Pearce
Pence
Peterson (PA)
Petri
Pitts
Platts
Poe
Porter
Price (GA)
Pryce (OH)
Putnam
Radanovich
Ramstad
Regula
Rehberg
Renzi
Reynolds
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Roskam
Royce
Ryan (WI)
Sali
Saxton
Scalise
Schmidt
Sessions
Shadegg
Shays
Shimkus
Shuster
Simpson
Smith (NE)
Smith (TX)
Souder
Stearns
Sullivan
Tancredo
Terry
Thornberry
Tiberi
Turner
Upton
Walberg
Walden (OR)
Walsh (NY)
Wamp
Weldon (FL)
Weller
Westmoreland
Whitfield (KY)
Wilson (NM)
Wilson (SC)
Wittman (VA)
Wolf
Young (AK)
Young (FL)

NOT VOTING—19

Andrews
Becerra
Biggert
Broun (GA)
Brown, Corrine
Butterfield
Castor
Coble
Crenshaw
Edwards
Gillibrand
Kennedy
Kingston
Pickering
Rush
Sensenbrenner
Slaughter
Tiahrt
Wexler

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (during the vote). Two minutes remain in this vote.

□ 1346

So the previous question was ordered.

The result of the vote was announced as above recorded.

Stated against:

Mr. COBLE. Mr. Speaker, on rollcall No. 341, I was attending the graduation ceremony at the United States Coast Guard Academy. Had I been present, I would have voted "nay."

The SPEAKER pro tempore. The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. HASTINGS of Washington. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 220, nays 199, not voting 16, as follows:

[Roll No. 342]

YEAS—220

Abercrombie
Ackerman
Allen
Altmire
Arcuri
Baca
Baird
Baldwin
Bean
Becerra
Berkley
Berman
Berry
Bishop (GA)
Bishop (NY)
Blumenauer
Boren
Boswell
Boucher
Boyd (FL)
Boyda (KS)
Brady (PA)
Braley (IA)
Butterfield
Capps
Capuano
Cardoza
Carnahan
Carney
Carson
Chandler
Clarke
Clay
Cleaver
Clyburn
Cohen
Conyers
Cooper
Costa
Costello
Courtney
Cramer
Crowley
Cuellar
Cummings
Davis (AL)
Davis (CA)
Davis (IL)
Davis, Lincoln
DeFazio
DeGette
Delahunt
DeLauro
Dicks
Dingell
Doggett
Donnelly
Doyle
Edwards
Ellison
Ellsworth
Emanuel
Engel
Eshoo
Etheridge
Farr
Fattah
Filner
Frank (MA)
Giffords
Gonzalez
Gordon
Green, Al
Grijalva
Gutierrez
Hall (NY)
Hare
Harman
Hastings (FL)
Herseth Sandlin
Higgins
Hinchey
Hinojosa
Hirono
Hodes
Holden
Holt
Honda
Hooley
Hoyer
Inslee
Israel
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson (GA)
Johnson, E. B.
Jones (OH)
Kagen
Kanjorski
Kaptur
Kildee
Kilpatrick
Kind
Klein (FL)
Kucinich
Langevin
Larsen (WA)
Larson (CT)
Lee
Levin
Lewis (GA)
Lipinski
Loebsack
Lofgren, Zoe
Lowey
Lynch
Mahoney (FL)
Maloney (NY)
Markey
Marshall
Matheson
Matsui
McCarthy (NY)
McCollum (MN)
McDermott
McGovern
McIntyre
McNerney
McNulty
Meek (FL)
Meeks (NY)
Melancon
Michaud
Miller (NC)
Miller, George
Mitchell
Mollohan
Moore (KS)
Moore (WI)
Moran (VA)
Murphy (CT)
Murphy, Patrick
Murtha
Nadler
Napolitano
Neal (MA)
Oberstar
Obey
Olver
Ortiz
Pallone
Pascrell
Pastor
Payne
Pelosi
Perlmutter
Peterson (MN)
Pomeroy
Price (NC)
Rahall
Rangel
Reyes
Richardson
Rodriguez
Ross
Rothman
Roybal-Allard
Ruppersberger
Ryan (OH)
Salazar
Sánchez, Linda T.
Sanchez, Loretta
Sarbanes
Schakowsky
Schiff
Schwartz
Scott (GA)
Scott (VA)
Serrano
Sestak
Shea-Porter
Sherman
Sires
Skelton
Smith (WA)
Snyder
Solis
Space
Speier
Spratt
Stark
Stupak
Sutton
Tanner
Tauscher
Taylor
Thompson (CA)
Thompson (MS)
Tierney
Towns
Tsongas
Udall (CO)
Udall (NM)
Van Hollen
Velázquez
Visclosky
Walz (MN)
Wasserman Schultz
Waters
Watson
Watt
Waxman
Weiner
Welch (VT)
Wilson (OH)
Woolsey
Wu
Wynn
Yarmuth

NAYS—199

Aderholt
Akin
Alexander
Bachmann
Bachus
Barrett (SC)
Barrow
Bartlett (MD)
Barton (TX)
Bilbray
Bilirakis
Bishop (UT)
Blackburn
Blunt
Boehner
Bonner
Bono Mack
Boozman
Boustany
Brady (TX)
Broun (GA)
Brown (SC)
Brown-Waite, Ginny
Buchanan
Burgess
Burton (IN)
Buyer
Calvert
Camp (MI)
Campbell (CA)
Cannon
Cantor
Capito
Carter
Castle
Cazayoux
Chabot
Childers
Cole (OK)
Conaway
Cubin
Culberson
Davis (KY)
Davis, David
Davis, Tom
Deal (GA)
Dent
Diaz-Balart, L.
Diaz-Balart, M.
Doolittle
Drake
Dreier
Duncan
Ehlers
Emerson
English (PA)
Everett
Fallin
Feeney
Ferguson
Flake
Fortenberry
Fossella
Foster
Foxx
Franks (AZ)
Frelinghuysen
Gallegly
Garrett (NJ)
Gerlach
Gilchrest
Gingrey
Gohmert
Goode
Goodlatte
Granger
Graves
Hall (TX)
Hastings (WA)
Hayes
Heller
Hensarling
Herger
Hill
Hobson
Hoekstra
Hulshof
Hunter
Inglis (SC)
Issa
Johnson (IL)
Johnson, Sam
Jones (NC)
Jordan
Keller
King (IA)
King (NY)
Kirk
Kline (MN)
Knollenberg
Kuhl (NY)
LaHood
Lamborn
Lampson
Latham
LaTourette
Latta
Lewis (CA)
Lewis (KY)
Linder
LoBiondo
Lucas
Lungren, Daniel E.
Mack
Manzullo
Marchant
McCarthy (CA)
McCaul (TX)
McCotter
McCrery
McHenry
McHugh
McKeon
McMorris Rodgers
Mica
Miller (FL)
Miller (MI)
Miller, Gary
Moran (KS)
Murphy, Tim
Musgrave
Myrick
Neugebauer
Nunes
Paul
Pearce
Pence
Peterson (PA)
Petri
Pickering
Pitts
Platts
Poe
Porter
Price (GA)
Pryce (OH)
Putnam
Radanovich
Ramstad
Regula
Rehberg
Reichert
Renzi
Reynolds
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Roskam
Royce
Ryan (WI)
Sali
Saxton
Scalise
Schmidt
Sessions
Shadegg
Shays
Shimkus
Shuler
Shuster
Simpson
Smith (NE)
Smith (NJ)
Smith (TX)
Souder
Stearns
Sullivan
Tancredo
Terry
Thornberry
Tiberi
Turner
Upton
Walberg
Walden (OR)
Walsh (NY)
Wamp
Weldon (FL)
Weller
Westmoreland
Whitfield (KY)
Wilson (NM)
Wilson (SC)
Wittman (VA)
Wolf
Young (AK)
Young (FL)

NOT VOTING—16

Andrews
Biggert
Brown, Corrine
Castor
Coble
Crenshaw
Forbes
Gillibrand
Green, Gene
Kennedy
Kingston
Rush
Sensenbrenner
Slaughter
Tiahrt
Wexler

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

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

□ 1354

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated against:

Mr. COBLE. Mr. Speaker, on rollcall No. 342, I was attending the graduation ceremony at the United States Coast Guard Academy. Had I been present, I would have voted "nay."

