanges. Rules simi-  
21                  lar to the rules of clauses (i) through (iv) of  
22                  subparagraph (A) shall apply for purposes of  
23                  the preceding sentence.

24                  “(5) SPECIAL RULES FOR DIVIDENDS.—

1           “(A) INDIVIDUALS.—Any dividend allo-  
2 cated to any investment services partnership in-  
3 terest shall not be treated as qualified dividend  
4 income for purposes of section 1(h).

5           “(B) CORPORATIONS.—No deduction shall  
6 be allowed under section 243 or 245 with re-  
7 spect to any dividend allocated to any invest-  
8 ment services partnership interest.

9           “(b) DISPOSITIONS OF PARTNERSHIP INTERESTS.—  
10           “(1) GAIN.—

11           “(A) IN GENERAL.—Any gain on the dis-  
12 position of an investment services partnership  
13 interest shall be—

14                   “(i) treated as ordinary income, and

15                   “(ii) recognized notwithstanding any  
16 other provision of this subtitle.

17           “(B) EXCEPTIONS; CERTAIN TRANSFERS  
18 TO CHARITIES AND RELATED PERSONS.—Sub-  
19 paragraph (A) shall not apply to—

20                   “(i) a disposition by gift,

21                   “(ii) a transfer at death, or

22                   “(iii) other disposition identified by  
23 the Secretary as a disposition with respect  
24 to which it would be inconsistent with the  
25 purposes of this section to apply subpara-

1 graph (A), if such gift, transfer, or other  
2 disposition is to an organization described  
3 in section 170(b)(1)(A) (other than any or-  
4 ganization described in section 509(a)(3)  
5 or any fund or account described in section  
6 4966(d)(2)) or a person with respect to  
7 whom the transferred interest is an invest-  
8 ment services partnership interest.

9 “(2) LOSS.—Any loss on the disposition of an  
10 investment services partnership interest shall be  
11 treated as an ordinary loss to the extent of the ex-  
12 cess (if any) of—

13 “(A) the aggregate amount treated as ordi-  
14 nary income under subsection (a) with respect  
15 to such interest for all partnership taxable  
16 years to which this section applies, over

17 “(B) the aggregate amount treated as or-  
18 dinary loss under subsection (a) with respect to  
19 such interest for all partnership taxable years  
20 to which this section applies.

21 “(3) ELECTION WITH RESPECT TO CERTAIN EX-  
22 CHANGES.—Paragraph (1)(A)(ii) shall not apply to  
23 the contribution of an investment services partner-  
24 ship interest to a partnership in exchange for an in-  
25 terest in such partnership if—

1           “(A) the taxpayer makes an irrevocable  
2 election to treat the partnership interest re-  
3 ceived in the exchange as an investment serv-  
4 ices partnership interest, and

5           “(B) the taxpayer agrees to comply with  
6 such reporting and recordkeeping requirements  
7 as the Secretary may prescribe.

8           “(4) DISTRIBUTIONS OF PARTNERSHIP PROP-  
9 ERTY.—

10           “(A) IN GENERAL.—In the case of any dis-  
11 tribution of property by a partnership with re-  
12 spect to any investment services partnership in-  
13 terest held by a partner, the partner receiving  
14 such property shall recognize gain equal to the  
15 excess (if any) of—

16           “(i) the fair market value of such  
17 property at the time of such distribution,  
18 over

19           “(ii) the adjusted basis of such prop-  
20 erty in the hands of such partner (deter-  
21 mined without regard to subparagraph  
22 (C)).

23           “(B) TREATMENT OF GAIN AS ORDINARY  
24 INCOME.—Any gain recognized by such partner  
25 under subparagraph (A) shall be treated as or-

1           dinary income to the same extent and in the  
2           same manner as the increase in such partner's  
3           distributive share of the taxable income of the  
4           partnership would be treated under subsection  
5           (a) if, immediately prior to the distribution, the  
6           partnership had sold the distributed property at  
7           fair market value and all of the gain from such  
8           disposition were allocated to such partner. For  
9           purposes of applying paragraphs (2) and (3) of  
10          subsection (a), any gain treated as ordinary in-  
11          come under this subparagraph shall be treated  
12          as an amount treated as ordinary income under  
13          subsection (a)(1)(A).

14                 “(C) ADJUSTMENT OF BASIS.—In the case  
15          a distribution to which subparagraph (A) ap-  
16          plies, the basis of the distributed property in  
17          the hands of the distributee partner shall be the  
18          fair market value of such property.

19                 “(D) SPECIAL RULES WITH RESPECT TO  
20          MERGERS, DIVISIONS, AND TECHNICAL TERMI-  
21          NATIONS.—In the case of a taxpayer which sat-  
22          isfies requirements similar to the requirements  
23          of subparagraphs (A) and (B) of paragraph (3),  
24          this paragraph and paragraph (1)(A)(ii) shall  
25          not apply to the distribution of a partnership

1 interest if such distribution is in connection  
2 with a contribution (or deemed contribution) of  
3 any property of the partnership to which sec-  
4 tion 721 applies pursuant to a transaction de-  
5 scribed in paragraph (1)(B) or (2) of section  
6 708(b).

7 “(c) INVESTMENT SERVICES PARTNERSHIP INTER-  
8 EST.—For purposes of this section—

9 “(1) IN GENERAL.—The term ‘investment serv-  
10 ices partnership interest’ means any interest in an  
11 investment partnership acquired or held by any per-  
12 son in connection with the conduct of a trade or  
13 business described in paragraph (2) by such person  
14 (or any person related to such person). An interest  
15 in an investment partnership held by any person—

16 “(A) shall not be treated as an investment  
17 services partnership interest for any period be-  
18 fore the first date on which it is so held in con-  
19 nection with such a trade or business,

20 “(B) shall not cease to be an investment  
21 services partnership interest merely because  
22 such person holds such interest other than in  
23 connection with such a trade or business, and

24 “(C) shall be treated as an investment  
25 services partnership interest if acquired from a

1 related person in whose hands such interest was  
2 an investment services partnership interest.

3 “(2) BUSINESSES TO WHICH THIS SECTION AP-  
4 PLIES.—A trade or business is described in this  
5 paragraph if such trade or business primarily in-  
6 volves the performance of any of the following serv-  
7 ices with respect to assets held (directly or indi-  
8 rectly) by the investment partnership referred to in  
9 paragraph (1):

10 “(A) Advising as to the advisability of in-  
11 vesting in, purchasing, or selling any specified  
12 asset.