PERSONAL EXPLANATION

Ms. SLAUGHTER. Mr. Speaker, on rollcall Nos. 338, 339, 340, 341, and 342, I was at a bill signing at the White House. Had I been present, I would have voted "yea" on all.

RENEWABLE ENERGY AND JOB CREATION ACT OF 2008

Mr. RANGEL. Mr. Speaker, pursuant to House Resolution 1212, I call up the bill (H.R. 6049) to amend the Internal Revenue Code of 1986 to provide incentives for energy production and conservation, to extend certain expiring provisions, to provide individual income tax relief, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 6049

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE, ETC.

(a) SHORT TITLE.—This Act may be cited as the ''Energy and Tax Extenders Act of 2008''.

(b) REFERENCE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

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

TITLE I—ENERGY TAX INCENTIVES

Subtitle A—Energy Production Incentives

PART I—RENEWABLE ENERGY INCENTIVES

SEC. 101. RENEWABLE ENERGY CREDIT.

(a) EXTENSION OF CREDIT.—

(1) 1-YEAR EXTENSION FOR WIND FACILITIES.—Paragraph (1) of section 45(d) is amended by striking ''January 1, 2009'' and inserting ''January 1, 2010''.

(2) 3-YEAR EXTENSION FOR CERTAIN OTHER FACILITIES.—Each of the following provisions of section 45(d) is amended by striking ''January 1, 2009'' and inserting ''January 1, 2012'':

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

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

(C) Paragraph (4).

(D) Paragraph (5).

(E) Paragraph (6).

(F) Paragraph (7).

(G) Subparagraphs (A) and (B) of paragraph (9).

(b) MODIFICATION OF CREDIT PHASEOUT.—

(1) REPEAL OF PHASEOUT.—Subsection (b) of section 45 is amended—

(A) by striking paragraph (1), and

(B) by striking ''the 8 cent amount in paragraph (1),'' in paragraph (2) thereof.

(2) LIMITATION BASED ON INVESTMENT IN FACILITY.—Subsection (b) of section 45 is amended by inserting before paragraph (2) the following new paragraph:

''(1) LIMITATION BASED ON INVESTMENT IN FACILITY.—

''(A) IN GENERAL.—In the case of any qualified facility originally placed in service after December 31, 2009, the amount of the credit determined under subsection (a) for any taxable year with respect to electricity produced at such facility shall not exceed the product of—

''(i) the applicable percentage with respect to such facility, multiplied by

''(ii) the eligible basis of such facility.

''(B) CARRYFORWARD OF UNUSED LIMITATION AND EXCESS CREDIT.—

''(i) UNUSED LIMITATION.—If the limitation imposed under subparagraph (A) with respect to any facility for any taxable year exceeds the prelimitation credit for such facility for such taxable year, the limitation imposed under subparagraph (A) with respect to such facility for the succeeding taxable year shall be increased by the amount of such excess.

''(ii) EXCESS CREDIT.—If the prelimitation credit with respect to any facility for any taxable year exceeds the limitation imposed under subparagraph (A) with respect to such facility for such taxable year, the credit determined under subsection (a) with respect to such facility for the succeeding taxable

year (determined before the application of subparagraph (A) for such succeeding taxable year) shall be increased by the amount of such excess. With respect to any facility, no amount may be carried forward under this clause to any taxable year beginning after the 10-year period described in subsection (a)(2)(A)(ii) with respect to such facility.

''(iii) PRELIMITATION CREDIT.—The term 'prelimitation credit' with respect to any facility for a taxable year means the credit determined under subsection (a) with respect to such facility for such taxable year, determined without regard to subparagraph (A) and after taking into account any increase for such taxable year under clause (ii).

''(C) APPLICABLE PERCENTAGE.—For purposes of this paragraph—

''(i) IN GENERAL.—The term 'applicable percentage' means, with respect to any facility, the appropriate percentage prescribed by the Secretary for the month in which such facility is originally placed in service.

''(ii) METHOD OF PRESCRIBING APPLICABLE PERCENTAGES.—The applicable percentages prescribed by the Secretary for any month under clause (i) shall be percentages which yield over a 10-year period amounts of limitation under subparagraph (A) which have a present value equal to 35 percent of the eligible basis of the facility.

''(iii) METHOD OF DISCOUNTING.—The present value under clause (ii) shall be determined—

''(I) as of the last day of the 1st year of the 10-year period referred to in clause (ii),

''(II) by using a discount rate equal to the greater of 110 percent of the Federal long-term rate as in effect under section 1274(d) for the month preceding the month for which the applicable percentage is being prescribed, or 4.5 percent, and

''(III) by taking into account the limitation under subparagraph (A) for any year on the last day of such year.

''(D) ELIGIBLE BASIS.—For purposes of this paragraph—

''(i) IN GENERAL.—The term 'eligible basis' means, with respect to any facility, the sum of—

''(I) the basis of such facility determined as of the time that such facility is originally placed in service, and

''(II) the portion of the basis of any shared qualified property which is properly allocable to such facility under clause (ii).

''(ii) RULES FOR ALLOCATION.—For purposes of subclause (II) of clause (i), the basis of shared qualified property shall be allocated among all qualified facilities which are projected to be placed in service and which require utilization of such property in proportion to projected generation from such facilities.

''(iii) SHARED QUALIFIED PROPERTY.—For purposes of this paragraph, the term 'shared qualified property' means, with respect to any facility, any property described in section 168(e)(3)(B)(vi)—

''(I) which a qualified facility will require for utilization of such facility, and

''(II) which is not a qualified facility.

''(iv) SPECIAL RULE RELATING TO GEOTHERMAL FACILITIES.—In the case of any qualified facility using geothermal energy to produce electricity, the basis of such facility for purposes of this paragraph shall be determined as though intangible drilling and development costs described in section 263(c) were capitalized rather than expensed.

''(E) SPECIAL RULE FOR FIRST AND LAST YEAR OF CREDIT PERIOD.—In the case of any taxable year any portion of which is not within the 10-year period described in subsection (a)(2)(A)(ii) with respect to any facility, the amount of the limitation under subparagraph (A) with respect to such facility shall be reduced by an amount which bears the same ratio to the amount of such limitation (determined without regard to this subparagraph) as such portion of the taxable year which is not within such period bears to the entire taxable year.

''(F) ELECTION TO TREAT ALL FACILITIES PLACED IN SERVICE IN A YEAR AS 1 FACILITY.—At the election of the taxpayer, all qualified facilities which are part of the same project and which are placed in service during the same calendar year shall be treated for purposes of this section as 1 facility which is placed in service at the mid-point of such year or the first day of the following calendar year.''.

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

(1) by striking ''facility which burns'' and inserting ''facility (other than a facility described in paragraph (6)) which uses'', and

(2) by striking ''COMBUSTION''.

(d) EXPANSION OF BIOMASS FACILITIES.—

(1) OPEN-LOOP BIOMASS FACILITIES.—Paragraph (3) of section 45(d) is amended by redesignating subparagraph (B) as subparagraph (C) and by inserting after subparagraph (A) the following new subparagraph:

''(B) EXPANSION OF FACILITY.—Such term shall include a new unit placed in service after the date of the enactment of this subparagraph in connection with a facility described in subparagraph (A), but only to the extent of the increased amount of electricity produced at the facility by reason of such new unit.''.

(2) CLOSED-LOOP BIOMASS FACILITIES.—Paragraph (2) of section 45(d) is amended by redesignating subparagraph (B) as subparagraph (C) and inserting after subparagraph (A) the following new subparagraph:

''(B) EXPANSION OF FACILITY.—Such term shall include a new unit placed in service after the date of the enactment of this subparagraph in connection with a facility described in subparagraph (A)(i), but only to the extent of the increased amount of electricity produced at the facility by reason of such new unit.''.