13 “(B) Managing, acquiring, or disposing of  
14 any specified asset.

15 “(C) Arranging financing with respect to  
16 acquiring specified assets.

17 “(D) Any activity in support of any service  
18 described in subparagraphs (A) through (C).

19 “(3) INVESTMENT PARTNERSHIP.—

20 “(A) IN GENERAL.—The term ‘investment  
21 partnership’ means any partnership if, at the  
22 end of any calendar quarter ending after De-  
23 cember 31, 2012—

24 “(i) substantially all of the assets of  
25 the partnership are specified assets (deter-

1           mined without regard to any section 197  
2           intangible within the meaning of section  
3           197(d)), and

4           “(ii) more than half of the contributed  
5           capital of the partnership is attributable to  
6           contributions of property by one or more  
7           persons in exchange for interests in the  
8           partnership which (in the hands of such  
9           persons) constitute property held for the  
10          production of income.

11          “(B) SPECIAL RULES FOR DETERMINING  
12          IF PROPERTY HELD FOR THE PRODUCTION OF  
13          INCOME.—Except as otherwise provided by the  
14          Secretary, for purposes of determining whether  
15          any interest in a partnership constitutes prop-  
16          erty held for the production of income under  
17          subparagraph (A)(ii)—

18                 “(i) any election under subsection (e)  
19                 or (f) of section 475 shall be disregarded,  
20                 and

21                 “(ii) paragraph (5)(B) shall not apply.

22          “(C) ANTIABUSE RULES.—The Secretary  
23          may issue regulations or other guidance which  
24          prevent the avoidance of the purposes of sub-  
25          paragraph (A), including regulations or other



1 guidance which treat convertible and contingent  
2 debt (and other debt having the attributes of  
3 equity) as a capital interest in the partnership.

4 “(D) CONTROLLED GROUPS OF ENTI-  
5 TIES.—

6 “(i) IN GENERAL.—In the case of a  
7 controlled group of entities, if an interest  
8 in the partnership received in exchange for  
9 a contribution to the capital of the part-  
10 nership by any member of such controlled  
11 group would (in the hands of such mem-  
12 ber) constitute property not held for the  
13 production of income, then any interest in  
14 such partnership held by any member of  
15 such group shall be treated for purposes of  
16 subparagraph (A) as constituting (in the  
17 hands of such member) property not held  
18 for the production of income.

19 “(ii) CONTROLLED GROUP OF ENTI-  
20 TIES.—For purposes of clause (i), the term  
21 ‘controlled group of entities’ means a con-  
22 trolled group of corporations as defined in  
23 section 1563(a)(1), applied without regard  
24 to subsections (a)(4) and (b)(2) of section  
25 1563. A partnership or any other entity

1 (other than a corporation) shall be treated  
2 as a member of a controlled group of enti-  
3 ties if such entity is controlled (within the  
4 meaning of section 954(d)(3)) by members  
5 of such group (including any entity treated  
6 as a member of such group by reason of  
7 this sentence).

8 “(4) SPECIFIED ASSET.—The term ‘specified  
9 asset’ means securities (as defined in section  
10 475(c)(2) without regard to the last sentence there-  
11 of), real estate held for rental or investment, inter-  
12 ests in partnerships, commodities (as defined in sec-  
13 tion 475(e)(2)), cash or cash equivalents, or options  
14 or derivative contracts with respect to any of the  
15 foregoing.

16 “(5) RELATED PERSONS.—

17 “(A) IN GENERAL.—A person shall be  
18 treated as related to another person if the rela-  
19 tionship between such persons is described in  
20 section 267(b) or 707(b).

21 “(B) ATTRIBUTION OF PARTNER SERV-  
22 ICES.—Any service described in paragraph (2)  
23 which is provided by a partner of a partnership  
24 shall be treated as also provided by such part-  
25 nership.

1       “(d) EXCEPTION FOR CERTAIN CAPITAL INTER-  
2 ESTS.—

3           “(1) IN GENERAL.—In the case of any portion  
4 of an investment services partnership interest which  
5 is a qualified capital interest, all items of gain and  
6 loss (and any dividends) which are allocated to such  
7 qualified capital interest shall not be taken into ac-  
8 count under subsection (a) if—

9           “(A) allocations of items are made by the  
10 partnership to such qualified capital interest in  
11 the same manner as such allocations are made  
12 to other qualified capital interests held by part-  
13 ners who do not provide any services described  
14 in subsection (c)(2) and who are not related to  
15 the partner holding the qualified capital inter-  
16 est, and

17           “(B) the allocations made to such other in-  
18 terests are significant compared to the alloca-  
19 tions made to such qualified capital interest.

20           “(2) AUTHORITY TO PROVIDE EXCEPTIONS TO  
21 ALLOCATION REQUIREMENTS.—To the extent pro-  
22 vided by the Secretary in regulations or other guid-  
23 ance—

24           “(A) ALLOCATIONS TO PORTION OF QUALI-  
25 FIED CAPITAL INTEREST.—Paragraph (1) may

1 be applied separately with respect to a portion  
2 of a qualified capital interest.

3 “(B) NO OR INSIGNIFICANT ALLOCATIONS  
4 TO NONSERVICE PROVIDERS.—In any case in  
5 which the requirements of paragraph (1)(B) are  
6 not satisfied, items of gain and loss (and any  
7 dividends) shall not be taken into account under  
8 subsection (a) to the extent that such items are  
9 properly allocable under such regulations or  
10 other guidance to qualified capital interests.

11 “(C) ALLOCATIONS TO SERVICE PRO-  
12 VIDERS’ QUALIFIED CAPITAL INTERESTS WHICH  
13 ARE LESS THAN OTHER ALLOCATIONS.—Alloca-  
14 tions shall not be treated as failing to meet the  
15 requirement of paragraph (1)(A) merely be-  
16 cause the allocations to the qualified capital in-  
17 terest represent a lower return than the alloca-  
18 tions made to the other qualified capital inter-  
19 ests referred to in such paragraph.

20 “(3) SPECIAL RULE FOR CHANGES IN SERVICES  
21 AND CAPITAL CONTRIBUTIONS.—In the case of an  
22 interest in a partnership which was not an invest-  
23 ment services partnership interest and which, by  
24 reason of a change in the services with respect to as-  
25 sets held (directly or indirectly) by the partnership

1 or by reason of a change in the capital contributions  
2 to such partnership, becomes an investment services  
3 partnership interest, the qualified capital interest of  
4 the holder of such partnership interest immediately  
5 after such change shall not, for purposes of this sub-  
6 section, be less than the fair market value of such  
7 interest (determined immediately before such  
8 change).

9 “(4) SPECIAL RULE FOR TIERED PARTNER-  
10 SHIPS.—Except as otherwise provided by the Sec-  
11 retary, in the case of tiered partnerships, all items  
12 which are allocated in a manner which meets the re-  
13 quirements of paragraph (1) to qualified capital in-  
14 terests in a lower-tier partnership shall retain such  
15 character to the extent allocated on the basis of  
16 qualified capital interests in any upper-tier partner-  
17 ship.

18 “(5) EXCEPTION FOR NO-SELF-CHARGED  
19 CARRY AND MANAGEMENT FEE PROVISIONS.—Ex-  
20 cept as otherwise provided by the Secretary, an in-  
21 terest shall not fail to be treated as satisfying the  
22 requirement of paragraph (1)(A) merely because the  
23 allocations made by the partnership to such interest  
24 do not reflect the cost of services described in sub-  
25 section (c)(2) which are provided (directly or indi-

1 rectly) to the partnership by the holder of such in-  
2 terest (or a related person).

3 “(6) SPECIAL RULE FOR DISPOSITIONS.—In the  
4 case of any investment services partnership interest  
5 any portion of which is a qualified capital interest,  
6 subsection (b) shall not apply to so much of any  
7 gain or loss as bears the same proportion to the en-  
8 tire amount of such gain or loss as—

9 “(A) the distributive share of gain or loss  
10 that would have been allocated to the qualified  
11 capital interest (consistent with the require-  
12 ments of paragraph (1)) if the partnership had  
13 sold all of its assets at fair market value imme-  
14 diately before the disposition, bears to

15 “(B) the distributive share of gain or loss  
16 that would have been so allocated to the invest-  
17 ment services partnership interest of which such  
18 qualified capital interest is a part.

19 “(7) QUALIFIED CAPITAL INTEREST.—For pur-  
20 poses of this subsection—

21 “(A) IN GENERAL.—The term ‘qualified  
22 capital interest’ means so much of a partner’s  
23 interest in the capital of the partnership as is  
24 attributable to—

1           “(i) the fair market value of any  
2 money or other property contributed to the  
3 partnership in exchange for such interest  
4 (determined without regard to section  
5 752(a)),

6           “(ii) any amounts which have been in-  
7 cluded in gross income under section 83  
8 with respect to the transfer of such inter-  
9 est, and

10           “(iii) the excess (if any) of—

11                   “(I) any items of income and  
12 gain taken into account under section  
13 702 with respect to such interest, over

14                   “(II) any items of deduction and  
15 loss so taken into account.

16           “(B) ADJUSTMENT TO QUALIFIED CAPITAL  
17 INTEREST.—

18           “(i) DISTRIBUTIONS AND LOSSES.—

19           The qualified capital interest shall be re-  
20 duced by distributions from the partner-  
21 ship with respect to such interest and by  
22 the excess (if any) of the amount described  
23 in subparagraph (A)(iii)(II) over the  
24 amount described in subparagraph  
25 (A)(iii)(I).

1           “(ii) SPECIAL RULE FOR CONTRIBU-  
2           TIONS OF PROPERTY.—In the case of any  
3           contribution of property described in sub-  
4           paragraph (A)(i) with respect to which the  
5           fair market value of such property is not  
6           equal to the adjusted basis of such prop-  
7           erty immediately before such contribution,  
8           proper adjustments shall be made to the  
9           qualified capital interest to take into ac-  
10          count such difference consistent with such  
11          regulations or other guidance as the Sec-  
12          retary may provide.

13          “(C) TECHNICAL TERMINATIONS, ETC.,  
14          DISREGARDED.—No increase or decrease in the  
15          qualified capital interest of any partner shall re-  
16          sult from a termination, merger, consolidation,  
17          or division described in section 708, or any  
18          similar transaction.

19          “(8) TREATMENT OF CERTAIN LOANS.—

20                 “(A) PROCEEDS OF PARTNERSHIP LOANS  
21                 NOT TREATED AS QUALIFIED CAPITAL INTER-  
22                 EST OF SERVICE PROVIDING PARTNERS.—For  
23                 purposes of this subsection, an investment serv-  
24                 ices partnership interest shall not be treated as  
25                 a qualified capital interest to the extent that



1 such interest is acquired in connection with the  
2 proceeds of any loan or other advance made or  
3 guaranteed, directly or indirectly, by any other  
4 partner or the partnership (or any person re-  
5 lated to any such other partner or the partner-  
6 ship). The preceding sentence shall not apply to  
7 the extent the loan or other advance is repaid  
8 before January 1, 2013 unless such repayment  
9 is made with the proceeds of a loan or other ad-  
10 vance described in the preceding sentence.

11 “(B) REDUCTION IN ALLOCATIONS TO  
12 QUALIFIED CAPITAL INTERESTS FOR LOANS  
13 FROM NONSERVICE-PROVIDING PARTNERS TO  
14 THE PARTNERSHIP.—For purposes of this sub-  
15 section, any loan or other advance to the part-  
16 nership made or guaranteed, directly or indi-  
17 rectly, by a partner not providing services de-  
18 scribed in subsection (c)(2) to the partnership  
19 (or any person related to such partner) shall be  
20 taken into account in determining the qualified  
21 capital interests of the partners in the partner-  
22 ship.

23 “(e) OTHER INCOME AND GAIN IN CONNECTION  
24 WITH INVESTMENT MANAGEMENT SERVICES.—

25 “(1) IN GENERAL.—If—

1           “(A) a person performs (directly or indi-  
2           rectly) investment management services for any  
3           investment entity,

4           “(B) such person holds (directly or indi-  
5           rectly) a disqualified interest with respect to  
6           such entity, and

7           “(C) the value of such interest (or pay-  
8           ments thereunder) is substantially related to  
9           the amount of income or gain (whether or not  
10          realized) from the assets with respect to which  
11          the investment management services are per-  
12          formed, any income or gain with respect to such  
13          interest shall be treated as ordinary income.  
14          Rules similar to the rules of subsections (a)(5)  
15          and (d) shall apply for purposes of this sub-  
16          section.