(e) SALES OF NET ELECTRICITY TO REGULATED PUBLIC UTILITIES TREATED AS SALES TO UNRELATED PERSONS.—Paragraph (4) of section 45(e) is amended by adding at the end the following new sentence: ''The net amount of electricity sold by any taxpayer to a regulated public utility (as defined in section 7701(a)(33)) shall be treated as sold to an unrelated person.''.

(f) MODIFICATION OF RULES FOR HYDROPOWER PRODUCTION.—Subparagraph (C) of section 45(c)(8) is amended to read as follows:

''(C) NONHYDROELECTRIC DAM.—For purposes of subparagraph (A), a facility is described in this subparagraph if—

''(i) the hydroelectric project installed on the nonhydroelectric dam is licensed by the Federal Energy Regulatory Commission and meets all other applicable environmental, licensing, and regulatory requirements,

''(ii) the nonhydroelectric dam was placed in service before the date of the enactment of this paragraph and operated for flood control, navigation, or water supply purposes and did not produce hydroelectric power on the date of the enactment of this paragraph, and

''(iii) the hydroelectric project is operated so that the water surface elevation at any given location and time that would have occurred in the absence of the hydroelectric project is maintained, subject to any license requirements imposed under applicable law that change the water surface elevation for the purpose of improving environmental quality of the affected waterway.

The Secretary, in consultation with the Federal Energy Regulatory Commission, shall certify if a hydroelectric project licensed at a nonhydroelectric dam meets the criteria in clause (iii). Nothing in this section shall affect the standards under which the Federal Energy Regulatory Commission issues licenses for and regulates hydropower projects under part I of the Federal Power Act.''.

(g) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to property originally placed in service after December 31, 2008.

(2) REPEAL OF CREDIT PHASEOUT.—The amendments made by subsection (b)(1) shall apply to taxable years ending after December 31, 2008.

(3) LIMITATION BASED ON INVESTMENT IN FACILITY.—The amendment made by subsection (b)(2) shall apply to property originally placed in service after December 31, 2009.

(4) TRASH FACILITY CLARIFICATION; SALES TO RELATED REGULATED PUBLIC UTILITIES.—The amendments made by subsections (c) and (e) shall apply to electricity produced and sold after the date of the enactment of this Act.

(5) EXPANSION OF BIOMASS FACILITIES.—The amendments made by subsection (d) shall apply to property placed in service after the date of the enactment of this Act.

SEC. 102. PRODUCTION CREDIT FOR ELECTRICITY PRODUCED FROM MARINE RENEWABLES.

(a) IN GENERAL.—Paragraph (1) of section 45(c) is amended by striking ''and'' at the end of subparagraph (G), by striking the period at the end of subparagraph (H) and inserting '', and'', and by adding at the end the following new subparagraph:

''(I) marine and hydrokinetic renewable energy.''.

(b) MARINE RENEWABLES.—Subsection (c) of section 45 is amended by adding at the end the following new paragraph:

''(10) MARINE AND HYDROKINETIC RENEWABLE ENERGY.—

''(A) IN GENERAL.—The term 'marine and hydrokinetic renewable energy' means energy derived from—

''(i) waves, tides, and currents in oceans, estuaries, and tidal areas,

''(ii) free flowing water in rivers, lakes, and streams,

''(iii) free flowing water in an irrigation system, canal, or other man-made channel, including projects that utilize nonmechanical structures to accelerate the flow of water for electric power production purposes, or

''(iv) differentials in ocean temperature (ocean thermal energy conversion).

''(B) EXCEPTIONS.—Such term shall not include any energy which is derived from any source which utilizes a dam, diversionary structure (except as provided in subparagraph (A)(iii)), or impoundment for electric power production purposes.''.

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

''(11) MARINE AND HYDROKINETIC RENEWABLE ENERGY FACILITIES.—In the case of a facility producing electricity from marine and hydrokinetic renewable energy, the term 'qualified facility' means any facility owned by the taxpayer—

''(A) which has a nameplate capacity rating of at least 150 kilowatts, and

''(B) which is originally placed in service on or after the date of the enactment of this paragraph and before January 1, 2012.''.

(d) CREDIT RATE.—Subparagraph (A) of section 45(b)(4) is amended by striking ''or (9)'' and inserting ''(9), or (11)''.

(e) COORDINATION WITH SMALL IRRIGATION POWER.—Paragraph (5) of section 45(d), as amended by section 101, is amended by striking ''January 1, 2012'' and inserting ''the date of the enactment of paragraph (11)''.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to electricity produced and sold after the date of the enactment of this Act, in taxable years ending after such date.

SEC. 103. ENERGY CREDIT.

(a) EXTENSION OF CREDIT.—

(1) SOLAR ENERGY PROPERTY.—Paragraphs (2)(A)(i)(II) and (3)(A)(ii) of section 48(a) are each amended by striking ''January 1, 2009'' and inserting ''January 1, 2015''.

(2) FUEL CELL PROPERTY.—Subparagraph (E) of section 48(c)(1) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2014''.

(3) MICROTURBINE PROPERTY.—Subparagraph (E) of section 48(c)(2) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2014''.

(b) ALLOWANCE OF ENERGY CREDIT AGAINST ALTERNATIVE MINIMUM TAX.—Subparagraph (B) of section 38(c)(4) is amended by striking ''and'' at the end of clause (iii), by redesignating clause (iv) as clause (v), and by inserting after clause (iii) the following new clause:

''(iv) the credit determined under section 46 to the extent that such credit is attributable to the energy credit determined under section 48, and''.

(c) ENERGY CREDIT FOR COMBINED HEAT AND POWER SYSTEM PROPERTY.—

(1) IN GENERAL.—Section 48(a)(3)(A) (defining energy property) is amended by striking ''or'' at the end of clause (iii), by inserting ''or'' at the end of clause (iv), and by adding at the end the following new clause:

''(v) combined heat and power system property,''.

(2) COMBINED HEAT AND POWER SYSTEM PROPERTY.—Section 48 is amended by adding at the end the following new subsection:

''(d) COMBINED HEAT AND POWER SYSTEM PROPERTY.—For purposes of subsection (a)(3)(A)(v)—

''(1) COMBINED HEAT AND POWER SYSTEM PROPERTY.—The term 'combined heat and power system property' means property comprising a system—

''(A) which uses the same energy source for the simultaneous or sequential generation of electrical power, mechanical shaft power, or both, in combination with the generation of steam or other forms of useful thermal energy (including heating and cooling applications),

''(B) which produces—

''(i) at least 20 percent of its total useful energy in the form of thermal energy which is not used to produce electrical or mechanical power (or combination thereof), and

''(ii) at least 20 percent of its total useful energy in the form of electrical or mechanical power (or combination thereof),

''(C) the energy efficiency percentage of which exceeds 60 percent, and

''(D) which is placed in service before January 1, 2015.

''(2) LIMITATION.—

''(A) IN GENERAL.—In the case of combined heat and power system property with an electrical capacity in excess of the applicable capacity placed in service during the taxable year, the credit under subsection (a)(1) (determined without regard to this paragraph) for such year shall be equal to the amount which bears the same ratio to such credit as the applicable capacity bears to the capacity of such property.

''(B) APPLICABLE CAPACITY.—For purposes of subparagraph (A), the term 'applicable capacity' means 15 megawatts or a mechanical energy capacity of more than 20,000 horsepower or an equivalent combination of electrical and mechanical energy capacities.

''(C) MAXIMUM CAPACITY.—The term 'combined heat and power system property' shall not include any property comprising a system if such system has a capacity in excess of 50 megawatts or a mechanical energy capacity in excess of 67,000 horsepower or an equivalent combination of electrical and mechanical energy capacities.

''(3) SPECIAL RULES.—

''(A) ENERGY EFFICIENCY PERCENTAGE.—For purposes of this subsection, the energy efficiency percentage of a system is the fraction—

''(i) the numerator of which is the total useful electrical, thermal, and mechanical power produced by the system at normal operating rates, and expected to be consumed in its normal application, and

''(ii) the denominator of which is the lower heating value of the fuel sources for the system.