17          “(2) DEFINITIONS.—For purposes of this sub-  
18          section—

19                 “(A) DISQUALIFIED INTEREST.—

20                         “(i) IN GENERAL.—The term ‘dis-  
21                         qualified interest’ means, with respect to  
22                         any investment entity—

23                                 “(I) any interest in such entity  
24                                 other than indebtedness,

1 “(II) convertible or contingent  
2 debt of such entity,

3 “(III) any option or other right  
4 to acquire property described in sub-  
5 clause (I) or (II), and

6 “(IV) any derivative instrument  
7 entered into (directly or indirectly)  
8 with such entity or any investor in  
9 such entity.

10 “(ii) EXCEPTIONS.—Such term shall  
11 not include—

12 “(I) a partnership interest,

13 “(II) except as provided by the  
14 Secretary, any interest in a taxable  
15 corporation, and

16 “(III) except as provided by the  
17 Secretary, stock in an S corporation.

18 “(B) TAXABLE CORPORATION.—The term  
19 ‘taxable corporation’ means—

20 “(i) a domestic C corporation, or

21 “(ii) a foreign corporation substan-  
22 tially all of the income of which is—

23 “(I) effectively connected with  
24 the conduct of a trade or business in  
25 the United States, or

1                   “(II) subject to a comprehensive  
2                   foreign income tax (as defined in sec-  
3                   tion 457A(d)(2)).

4                   “(C) INVESTMENT MANAGEMENT SERV-  
5                   ICES.—The term ‘investment management serv-  
6                   ices’ means a substantial quantity of any of the  
7                   services described in subsection (c)(2).

8                   “(D) INVESTMENT ENTITY.—The term ‘in-  
9                   vestment entity’ means any entity which, if it  
10                  were a partnership, would be an investment  
11                  partnership.

12               “(f) REGULATIONS.—The Secretary shall prescribe  
13               such regulations or other guidance as is necessary or ap-  
14               propriate to carry out the purposes of this section, includ-  
15               ing regulations or other guidance to—

16               “(1) provide modifications to the application of  
17               this section (including treating related persons as  
18               not related to one another) to the extent such modi-  
19               fication is consistent with the purposes of this sec-  
20               tion, and

21               “(2) coordinate this section with the other pro-  
22               visions of this title.

23               “(g) CROSS REFERENCE.—For 40 percent penalty on  
24               certain underpayments due to the avoidance of this sec-  
25               tion, see section 6662.”.

1           (b) APPLICATION OF SECTION 751 TO INDIRECT DIS-  
2 POSITIONS OF INVESTMENT SERVICES PARTNERSHIP IN-  
3 TERESTS.—

4           (1) IN GENERAL.—Subsection (a) of section  
5 751 of the Internal Revenue Code of 1986 is amend-  
6 ed by striking “or” at the end of paragraph (1), by  
7 inserting “or” at the end of paragraph (2), and by  
8 inserting after paragraph (2) the following new  
9 paragraph:

10           “(3) investment services partnership interests  
11 held by the partnership,”.

12           (2) CERTAIN DISTRIBUTIONS TREATED AS  
13 SALES OR EXCHANGES.—Subparagraph (A) of sec-  
14 tion 751(b)(1) of the Internal Revenue Code of 1986  
15 is amended by striking “or” at the end of clause (i),  
16 by inserting “or” at the end of clause (ii), and by  
17 inserting after clause (ii) the following new clause:

18           “(iii) investment services partnership  
19 interests held by the partnership,”.

20           (3) APPLICATION OF SPECIAL RULES IN THE  
21 CASE OF TIERED PARTNERSHIPS.—Subsection (f) of  
22 section 751 of the Internal Revenue Code of 1986  
23 is amended by striking “or” at the end of paragraph  
24 (1), by inserting “or” at the end of paragraph (2),

1 and by inserting after paragraph (2) the following  
2 new paragraph:

3 “(3) investment services partnership interests  
4 held by the partnership,”.

5 (4) INVESTMENT SERVICES PARTNERSHIP IN-  
6 TERESTS; QUALIFIED CAPITAL INTERESTS.—Section  
7 751 of the Internal Revenue Code of 1986 is amend-  
8 ed by adding at the end the following new sub-  
9 section:

10 “(g) INVESTMENT SERVICES PARTNERSHIP INTER-  
11 ESTS.—For purposes of this section—

12 “(1) IN GENERAL.—The term ‘investment serv-  
13 ices partnership interest’ has the meaning given  
14 such term by section 710(c).

15 “(2) ADJUSTMENTS FOR QUALIFIED CAPITAL  
16 INTERESTS.—The amount to which subsection (a)  
17 applies by reason of paragraph (3) thereof shall not  
18 include so much of such amount as is attributable  
19 to any portion of the investment services partnership  
20 interest which is a qualified capital interest (deter-  
21 mined under rules similar to the rules of section  
22 710(d)).

23 “(3) RECOGNITION OF GAINS.—Any gain with  
24 respect to which subsection (a) applies by reason of

1 paragraph (3) thereof shall be recognized notwith-  
2 standing any other provision of this title.

3 “(4) COORDINATION WITH INVENTORY  
4 ITEMS.—An investment services partnership interest  
5 held by the partnership shall not be treated as an  
6 inventory item of the partnership.

7 “(5) PREVENTION OF DOUBLE COUNTING.—  
8 Under regulations or other guidance prescribed by  
9 the Secretary, subsection (a)(3) shall not apply with  
10 respect to any amount to which section 710 ap-  
11 plies.”.

12 (c) TREATMENT FOR PURPOSES OF SECTION  
13 7704.—Subsection (d) of section 7704 of the Internal  
14 Revenue Code of 1986 is amended by adding at the end  
15 the following new paragraph:

16 “(6) INCOME FROM CERTAIN CARRIED INTER-  
17 ESTS NOT QUALIFIED.—

18 “(A) IN GENERAL.—Specified carried in-  
19 terest income shall not be treated as qualifying  
20 income.

21 “(B) SPECIFIED CARRIED INTEREST IN-  
22 COME.—For purposes of this paragraph—

23 “(i) IN GENERAL.—The term ‘speci-  
24 fied carried interest income’ means—

1           “(I) any item of income or gain  
2           allocated to an investment services  
3           partnership interest (as defined in  
4           section 710(c)) held by the partner-  
5           ship,

6           “(II) any gain on the disposition  
7           of an investment services partnership  
8           interest (as so defined) or a partner-  
9           ship interest to which (in the hands of  
10          the partnership) section 751 applies,  
11          and

12          “(III) any income or gain taken  
13          into account by the partnership under  
14          subsection (b)(4) or (e) of section  
15          710.

16          “(ii) EXCEPTION FOR QUALIFIED CAP-  
17          ITAL INTERESTS.—A rule similar to the  
18          rule of section 710(d) shall apply for pur-  
19          poses of clause (i).

20          “(C) COORDINATION WITH OTHER PROVI-  
21          SIONS.—Subparagraph (A) shall not apply to  
22          any item described in paragraph (1)(E) (or so  
23          much of paragraph (1)(F) as relates to para-  
24          graph (1)(E)).



1                   “(D) SPECIAL RULES FOR CERTAIN PART-  
2                   NERSHIPS.—

3                   “(i) CERTAIN PARTNERSHIPS OWNED  
4                   BY REAL ESTATE INVESTMENT TRUSTS.—  
5                   Subparagraph (A) shall not apply in the  
6                   case of a partnership which meets each of  
7                   the following requirements:

8                   “(I) Such partnership is treated  
9                   as publicly traded under this section  
10                  solely by reason of interests in such  
11                  partnership being convertible into in-  
12                  terests in a real estate investment  
13                  trust which is publicly traded.

14                  “(II) 50 percent or more of the  
15                  capital and profits interests of such  
16                  partnership are owned, directly or in-  
17                  directly, at all times during the tax-  
18                  able year by such real estate invest-  
19                  ment trust (determined with the ap-  
20                  plication of section 267(c)).

21                  “(III) Such partnership meets  
22                  the requirements of paragraphs (2),  
23                  (3), and (4) of section 856(c).

24                  “(ii) CERTAIN PARTNERSHIPS OWN-  
25                  ING OTHER PUBLICLY TRADED PARTNER-

1 SHIPS.—Subparagraph (A) shall not apply  
2 in the case of a partnership which meets  
3 each of the following requirements:

4 “(I) Substantially all of the as-  
5 sets of such partnership consist of in-  
6 terests in one or more publicly traded  
7 partnerships (determined without re-  
8 gard to subsection (b)(2)).

9 “(II) Substantially all of the in-  
10 come of such partnership is ordinary  
11 income or section 1231 gain (as de-  
12 fined in section 1231(a)(3)).

13 “(E) TRANSITIONAL RULE.—Subpara-  
14 graph (A) shall not apply to any taxable year  
15 of the partnership beginning before the date  
16 which is 10 years after January 1, 2013”.

17 (d) IMPOSITION OF PENALTY ON UNDERPAY-  
18 MENTS.—

19 (1) IN GENERAL.—Subsection (b) of section  
20 6662 of the Internal Revenue Code of 1986 is  
21 amended by inserting after paragraph (7) the fol-  
22 lowing new paragraph:

23 “(8) The application of section 710(e) or the  
24 regulations or other guidance prescribed under sec-

1       tion 710(h) to prevent the avoidance of the purposes  
2       of section 710.”.

3               (2) AMOUNT OF PENALTY.—

4                       (A) IN GENERAL.—Section 6662 of the In-  
5                       ternal Revenue Code of 1986 is amended by  
6                       adding at the end the following new subsection:

7               “(k) INCREASE IN PENALTY IN CASE OF PROPERTY  
8       TRANSFERRED FOR INVESTMENT MANAGEMENT SERV-  
9       ICES.—In the case of any portion of an underpayment to  
10      which this section applies by reason of subsection (b)(8),  
11      subsection (a) shall be applied with respect to such portion  
12      by substituting ‘40 percent’ for ‘20 percent’.”.

13                      (B) CONFORMING AMENDMENT.—Subpara-  
14                      graph (B) of section 6662A(e)(2) is amended  
15                      by striking “or (i)” and inserting “, (i), or (k)”.

16               (3) SPECIAL RULES FOR APPLICATION OF REA-  
17       SONABLE CAUSE EXCEPTION.—Subsection (c) of sec-  
18       tion 6664 is amended—

19                      (A) by redesignating paragraphs (3) and  
20                      (4) as paragraphs (4) and (5), respectively;

21                      (B) by striking “paragraph (3)” in para-  
22                      graph (5)(A), as so redesignated, and inserting  
23                      “paragraph (4)”; and

24                      (C) by inserting after paragraph (2) the  
25                      following new paragraph:

1           “(3) SPECIAL RULE FOR UNDERPAYMENTS AT-  
2           TRIBUTABLE TO INVESTMENT MANAGEMENT SERV-  
3           ICES.—

4           “(A) IN GENERAL.—Paragraph (1) shall  
5           not apply to any portion of an underpayment to  
6           which section 6662 applies by reason of sub-  
7           section (b)(8) unless—

8                   “(i) the relevant facts affecting the  
9                   tax treatment of the item are adequately  
10                  disclosed,

11                   “(ii) there is or was substantial au-  
12                  thority for such treatment, and

13                   “(iii) the taxpayer reasonably believed  
14                  that such treatment was more likely than  
15                  not the proper treatment.

16           “(B) RULES RELATING TO REASONABLE  
17           BELIEF.—Rules similar to the rules of sub-  
18           section (d)(3) shall apply for purposes of sub-  
19           paragraph (A)(iii).”.

20           (e) INCOME AND LOSS FROM INVESTMENT SERVICES  
21           PARTNERSHIP INTERESTS TAKEN INTO ACCOUNT IN DE-  
22           TERMINING NET EARNINGS FROM SELF-EMPLOYMENT.—

23           (1) INTERNAL REVENUE CODE.—

24                   (A) IN GENERAL.—Section 1402(a) of the  
25           Internal Revenue Code of 1986 is amended by

1 striking “and” at the end of paragraph (16), by  
2 striking the period at the end of paragraph (17)  
3 and inserting “; and”, and by inserting after  
4 paragraph (17) the following new paragraph:

5 “(18) notwithstanding the preceding provisions  
6 of this subsection, in the case of any individual en-  
7 gaged in the trade or business of providing services  
8 described in section 710(c)(2) with respect to any  
9 entity, investment services partnership income or  
10 loss (as defined in subsection (m)) of such individual  
11 with respect to such entity shall be taken into ac-  
12 count in determining the net earnings from self-em-  
13 ployment of such individual.”.