''(B) DETERMINATIONS MADE ON BTU BASIS.—The energy efficiency percentage and the percentages under paragraph (1)(B) shall be determined on a Btu basis.

''(C) INPUT AND OUTPUT PROPERTY NOT INCLUDED.—The term 'combined heat and power system property' does not include property used to transport the energy source to the facility or to distribute energy produced by the facility.

''(4) SYSTEMS USING BIOMASS.—If a system is designed to use biomass (within the meaning of paragraphs (2) and (3) of section 45(c) without regard to the last sentence of paragraph (3)(A)) for at least 90 percent of the energy source—

''(A) paragraph (1)(C) shall not apply, but

''(B) the amount of credit determined under subsection (a) with respect to such system shall not exceed the amount which bears the same ratio to such amount of credit (determined without regard to this paragraph) as the energy efficiency percentage of such system bears to 60 percent.''.

(d) INCREASE OF CREDIT LIMITATION FOR FUEL CELL PROPERTY.—Subparagraph (B) of section 48(c)(1) is amended by striking ''$500'' and inserting ''$1,500''.

(e) PUBLIC UTILITY PROPERTY TAKEN INTO ACCOUNT.—

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

(2) CONFORMING AMENDMENTS.—

(A) Paragraph (1) of section 48(c) is amended by striking subparagraph (D) and redesignating subparagraph (E) as subparagraph (D).

(B) Paragraph (2) of section 48(c) is amended by striking subparagraph (D) and redesignating subparagraph (E) as subparagraph (D).

(f) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall take effect on the date of the enactment of this Act.

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

(3) COMBINED HEAT AND POWER AND FUEL CELL PROPERTY.—The amendments made by subsections (c) and (d) shall apply to periods after the date of the enactment of this Act, in taxable years ending after such date, under rules similar to the rules of section 48(m) of the Internal Revenue Code of 1986 (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990).

(4) PUBLIC UTILITY PROPERTY.—The amendments made by subsection (e) shall apply to periods after February 13, 2008, in taxable years ending after such date, under rules similar to the rules of section 48(m) of the Internal Revenue Code of 1986 (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990).

SEC. 104. CREDIT FOR RESIDENTIAL ENERGY EFFICIENT PROPERTY.

(a) EXTENSION.—Section 25D(g) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2014''.

(b) MAXIMUM CREDIT FOR SOLAR ELECTRIC PROPERTY.—

(1) IN GENERAL.—Section 25D(b)(1)(A) is amended by striking ''$2,000'' and inserting ''$4,000''.

(2) CONFORMING AMENDMENT.—Section 25D(e)(4)(A)(i) is amended by striking ''$6,667'' and inserting ''$13,333''.

(c) CREDIT FOR RESIDENTIAL WIND PROPERTY.—

(1) IN GENERAL.—Section 25D(a) is amended by striking ''and'' at the end of paragraph (2), by striking the period at the end of paragraph (3) and inserting '', and'', and by adding at the end the following new paragraph:

''(4) 30 percent of the qualified small wind energy property expenditures made by the taxpayer during such year.''.

(2) LIMITATION.—Section 25D(b)(1) is amended by striking ''and'' at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting '', and'', and by adding at the end the following new subparagraph:

''(D) $500 with respect to each half kilowatt of capacity (not to exceed $4,000) of wind turbines for which qualified small wind energy property expenditures are made.''.

(3) QUALIFIED SMALL WIND ENERGY PROPERTY EXPENDITURES.—

(A) IN GENERAL.—Section 25D(d) is amended by adding at the end the following new paragraph:

''(4) QUALIFIED SMALL WIND ENERGY PROPERTY EXPENDITURE.—The term 'qualified small wind energy property expenditure' means an expenditure for property which uses a wind turbine to generate electricity for use in connection with a dwelling unit located in the United States and used as a residence by the taxpayer.''.

(B) NO DOUBLE BENEFIT.—Section 45(d)(1) is amended by adding at the end the following new sentence: ''Such term shall not include any facility with respect to which any qualified small wind energy property expenditure (as defined in subsection (d)(4) of section 25D) is taken into account in determining the credit under such section.''.

(4) MAXIMUM EXPENDITURES IN CASE OF JOINT OCCUPANCY.—Section 25D(e)(4)(A) is amended by striking ''and'' at the end of clause (ii), by striking the period at the end of clause (iii) and inserting '', and'', and by adding at the end the following new clause:

''(iv) $1,667 in the case of each half kilowatt of capacity (not to exceed $13,333) of wind turbines for which qualified small wind energy property expenditures are made.''.

(d) CREDIT FOR GEOTHERMAL HEAT PUMP SYSTEMS.—

(1) IN GENERAL.—Section 25D(a), as amended by subsection (c), is amended by striking ''and'' at the end of paragraph (3), by striking the period at the end of paragraph (4) and inserting '', and'', and by adding at the end the following new paragraph:

''(5) 30 percent of the qualified geothermal heat pump property expenditures made by the taxpayer during such year.''.

(2) LIMITATION.—Section 25D(b)(1), as amended by subsection (c), is amended by striking ''and'' at the end of subparagraph (C), by striking the period at the end of subparagraph (D) and inserting '', and'', and by adding at the end the following new subparagraph:

''(E) $2,000 with respect to any qualified geothermal heat pump property expenditures.''.

(3) QUALIFIED GEOTHERMAL HEAT PUMP PROPERTY EXPENDITURE.—Section 25D(d), as amended by subsection (c), is amended by adding at the end the following new paragraph:

''(5) QUALIFIED GEOTHERMAL HEAT PUMP PROPERTY EXPENDITURE.—

''(A) IN GENERAL.—The term 'qualified geothermal heat pump property expenditure' means an expenditure for qualified geothermal heat pump property installed on or in connection with a dwelling unit located in the United States and used as a residence by the taxpayer.

''(B) QUALIFIED GEOTHERMAL HEAT PUMP PROPERTY.—The term 'qualified geothermal heat pump property' means any equipment which—

''(i) uses the ground or ground water as a thermal energy source to heat the dwelling unit referred to in subparagraph (A) or as a thermal energy sink to cool such dwelling unit, and

''(ii) meets the requirements of the Energy Star program which are in effect at the time that the expenditure for such equipment is made.''.

(4) MAXIMUM EXPENDITURES IN CASE OF JOINT OCCUPANCY.—Section 25D(e)(4)(A), as amended by subsection (c), is amended by striking ''and'' at the end of clause (iii), by striking the period at the end of clause (iv) and inserting '', and'', and by adding at the end the following new clause:

''(v) $6,667 in the case of any qualified geothermal heat pump property expenditures.''.

(e) CREDIT ALLOWED AGAINST ALTERNATIVE MINIMUM TAX.—

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

''(c) LIMITATION BASED ON AMOUNT OF TAX; CARRYFORWARD OF UNUSED CREDIT.—

''(1) LIMITATION BASED ON AMOUNT OF TAX.—In the case of a taxable year to which section 26(a)(2) does not apply, the credit allowed under subsection (a) for the taxable year shall not exceed the excess of—

''(A) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

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

''(2) CARRYFORWARD OF UNUSED CREDIT.—

''(A) RULE FOR YEARS IN WHICH ALL PERSONAL CREDITS ALLOWED AGAINST REGULAR AND ALTERNATIVE MINIMUM TAX.—In the case of a taxable year to which section 26(a)(2) applies, if the credit allowable under subsection (a) exceeds the limitation imposed by section 26(a)(2) for such taxable year reduced by the sum of the credits allowable under this subpart (other than this section), such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such succeeding taxable year.

''(B) RULE FOR OTHER YEARS.—In the case of a taxable year to which section 26(a)(2) does not apply, if the credit allowable under subsection (a) exceeds the limitation imposed by paragraph (1) for such taxable year, such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such succeeding taxable year.''.

(2) CONFORMING AMENDMENTS.—

(A) Section 23(b)(4)(B) is amended by inserting ''and section 25D'' after ''this section''.

(B) Section 24(b)(3)(B) is amended by striking ''and 25B'' and inserting '', 25B, and 25D''.