14 (B) INVESTMENT SERVICES PARTNERSHIP  
15 INCOME OR LOSS.—Section 1402 of the Inter-  
16 nal Revenue Code is amended by adding at the  
17 end the following new subsection:

18 “(m) INVESTMENT SERVICES PARTNERSHIP INCOME  
19 OR LOSS.—For purposes of subsection (a)—

20 “(1) IN GENERAL.—The term ‘investment serv-  
21 ices partnership income or loss’ means, with respect  
22 to any investment services partnership interest (as  
23 defined in section 710(c)), the net of—

1           “(A) the amounts treated as ordinary in-  
2           come or ordinary loss under subsections (b) and  
3           (e) of section 710 with respect to such interest,

4           “(B) all items of income, gain, loss, and  
5           deduction allocated to such interest, and

6           “(C) the amounts treated as realized from  
7           the sale or exchange of property other than a  
8           capital asset under section 751 with respect to  
9           such interest.

10           “(2) EXCEPTION FOR QUALIFIED CAPITAL IN-  
11           TERESTS.—A rule similar to the rule of section  
12           710(d) shall apply for purposes of applying para-  
13           graph (1)(B)(ii).”.

14           (2) SOCIAL SECURITY ACT.—Section 211(a) of  
15           the Social Security Act is amended by striking  
16           “and” at the end of paragraph (15), by striking the  
17           period at the end of paragraph (16) and inserting “;  
18           and”, and by inserting after paragraph (16) the fol-  
19           lowing new paragraph:

20           “(17) Notwithstanding the preceding provisions  
21           of this subsection, in the case of any individual en-  
22           gaged in the trade or business of providing services  
23           described in section 710(c)(2) of the Internal Rev-  
24           enue Code of 1986 with respect to any entity, invest-  
25           ment services partnership income or loss (as defined

1 in section 1402(m) of such Code) shall be taken into  
2 account in determining the net earnings from self-  
3 employment of such individual.”.

4 (f) CONFORMING AMENDMENTS.—

5 (1) Subsection (d) of section 731 of the Inter-  
6 nal Revenue Code of 1986 is amended by inserting  
7 “section 710(b)(4) (relating to distributions of part-  
8 nership property),” after “to the extent otherwise  
9 provided by”.

10 (2) Section 741 of the Internal Revenue Code  
11 of 1986 is amended by inserting “or section 710 (re-  
12 lating to special rules for partners providing invest-  
13 ment management services to partnerships)” before  
14 the period at the end.

15 (3) The table of sections for part I of sub-  
16 chapter K of chapter 1 of the Internal Revenue Code  
17 of 1986 is amended by adding at the end the fol-  
18 lowing new item:

“Sec. 710. Special rules for partners providing investment management services  
to partnerships.”.

19 (g) EFFECTIVE DATE.—

20 (1) IN GENERAL.—Except as otherwise pro-  
21 vided in this subsection, the amendments made by  
22 this section shall apply to taxable years ending after  
23 December 31, 2012.

1           (2) PARTNERSHIP TAXABLE YEARS WHICH IN-  
2           CLUDE EFFECTIVE DATE.—In applying section  
3           710(a) of the Internal Revenue Code of 1986 (as  
4           added by this section) in the case of any partnership  
5           taxable year which includes January 1, 2013, the  
6           amount of the net income referred to in such section  
7           shall be treated as being the lesser of the net income  
8           for the entire partnership taxable year or the net in-  
9           come determined by only taking into account items  
10          attributable to the portion of the partnership taxable  
11          year which is after such date.

12          (3) DISPOSITIONS OF PARTNERSHIP INTER-  
13          ESTS.—

14                (A) IN GENERAL.—Section 710(b) of such  
15                Code (as added by this section) shall apply to  
16                dispositions and distributions after December  
17                31, 2012.

18                (B) INDIRECT DISPOSITIONS.—The amend-  
19                ments made by subsection (b) shall apply to  
20                transactions after December 31, 2012.

21          (4) OTHER INCOME AND GAIN IN CONNECTION  
22          WITH INVESTMENT MANAGEMENT SERVICES.—Sec-  
23          tion 710(e) of such Code (as added by this section)  
24          shall take effect on January 1, 2013.



1           **Subtitle C—Close Loophole for**  
2           **Corporate Jet Depreciation**

3   **SEC. 421. GENERAL AVIATION AIRCRAFT TREATED AS 7-**  
4           **YEAR PROPERTY.**

5           (a) **IN GENERAL.**—Subparagraph (C) of section  
6 168(e)(3) of the Internal Revenue Code of 1986 (relating  
7 to classification of certain property) is amended by strik-  
8 ing “and” at the end of clause (iv), by redesignating clause  
9 (v) as clause (vi), and by inserting after clause (iv) the  
10 following new clause:

11           “(v) any general aviation aircraft, and”.

12           (b) **CLASS LIFE.**—Paragraph (3) of section 168(g)  
13 Internal Revenue Code of 1986 is amended by inserting  
14 after subparagraph (E) the following new subparagraph:

15                       “(F) General aviation aircraft. In the case  
16                       of any general aviation aircraft, the recovery  
17                       period used for purposes of paragraph (2) shall  
18                       be 12 years.”.

19           (c) **GENERAL AVIATION AIRCRAFT.**—Subsection (i)  
20 of section 168 Internal Revenue Code of 1986 is amended  
21 by inserting after paragraph (19) the following new para-  
22 graph:

23                       “(20) **GENERAL AVIATION AIRCRAFT.**—The  
24                       term ‘general aviation aircraft’ means any airplane  
25                       or helicopter (including airframes and engines) not

1 used in commercial or contract carrying of pas-  
2 sengers or freight, but which primarily engages in  
3 the carrying of passengers.”.

4 (d) EFFECTIVE DATE.—This section shall be effec-  
5 tive for property placed in service after December 31,  
6 2012.

## 7 **Subtitle D—Repeal Oil Subsidies**

### 8 **SEC. 431. REPEAL OF DEDUCTION FOR INTANGIBLE DRILL-** 9 **ING AND DEVELOPMENT COSTS IN THE CASE** 10 **OF OIL AND GAS WELLS.**

11 (a) IN GENERAL.—Section 263(c) of the Internal  
12 Revenue Code of 1986 (relating to intangible drilling and  
13 development costs) is amended by adding at the end the  
14 following new sentence: “This subsection shall not apply  
15 in the case of oil and gas wells with respect to amounts  
16 paid or incurred after December 31, 2012.”.

17 (b) EFFECTIVE DATE.—The amendment made by  
18 this section shall apply to amounts paid or incurred after  
19 December 31, 2012.

### 20 **SEC. 432. REPEAL OF DEDUCTION FOR TERTIARY** 21 **INJECTANTS.**

22 (a) IN GENERAL.—Part VI of subchapter B of chap-  
23 ter 1 of the Internal Revenue Code of 1986 (relating to  
24 itemized deductions for individuals and corporations) is

1 amended by striking section 193 (relating to tertiary  
2 injectants).

3 (b) CLERICAL AMENDMENT.—The table of sections  
4 for part VI of subchapter B of chapter 1 of the Internal  
5 Revenue Code of 1986 is amended by striking the item  
6 relating to section 193.

7 (c) EFFECTIVE DATE.—The amendments made by  
8 this section shall apply to amounts paid or incurred after  
9 December 31, 2012.

10 **SEC. 433. REPEAL OF PERCENTAGE DEPLETION FOR OIL**  
11 **AND GAS WELLS.**

12 (a) IN GENERAL.—Section 613A of the Internal Rev-  
13 enue Code of 1986 (relating to limitation on percentage  
14 depletion in the case of oil and gas wells) is amended to  
15 read as follows:

16 **“SEC. 613A. PERCENTAGE DEPLETION NOT ALLOWED IN**  
17 **CASE OF OIL AND GAS WELLS. THE ALLOW-**  
18 **ANCE FOR DEPLETION UNDER SECTION 611**  
19 **WITH RESPECT TO ANY OIL AND GAS WELL**  
20 **SHALL BE COMPUTED WITHOUT REGARD TO**  
21 **SECTION 613.”**

22 (b) EFFECTIVE DATE.—The amendment made by  
23 this section shall apply to taxable years beginning after  
24 December 31, 2012.

1 **SEC. 434. SECTION 199 DEDUCTION NOT ALLOWED WITH**  
2 **RESPECT TO OIL, NATURAL GAS, OR PRIMARY**  
3 **PRODUCTS THEREOF.**

4 (a) **IN GENERAL.**—Subparagraph (B) of section  
5 199(c)(4) of the Internal Revenue Code of 1986 (relating  
6 to income attributable to domestic production activities)  
7 is amended—

- 8 (1) by striking “or” at the end of clause (ii),  
9 (2) by striking the period at the end of clause  
10 (iii) and inserting in lieu thereof “, or”, and  
11 (3) by adding at the end thereof the following  
12 new clause:

13 “(iv) the production, refining, proe-  
14 cessing, transportation, or distribution of  
15 oil, natural gas, or any primary product  
16 (within the meaning of subsection (d)(9))  
17 thereof.”.

18 (b) **CONFORMING AMENDMENT.**—Paragraph (9) of  
19 section 199(d) is amended to read as follows:

20 “(9) **PRIMARY PRODUCT.**—For purposes of sub-  
21 section (c)(4)(B)(iv), the term ‘primary product’ has  
22 the same meaning as when used in section  
23 927(a)(2)(C) as in effect before its repeal.”.

24 (c) **EFFECTIVE DATE.**—The amendments made by  
25 this section shall apply to taxable years beginning after  
26 December 31, 2012.

1 **SEC. 435. REPEAL OIL AND GAS WORKING INTEREST EX-**  
2 **CEPTION TO PASSIVE ACTIVITY RULES.**

3 (a) IN GENERAL.—Paragraph (3) of section 469(c)  
4 of the Internal Revenue Code of 1986 (relating to passive  
5 activity defined) is amended by adding at the end thereof  
6 the following new subparagraph—

7 “(C) TERMINATION.—Subparagraph (A)  
8 shall not apply for any taxable year beginning  
9 after December 31 2012.”.

10 (b) EFFECTIVE DATE.—The amendment made by  
11 this section shall apply to taxable years beginning after  
12 December 31, 2012.

13 **SEC. 436. REPEAL ENHANCED OIL RECOVERY CREDIT.**

14 (a) IN GENERAL.—Subpart D of part IV of sub-  
15 chapter A of chapter 1of the Internal Revenue Code of  
16 1986 (relating to business related credits) is amended by  
17 striking section 43 (relating to enhanced oil recovery cred-  
18 it).

19 (b) CLERICAL AMENDMENT.—The table of sections  
20 for subpart D of part IV of subchapter A of chapter 1  
21 of the Internal Revenue Code of 1986 is amended by strik-  
22 ing the item relating to section 43.

23 (c) EFFECTIVE DATE.—The amendments made by  
24 this section shall apply to taxable years beginning after  
25 December 31, 2012.

1 **SEC. 437. UNIFORM SEVEN-YEAR AMORTIZATION FOR GEO-**  
2 **LOGICAL AND GEOPHYSICAL EXPENDITURES.**

3 (a) IN GENERAL.—Paragraph (1) of section 167(h)  
4 of the Internal Revenue Code of 1986 (relating to amorti-  
5 zation of geological and geophysical expenditures) is  
6 amended by striking “24-month” and inserting in lieu  
7 thereof “7-year”.

8 (b) CONFORMING AMENDMENTS.—Section 167(h) is  
9 amended—

10 (1) by striking “24-month” in paragraph (4)  
11 and inserting in lieu thereof “7-year”, and

12 (2) by striking paragraph (5).

13 (c) EFFECTIVE DATE.—The amendments made by  
14 this section shall apply to amounts paid or incurred after  
15 December 31, 2012.

16 **SEC. 438. REPEAL MARGINAL WELL PRODUCTION CREDIT.**

17 (a) IN GENERAL.—Subpart D of part IV of sub-  
18 chapter A of chapter 1 of the Internal Revenue Code of  
19 1986 (relating to business related credits) is amended by  
20 striking section 45I (relating to credit for producing oil  
21 and gas from marginal wells).