(C) Section 25B(g)(2) is amended by striking ''section 23'' and inserting ''sections 23 and 25D''.

(D) Section 26(a)(1) is amended by striking ''and 25B'' and inserting ''25B, and 25D''.

(f) EFFECTIVE DATE.—

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

(2) APPLICATION OF EGTRRA SUNSET.—The amendments made by subparagraphs (A) and (B) of subsection (e)(2) shall be subject to title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 in the same manner as the provisions of such Act to which such amendments relate.

SEC. 105. SPECIAL RULE TO IMPLEMENT FERC AND STATE ELECTRIC RESTRUCTURING POLICY.

(a) EXTENSION FOR QUALIFIED ELECTRIC UTILITIES.—

(1) IN GENERAL.—Paragraph (3) of section 451(i) is amended by inserting ''(before January 1, 2010, in the case of a qualified electric utility)'' after ''January 1, 2008''.

(2) QUALIFIED ELECTRIC UTILITY.—Subsection (i) of section 451 is amended by redesignating paragraphs (6) through (10) as paragraphs (7) through (11), respectively, and by inserting after paragraph (5) the following new paragraph:

''(6) QUALIFIED ELECTRIC UTILITY.—For purposes of this subsection, the term 'qualified electric utility' means a person that, as of the date of the qualifying electric transmission transaction, is vertically integrated, in that it is both—

''(A) a transmitting utility (as defined in section 3(23) of the Federal Power Act (16 U.S.C. 796(23))) with respect to the transmission facilities to which the election under this subsection applies, and

''(B) an electric utility (as defined in section 3(22) of the Federal Power Act (16 U.S.C. 796(22))).''.

(b) EXTENSION OF PERIOD FOR TRANSFER OF OPERATIONAL CONTROL AUTHORIZED BY FERC.—Clause (ii) of section 451(i)(4)(B) is amended by striking ''December 31, 2007'' and inserting ''the date which is 4 years after the close of the taxable year in which the transaction occurs''.

(c) PROPERTY LOCATED OUTSIDE THE UNITED STATES NOT TREATED AS EXEMPT UTILITY PROPERTY.—Paragraph (5) of section 451(i) is amended by adding at the end the following new subparagraph:

''(C) EXCEPTION FOR PROPERTY LOCATED OUTSIDE THE UNITED STATES.—The term 'exempt utility property' shall not include any property which is located outside the United States.''.

(d) EFFECTIVE DATES.—

(1) EXTENSION.—The amendments made by subsection (a) shall apply to transactions after December 31, 2007.

(2) TRANSFERS OF OPERATIONAL CONTROL.—The amendment made by subsection (b) shall take effect as if included in section 909 of the American Jobs Creation Act of 2004.

(3) EXCEPTION FOR PROPERTY LOCATED OUTSIDE THE UNITED STATES.—The amendment made by subsection (c) shall apply to transactions after the date of the enactment of this Act.

SEC. 106. NEW CLEAN RENEWABLE ENERGY BONDS.

(a) IN GENERAL.—Part IV of subchapter A of chapter 1 is amended by adding at the end the following new subpart:

''Subpart I—Qualified Tax Credit Bonds

''SEC. 54A. CREDIT TO HOLDERS OF QUALIFIED TAX CREDIT BONDS.

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

''(b) AMOUNT OF CREDIT.—

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

''(2) ANNUAL CREDIT.—The annual credit determined with respect to any qualified tax credit bond is the product of—

''(A) the applicable credit rate, multiplied by

''(B) the outstanding face amount of the bond.

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

''(4) SPECIAL RULE FOR ISSUANCE AND REDEMPTION.—In the case of a bond which is issued during the 3-month period ending on a credit allowance date, the amount of the credit determined under this subsection with respect to such credit allowance date shall be a ratable portion of the credit otherwise determined based on the portion of the 3-month period during which the bond is outstanding. A similar rule shall apply when the bond is redeemed or matures.

''(c) LIMITATION BASED ON AMOUNT OF TAX.—

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

''(A) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

''(B) the sum of the credits allowable under this part (other than subpart C and this subpart).

''(2) CARRYOVER OF UNUSED CREDIT.—If the credit allowable under subsection (a) exceeds the limitation imposed by paragraph (1) for such taxable year, such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such taxable year (determined before the application of paragraph (1) for such succeeding taxable year).

''(d) QUALIFIED TAX CREDIT BOND.—For purposes of this section—

''(1) QUALIFIED TAX CREDIT BOND.—The term 'qualified tax credit bond' means a new clean renewable energy bond which is part of an issue that meets the requirements of paragraphs (2), (3), (4), (5), and (6).

''(2) SPECIAL RULES RELATING TO EXPENDITURES.—

''(A) IN GENERAL.—An issue shall be treated as meeting the requirements of this paragraph if, as of the date of issuance, the issuer reasonably expects—

''(i) 100 percent or more of the available project proceeds to be spent for 1 or more qualified purposes within the 3-year period beginning on such date of issuance, and

''(ii) a binding commitment with a third party to spend at least 10 percent of such available project proceeds will be incurred within the 6-month period beginning on such date of issuance.

''(B) FAILURE TO SPEND REQUIRED AMOUNT OF BOND PROCEEDS WITHIN 3 YEARS.—

''(i) IN GENERAL.—To the extent that less than 100 percent of the available project proceeds of the issue are expended by the close

of the expenditure period for 1 or more qualified purposes, the issuer shall redeem all of the nonqualified bonds within 90 days after the end of such period. For purposes of this paragraph, the amount of the nonqualified bonds required to be redeemed shall be determined in the same manner as under section 142.

''(ii) EXPENDITURE PERIOD.—For purposes of this subpart, the term 'expenditure period' means, with respect to any issue, the 3-year period beginning on the date of issuance. Such term shall include any extension of such period under clause (iii).

''(iii) EXTENSION OF PERIOD.—Upon submission of a request prior to the expiration of the expenditure period (determined without regard to any extension under this clause), the Secretary may extend such period if the issuer establishes that the failure to expend the proceeds within the original expenditure period is due to reasonable cause and the expenditures for qualified purposes will continue to proceed with due diligence.

''(C) QUALIFIED PURPOSE.—For purposes of this paragraph, the term 'qualified purpose' means a purpose specified in section 54B(a)(1).

''(D) REIMBURSEMENT.—For purposes of this subtitle, available project proceeds of an issue shall be treated as spent for a qualified purpose if such proceeds are used to reimburse the issuer for amounts paid for a qualified purpose after the date that the Secretary makes an allocation of bond limitation with respect to such issue, but only if—

''(i) prior to the payment of the original expenditure, the issuer declared its intent to reimburse such expenditure with the proceeds of a qualified tax credit bond,

''(ii) not later than 60 days after payment of the original expenditure, the issuer adopts an official intent to reimburse the original expenditure with such proceeds, and

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

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

''(4) SPECIAL RULES RELATING TO ARBITRAGE.—

''(A) IN GENERAL.—An issue shall be treated as meeting the requirements of this paragraph if the issuer satisfies the requirements of section 148 with respect to the proceeds of the issue.

''(B) SPECIAL RULE FOR INVESTMENTS DURING EXPENDITURE PERIOD.—An issue shall not be treated as failing to meet the requirements of subparagraph (A) by reason of any investment of available project proceeds during the expenditure period.

''(C) SPECIAL RULE FOR RESERVE FUNDS.—An issue shall not be treated as failing to meet the requirements of subparagraph (A) by reason of any fund which is expected to be used to repay such issue if—

''(i) such fund is funded at a rate not more rapid than equal annual installments,

''(ii) such fund is funded in a manner reasonably expected to result in an amount not greater than an amount necessary to repay the issue, and

''(iii) the yield on such fund is not greater than the discount rate determined under paragraph (5)(B) with respect to the issue.

''(5) MATURITY LIMITATION.—

''(A) IN GENERAL.—An issue shall not be treated as meeting the requirements of this paragraph if the maturity of any bond which is part of such issue exceeds the maximum term determined by the Secretary under subparagraph (B).

''(B) MAXIMUM TERM.—During each calendar month, the Secretary shall determine the maximum term permitted under this paragraph for bonds issued during the following calendar month. Such maximum term shall be the term which the Secretary estimates will result in the present value of the obligation to repay the principal on the bond being equal to 50 percent of the face amount of such bond. Such present value shall be determined using as a discount rate the average annual interest rate of tax-exempt obligations having a term of 10 years or more which are issued during the month. If the term as so determined is not a multiple of a whole year, such term shall be rounded to the next highest whole year.

''(6) PROHIBITION ON FINANCIAL CONFLICTS OF INTEREST.—An issue shall be treated as meeting the requirements of this paragraph if the issuer certifies that—

''(A) applicable State and local law requirements governing conflicts of interest are satisfied with respect to such issue, and

''(B) if the Secretary prescribes additional conflicts of interest rules governing the appropriate Members of Congress, Federal, State, and local officials, and their spouses, such additional rules are satisfied with respect to such issue.

''(e) OTHER DEFINITIONS.—For purposes of this subchapter—

''(1) CREDIT ALLOWANCE DATE.—The term 'credit allowance date' means—

''(A) March 15,

''(B) June 15,

''(C) September 15, and

''(D) December 15.

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

''(2) BOND.—The term 'bond' includes any obligation.

''(3) STATE.—The term 'State' includes the District of Columbia and any possession of the United States.

''(4) AVAILABLE PROJECT PROCEEDS.—The term 'available project proceeds' means—

''(A) the excess of—

''(i) the proceeds from the sale of an issue, over

''(ii) the issuance costs financed by the issue (to the extent that such costs do not exceed 2 percent of such proceeds), and

''(B) the proceeds from any investment of the excess described in subparagraph (A).

''(f) CREDIT TREATED AS INTEREST.—For purposes of this subtitle, the credit determined under subsection (a) shall be treated as interest which is includible in gross income.

''(g) S CORPORATIONS AND PARTNERSHIPS.—In the case of a tax credit bond held by an S corporation or partnership, the allocation of the credit allowed by this section to the shareholders of such corporation or partners of such partnership shall be treated as a distribution.

''(h) BONDS HELD BY REGULATED INVESTMENT COMPANIES AND REAL ESTATE INVESTMENT TRUSTS.—If any qualified tax credit bond is held by a regulated investment company or a real estate investment trust, the credit determined under subsection (a) shall be allowed to shareholders of such company or beneficiaries of such trust (and any gross income included under subsection (f) with respect to such credit shall be treated as distributed to such shareholders or beneficiaries) under procedures prescribed by the Secretary.

''(i) CREDITS MAY BE STRIPPED.—Under regulations prescribed by the Secretary—

''(1) IN GENERAL.—There may be a separation (including at issuance) of the ownership of a qualified tax credit bond and the entitlement to the credit under this section with respect to such bond. In case of any such separation, the credit under this section shall be allowed to the person who on the credit allowance date holds the instrument evidencing the entitlement to the credit and not to the holder of the bond.

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

''SEC. 54B. NEW CLEAN RENEWABLE ENERGY BONDS.

''(a) NEW CLEAN RENEWABLE ENERGY BOND.—For purposes of this subpart, the term 'new clean renewable energy bond' means any bond issued as part of an issue if—

''(1) 100 percent of the available project proceeds of such issue are to be used for capital expenditures incurred by public power providers or cooperative electric companies for one or more qualified renewable energy facilities,

''(2) the bond is issued by a qualified issuer, and

''(3) the issuer designates such bond for purposes of this section.

''(b) REDUCED CREDIT AMOUNT.—The annual credit determined under section 54A(b) with respect to any new clean renewable energy bond shall be 70 percent of the amount so determined without regard to this subsection.

''(c) LIMITATION ON AMOUNT OF BONDS DESIGNATED.—

''(1) IN GENERAL.—The maximum aggregate face amount of bonds which may be designated under subsection (a) by any issuer shall not exceed the limitation amount allocated under this subsection to such issuer.

''(2) NATIONAL LIMITATION ON AMOUNT OF BONDS DESIGNATED.—There is a national new clean renewable energy bond limitation of $2,000,000,000 which shall be allocated by the Secretary as provided in paragraph (3), except that—

''(A) not more than 33⅓ percent thereof may be allocated to qualified projects of public power providers,

''(B) not more than 33⅓ percent thereof may be allocated to qualified projects of governmental bodies, and

''(C) not more than 33⅓ percent thereof may be allocated to qualified projects of cooperative electric companies.

''(3) METHOD OF ALLOCATION.—

''(A) ALLOCATION AMONG PUBLIC POWER PROVIDERS.—After the Secretary determines the qualified projects of public power providers which are appropriate for receiving an allocation of the national new clean renewable energy bond limitation, the Secretary shall, to the maximum extent practicable, make allocations among such projects in such manner that the amount allocated to each such project bears the same ratio to the cost of such project as the limitation under paragraph (2)(A) bears to the cost of all such projects.

''(B) ALLOCATION AMONG GOVERNMENTAL BODIES AND COOPERATIVE ELECTRIC COMPANIES.—The Secretary shall make allocations of the amount of the national new clean renewable energy bond limitation described in paragraphs (2)(B) and (2)(C) among qualified projects of governmental bodies and cooperative electric companies, respectively, in such manner as the Secretary determines appropriate.

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

''(1) QUALIFIED RENEWABLE ENERGY FACILITY.—The term 'qualified renewable energy facility' means a qualified facility (as determined under section 45(d) without regard to paragraphs (8) and (10) thereof and to any placed in service date) owned by a public power provider, a governmental body, or a cooperative electric company.

''(2) PUBLIC POWER PROVIDER.—The term 'public power provider' means a State utility

with a service obligation, as such terms are defined in section 217 of the Federal Power Act (as in effect on the date of the enactment of this paragraph).

''(3) GOVERNMENTAL BODY.—The term 'governmental body' means any State or Indian tribal government, or any political subdivision thereof.

''(4) COOPERATIVE ELECTRIC COMPANY.—The term 'cooperative electric company' means a mutual or cooperative electric company described in section 501(c)(12) or section 1381(a)(2)(C).

''(5) CLEAN RENEWABLE ENERGY BOND LENDER.—The term 'clean renewable energy bond lender' means a lender which is a cooperative which is owned by, or has outstanding loans to, 100 or more cooperative electric companies and is in existence on February 1, 2002, and shall include any affiliated entity which is controlled by such lender.

''(6) QUALIFIED ISSUER.—The term 'qualified issuer' means a public power provider, a cooperative electric company, a governmental body, a clean renewable energy bond lender, or a not-for-profit electric utility which has received a loan or loan guarantee under the Rural Electrification Act.''.

(b) REPORTING.—Subsection (d) of section 6049 is amended by adding at the end the following new paragraph:

''(9) REPORTING OF CREDIT ON QUALIFIED TAX CREDIT BONDS.—

''(A) IN GENERAL.—For purposes of subsection (a), the term 'interest' includes amounts includible in gross income under section 54A and such amounts shall be treated as paid on the credit allowance date (as defined in section 54A(e)(1)).

''(B) REPORTING TO CORPORATIONS, ETC.—Except as otherwise provided in regulations, in the case of any interest described in subparagraph (A) of this paragraph, subsection (b)(4) of this section shall be applied without regard to subparagraphs (A), (H), (I), (J), (K), and (L)(i).

''(C) REGULATORY AUTHORITY.—The Secretary may prescribe such regulations as are necessary or appropriate to carry out the purposes of this paragraph, including regulations which require more frequent or more detailed reporting.''.

(c) CONFORMING AMENDMENTS.—

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

(2) Section 1397E(c)(2) is amended by striking ''subpart H'' and inserting ''subparts H and I''.

(3) Section 6401(b)(1) is amended by striking ''and H'' and inserting ''H, and I''.

(4) The heading of subpart H of part IV of subchapter A of chapter 1 is amended by striking ''**Certain Bonds**'' and inserting ''**Clean Renewable Energy Bonds**''.