22 (b) CLERICAL AMENDMENT.—The table of sections  
23 for subpart D of part IV of subchapter A of chapter 1  
24 of the Internal Revenue Code of 1986 is amended by strik-  
25 ing the item relating to section 45I.

1 (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to taxable years beginning after  
3 December 31, 2012.

4 **Subtitle E—Dual Capacity**  
5 **Taxpayers**

6 **SEC. 441. MODIFICATIONS OF FOREIGN TAX CREDIT RULES**  
7 **APPLICABLE TO DUAL CAPACITY TAXPAYERS.**

8 (a) IN GENERAL.—Section 901 of the Internal Rev-  
9 enue Code of 1986 (relating to credit for taxes of foreign  
10 countries and of possessions of the United States) is  
11 amended by redesignating subsection (n) as subsection (o)  
12 and by inserting after subsection (m) the following new  
13 subsection:

14 “(n) SPECIAL RULES RELATING TO DUAL CAPACITY  
15 TAXPAYERS.—

16 “(1) GENERAL RULE.—Notwithstanding any  
17 other provision of this chapter, any amount paid or  
18 accrued by a dual capacity taxpayer or any member  
19 of the worldwide affiliated group of which such dual  
20 capacity taxpayer is also a member to any foreign  
21 country or to any possession of the United States  
22 for any period shall not be considered a tax to the  
23 extent such amount exceeds the amount (determined  
24 in accordance with regulations) which would have

1       been required to be paid if the taxpayer were not a  
2       dual capacity taxpayer.

3           “(2) DUAL CAPACITY TAXPAYER.—For pur-  
4       poses of this subsection, the term ‘dual capacity tax-  
5       payer’ means, with respect to any foreign country or  
6       possession of the United States, a person who—

7           “(A) is subject to a levy of such country or  
8       possession, and

9           “(B) receives (or will receive) directly or  
10       indirectly a specific economic benefit (as deter-  
11       mined in accordance with regulations) from  
12       such country or possession.

13           “(3) REGULATIONS.—The Secretary may issue  
14       such regulations or other guidance as is necessary or  
15       appropriate to carry out the purposes of this sub-  
16       section.”.

17       (b) CONTRARY TREATY OBLIGATIONS UPHELD.—  
18       The amendments made by this section shall not apply to  
19       the extent contrary to any treaty obligation of the United  
20       States.

21       (c) EFFECTIVE DATE.—The amendments made by  
22       this section shall apply to amounts that, if such amounts  
23       were an amount of tax paid or accrued, would be consid-  
24       ered paid or accrued in taxable years beginning after De-  
25       cember 31, 2012.



1 **SEC. 442. SEPARATE BASKET TREATMENT TAXES PAID ON**  
2 **FOREIGN OIL AND GAS INCOME.**

3 (a) SEPARATE BASKET FOR FOREIGN TAX CRED-  
4 IT.—Paragraph (1) of section 904(d) of the Internal Rev-  
5 enue Code of 1986 is amended by striking “and” at the  
6 end of subparagraph (A), by striking the period at the  
7 end of subparagraph (B) and inserting “, and”, and by  
8 adding at the end the following:

9 “(C) combined foreign oil and gas income  
10 (as defined in section 907(b)(1)).”.

11 (b) COORDINATION.—Section 904(d)(2) of such Code  
12 is amended by redesignating subparagraphs (J) and (K)  
13 as subparagraphs (K) and (L) and by inserting after sub-  
14 paragraph (I) the following:

15 “(J) COORDINATION WITH COMBINED FOR-  
16 EIGN OIL AND GAS INCOME.—For purposes of  
17 this section, passive category income and gen-  
18 eral category income shall not include combined  
19 foreign oil and gas income (as defined in section  
20 907(b)(1)).”.

21 (c) CONFORMING AMENDMENTS.—

22 (1) Section 907(a) is hereby repealed.

23 (2) Section 907(c)(4) is hereby repealed.

24 (3) Section 907(f) is hereby repealed.

25 (d) EFFECTIVE DATES.—

1           (1) IN GENERAL.—The amendments made by  
2 this section shall apply to taxable years beginning  
3 after December 31, 2012.

4           (2) TRANSITIONAL RULES.—

5           (A) CARRYOVERS.—Any unused foreign oil  
6 and gas taxes which under section 907(f) of  
7 such Code (as in effect before the amendment  
8 made by subsection (c)(3)) would have been al-  
9 lowable as a carryover to the taxpayer's first  
10 taxable year beginning after December 31,  
11 2012 (without regard to the limitation of para-  
12 graph (2) of such section 907(f) for first tax-  
13 able year) shall be allowed as carryovers under  
14 section 904(c) of such Code in the same man-  
15 ner as if such taxes were unused taxes under  
16 such section 904(c) with respect to foreign oil  
17 and gas extraction income.

18           (B) LOSSES.—The amendment made by  
19 subsection (c)(2) shall not apply to foreign oil  
20 and gas extraction losses arising in taxable  
21 years beginning on or before the date of the en-  
22 actment of this Act.

1 **Subtitle F—Increased Target and**  
2 **Trigger for Joint Select Com-**  
3 **mittee on Deficit Reduction**

4 **SEC. 451. INCREASED TARGET AND TRIGGER FOR JOINT**  
5 **SELECT COMMITTEE ON DEFICIT REDUC-**  
6 **TION.**

7 (a) INCREASED TARGET FOR JOINT SELECT COM-  
8 MITTEE.—Section 401(b)(2) of the Budget Control Act of  
9 2011 is amended by striking “\$1,500,000,000,000” and  
10 inserting “\$1,950,000,000,000”.

11 (b) TRIGGER FOR JOINT SELECT COMMITTEE.—Sec-  
12 tion 302 of the Budget Control Act of 2011 is amended  
13 by redesignating subsection (b) as subsection (c) and by  
14 inserting after subsection (a) the following new subsection:

15 “(b) TRIGGER.—If a joint committee bill achieving  
16 an amount greater than ‘\$1,650,000,000,000’ in deficit  
17 reduction as provided in section 401(b)(3)(B)(i)(II) of this  
18 Act is enacted by January 15, 2012, then the amendments  
19 to the Internal Revenue Code of 1986 made by subtitles  
20 A through E of title IV of the American Jobs Act of 2011,  
21 shall not be in effect for any taxable year.”.

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