(5) The table of subparts for part IV of subchapter A of chapter 1 is amended by striking the item relating to subpart H and inserting the following new items:

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

''SUBPART I. QUALIFIED TAX CREDIT BONDS.''.

(d) APPLICATION OF CERTAIN LABOR STANDARDS ON PROJECTS FINANCED UNDER TAX CREDIT BONDS.—Subchapter IV of chapter 31 of title 40, United States Code, shall apply to projects financed with the proceeds of any tax credit bond (as defined in section 54A of the Internal Revenue Code of 1986).

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

PART II—CARBON MITIGATION PROVISIONS

SEC. 111. EXPANSION AND MODIFICATION OF ADVANCED COAL PROJECT INVESTMENT CREDIT.

(a) MODIFICATION OF CREDIT AMOUNT.—Section 48A(a) is amended by striking ''and'' at the end of paragraph (1), by striking the period at the end of paragraph (2) and inserting '', and'', and by adding at the end the following new paragraph:

''(3) 30 percent of the qualified investment for such taxable year in the case of projects described in clause (iii) of subsection (d)(3)(B).''.

(b) EXPANSION OF AGGREGATE CREDITS.—Section 48A(d)(3)(A) is amended by striking ''$1,300,000,000'' and inserting ''$2,550,000,000''.

(c) AUTHORIZATION OF ADDITIONAL PROJECTS.—

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

''(B) PARTICULAR PROJECTS.—Of the dollar amount in subparagraph (A), the Secretary is authorized to certify—

''(i) $800,000,000 for integrated gasification combined cycle projects the application for which is submitted during the period described in paragraph (2)(A)(i),

''(ii) $500,000,000 for projects which use other advanced coal-based generation technologies the application for which is submitted during the period described in paragraph (2)(A)(i), and

''(iii) $1,250,000,000 for advanced coal-based generation technology projects the application for which is submitted during the period described in paragraph (2)(A)(ii).''.

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

''(A) APPLICATION PERIOD.—Each applicant for certification under this paragraph shall submit an application meeting the requirements of subparagraph (B). An applicant may only submit an application—

''(i) for an allocation from the dollar amount specified in clause (i) or (ii) of paragraph (3)(B) during the 3-year period beginning on the date the Secretary establishes the program under paragraph (1), and

''(ii) for an allocation from the dollar amount specified in paragraph (3)(B)(iii) during the 3-year period beginning at the earlier of the termination of the period described in clause (i) or the date prescribed by the Secretary.''.

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

(A) IN GENERAL.—Section 48A(e)(1) is amended by striking ''and'' at the end of subparagraph (E), by striking the period at the end of subparagraph (F) and inserting ''; and'', and by adding at the end the following new subparagraph:

''(G) in the case of any project the application for which is submitted during the period described in subsection (d)(2)(A)(ii), the project includes equipment which separates and sequesters at least 65 percent (70 percent in the case of an application for reallocated credits under subsection (d)(4)) of such project's total carbon dioxide emissions.''.

(B) HIGHEST PRIORITY FOR PROJECTS WHICH SEQUESTER CARBON DIOXIDE EMISSIONS.—Section 48A(e)(3) is amended by striking ''and'' at the end of subparagraph (A)(iii), by striking the period at the end of subparagraph (B)(iii) and inserting '', and'', and by adding at the end the following new subparagraph:

''(C) give highest priority to projects with the greatest separation and sequestration percentage of total carbon dioxide emissions.''.

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

''(h) RECAPTURE OF CREDIT FOR FAILURE TO SEQUESTER.—The Secretary shall provide for recapturing the benefit of any credit allowable under subsection (a) with respect to any project which fails to attain or maintain the separation and sequestration requirements of subsection (e)(1)(G).''.

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

(A) by striking ''and'' at the end of clause (ii),

(B) by redesignating clause (iii) as clause (iv), and

(C) by inserting after clause (ii) the following new clause:

''(iii) applicant participants who have a research partnership with an eligible educational institution (as defined in section 529(e)(5)), and''.

(5) CLERICAL AMENDMENT.—Section 48A(e)(3) is amended by striking ''INTEGRATED GASIFICATION COMBINED CYCLE'' in the heading and inserting ''CERTAIN''.

(d) COMPETITIVE CERTIFICATION AWARDS MODIFICATION AUTHORITY.—Section 48A, as amended by subsection (c)(3), is amended by adding at the end the following new subsection:

''(i) COMPETITIVE CERTIFICATION AWARDS MODIFICATION AUTHORITY.—In implementing this section or section 48B, the Secretary is directed to modify the terms of any competitive certification award and any associated closing agreement where such modification—

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

''(2) is requested by the recipient of the competitive certification award, and

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

unless the Secretary determines that the dollar amount of tax credits available to the taxpayer under such section would increase as a result of the modification or such modification would result in such project not being originally certified. In considering any such modification, the Secretary shall consult with other relevant Federal agencies, including the Department of Energy.''.

(e) DISCLOSURE OF ALLOCATIONS.—Section 48A(d) is amended by adding at the end the following new paragraph:

''(5) DISCLOSURE OF ALLOCATIONS.—The Secretary shall, upon making a certification under this subsection or section 48B(d), publicly disclose the identity of the applicant and the amount of the credit certified with respect to such applicant.''.

(f) EFFECTIVE DATES.—

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

(2) COMPETITIVE CERTIFICATION AWARDS MODIFICATION AUTHORITY.—The amendment made by subsection (d) shall take effect on the date of the enactment of this Act and is applicable to all competitive certification awards entered into under section 48A or 48B of the Internal Revenue Code of 1986, whether such awards were issued before, on, or after such date of enactment.

(3) DISCLOSURE OF ALLOCATIONS.—The amendment made by subsection (e) shall apply to certifications made after the date of the enactment of this Act.

(4) CLERICAL AMENDMENT.—The amendment made by subsection (c)(5) shall take effect as

if included in the amendment made by section 1307(b) of the Energy Tax Incentives Act of 2005.

SEC. 112. EXPANSION AND MODIFICATION OF COAL GASIFICATION INVESTMENT CREDIT.

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

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

''(A) $350,000,000, plus

''(B) $250,000,000 for qualifying gasification projects that include equipment which separates and sequesters at least 75 percent of such project's total carbon dioxide emissions.''.

(c) RECAPTURE OF CREDIT FOR FAILURE TO SEQUESTER.—Section 48B is amended by adding at the end the following new subsection:

''(f) RECAPTURE OF CREDIT FOR FAILURE TO SEQUESTER.—The Secretary shall provide for recapturing the benefit of any credit allowable under subsection (a) with respect to any project which fails to attain or maintain the separation and sequestration requirements for such project under subsection (d)(1).''.

(d) SELECTION PRIORITIES.—Section 48B(d) is amended by adding at the end the following new paragraph:

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

''(A) give highest priority to projects with the greatest separation and sequestration percentage of total carbon dioxide emissions, and

''(B) give high priority to applicant participants who have a research partnership with an eligible educational institution (as defined in section 529(e)(5)).''.

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

SEC. 113. TEMPORARY INCREASE IN COAL EXCISE TAX.

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

(1) by striking ''January 1, 2014'' in subparagraph (A) and inserting ''December 31, 2018'', and

(2) by striking ''January 1 after 1981'' in subparagraph (B) and inserting ''December 31 after 2007''.

SEC. 114. SPECIAL RULES FOR REFUND OF THE COAL EXCISE TAX TO CERTAIN COAL PRODUCERS AND EXPORTERS.

(a) REFUND.—

(1) COAL PRODUCERS.—

(A) IN GENERAL.—Notwithstanding subsections (a)(1) and (c) of section 6416 and section 6511 of the Internal Revenue Code of 1986, if—

(i) a coal producer establishes that such coal producer, or a party related to such coal producer, exported coal produced by such coal producer to a foreign country or shipped coal produced by such coal producer to a possession of the United States, or caused such coal to be exported or shipped, the export or shipment of which was other than through an exporter who meets the requirements of paragraph (2),

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

(iii) such coal producer files a claim for refund with the Secretary not later than the close of the 30-day period beginning on the date of the enactment of this Act,

then the Secretary shall pay to such coal producer an amount equal to the tax paid under section 4121 of such Code on such coal exported or shipped by the coal producer or a party related to such coal producer, or caused by the coal producer or a party related to such coal producer to be exported or shipped.

(B) SPECIAL RULES FOR CERTAIN TAXPAYERS.—For purposes of this section—

(i) IN GENERAL.—If a coal producer or a party related to a coal producer has received a judgment described in clause (iii), such coal producer shall be deemed to have established the export of coal to a foreign country or shipment of coal to a possession of the United States under subparagraph (A)(i).

(ii) AMOUNT OF PAYMENT.—If a taxpayer described in clause (i) is entitled to a payment under subparagraph (A), the amount of such payment shall be reduced by any amount paid pursuant to the judgment described in clause (iii).

(iii) JUDGMENT DESCRIBED.—A judgment is described in this subparagraph if such judgment—

(I) is made by a court of competent jurisdiction within the United States,

(II) relates to the constitutionality of any tax paid on exported coal under section 4121 of the Internal Revenue Code of 1986, and

(III) is in favor of the coal producer or the party related to the coal producer.

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

(A) an exporter establishes that such exporter exported coal to a foreign country or shipped coal to a possession of the United States, or caused such coal to be so exported or shipped,

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

(C) such exporter files a claim for refund with the Secretary not later than the close of the 30-day period beginning on the date of the enactment of this Act,

then the Secretary shall pay to such exporter an amount equal to $0.825 per ton of such coal exported by the exporter or caused to be exported or shipped, or caused to be exported or shipped, by the exporter.

(b) LIMITATIONS.—Subsection (a) shall not apply with respect to exported coal if a settlement with the Federal Government has been made with and accepted by, the coal producer, a party related to such coal producer, or the exporter, of such coal, as of the date that the claim is filed under this section with respect to such exported coal. For purposes of this subsection, the term ''settlement with the Federal Government'' shall not include any settlement or stipulation entered into as of the date of the enactment of this Act, the terms of which contemplate a judgment concerning which any party has reserved the right to file an appeal, or has filed an appeal.

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

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

(1) COAL PRODUCER.—The term ''coal producer'' means the person in whom is vested ownership of the coal immediately after the coal is severed from the ground, without regard to the existence of any contractual arrangement for the sale or other disposition of the coal or the payment of any royalties between the producer and third parties. The term includes any person who extracts coal from coal waste refuse piles or from the silt waste product which results from the wet washing (or similar processing) of coal.

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

(A) is indicated in the shipper's export declaration or other documentation as the exporter of record, or

(B) actually exported such coal to a foreign country or shipped such coal to a possession of the United States, or caused such coal to be so exported or shipped.

(3) RELATED PARTY.—The term ''a party related to such coal producer'' means a person who—

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

(B) is related (within the meaning of section 144(a)(3) of the Internal Revenue Code of 1986) to such coal producer, or

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

(4) SECRETARY.—The term ''Secretary'' means the Secretary of Treasury or the Secretary's designee.

(e) TIMING OF REFUND.—With respect to any claim for refund filed pursuant to this section, the Secretary shall determine whether the requirements of this section are met not later than 180 days after such claim is filed. If the Secretary determines that the requirements of this section are met, the claim for refund shall be paid not later than 180 days after the Secretary makes such determination.

(f) INTEREST.—Any refund paid pursuant to this section shall be paid by the Secretary with interest from the date of overpayment determined by using the overpayment rate and method under section 6621 of the Internal Revenue Code of 1986.

(g) DENIAL OF DOUBLE BENEFIT.—The payment under subsection (a) with respect to any coal shall not exceed—

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

(2) in the case of a payment to an exporter, an amount equal to $0.825 per ton with respect to such coal exported by the exporter or caused to be exported by the exporter.

(h) APPLICATION OF SECTION.—This section applies only to claims on coal exported or shipped on or after October 1, 1990, through the date of the enactment of this Act.

(i) STANDING NOT CONFERRED.—

(1) EXPORTERS.—With respect to exporters, this section shall not confer standing upon an exporter to commence, or intervene in, any judicial or administrative proceeding concerning a claim for refund by a coal producer of any Federal or State tax, fee, or royalty paid by the coal producer.

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

SEC. 115. CARBON AUDIT OF THE TAX CODE.

(a) STUDY.—The Secretary of the Treasury shall enter into an agreement with the National Academy of Sciences to undertake a comprehensive review of the Internal Revenue Code of 1986 to identify the types of and specific tax provisions that have the largest

effects on carbon and other greenhouse gas emissions and to estimate the magnitude of those effects.

(b) REPORT.—Not later than 2 years after the date of enactment of this Act, the National Academy of Sciences shall submit to Congress a report containing the results of study authorized under this section.

(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $1,500,000 for the period of fiscal years 2008 and 2009.

Subtitle B—Transportation and Domestic Fuel Security Provisions

SEC. 121. CREDIT FOR PRODUCTION OF CELLULOSIC BIOFUEL.

(a) IN GENERAL.—Subsection (a) of section 40 is amended by striking ''plus'' at the end of paragraph (1), by striking ''plus'' at the end of paragraph (2), by striking the period at the end of paragraph (3) and inserting '', plus'', and by adding at the end the following new paragraph:

''(4) the cellulosic biofuel producer credit.''.

(b) CELLULOSIC BIOFUEL PRODUCER CREDIT.—

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

''(6) CELLULOSIC BIOFUEL PRODUCER CREDIT.—

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

''(B) APPLICABLE AMOUNT.—For purposes of subparagraph (A), the applicable amount means $1.01, except that such amount shall, in the case of cellulosic biofuel which is alcohol, be reduced by the sum of—

''(i) the amount of the credit in effect for such alcohol under subsection (b)(1) (without regard to subsection (b)(3)) at the time of the qualified cellulosic biofuel production, plus

''(ii) in the case of ethanol, the amount of the credit in effect under subsection (b)(4) at the time of such production.

''(C) QUALIFIED CELLULOSIC BIOFUEL PRODUCTION.—For purposes of this section, the term 'qualified cellulosic biofuel production' means any cellulosic biofuel which is produced by the taxpayer, and which during the taxable year—

''(i) is sold by the taxpayer to another person—

''(I) for use by such other person in the production of a qualified cellulosic biofuel mixture in such other person's trade or business (other than casual off-farm production),

''(II) for use by such other person as a fuel in a trade or business, or

''(III) who sells such cellulosic biofuel at retail to another person and places such cellulosic biofuel in the fuel tank of such other person, or

''(ii) is used or sold by the taxpayer for any purpose described in clause (i).

The qualified cellulosic biofuel production of any taxpayer for any taxable year shall not include any alcohol which is purchased by the taxpayer and with respect to which such producer increases the proof of the alcohol by additional distillation.

''(D) QUALIFIED CELLULOSIC BIOFUEL MIXTURE.—For purposes of this paragraph, the term 'qualified cellulosic biofuel mixture' means a mixture of cellulosic biofuel and gasoline or of cellulosic biofuel and a special fuel which—

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

''(ii) is used as a fuel by the person producing such mixture.

''(E) CELLULOSIC BIOFUEL.—For purposes of this paragraph—

''(i) IN GENERAL.—The term 'cellulosic biofuel' means any liquid fuel which—

''(I) is produced from any lignocellulosic or hemicellulosic matter that is available on a renewable or recurring basis, and

''(II) meets the registration requirements for fuels and fuel additives established by the Environmental Protection Agency under section 211 of the Clean Air Act (42 U.S.C. 7545).

''(ii) EXCLUSION OF LOW-PROOF ALCOHOL.—Such term shall not include any alcohol with a proof of less than 150. The determination of the proof of any alcohol shall be made without regard to any added denaturants.

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

''(G) REGISTRATION REQUIREMENT.—No credit shall be determined under this paragraph with respect to any taxpayer unless such taxpayer is registered with the Secretary as a producer of cellulosic biofuel under section 4101.

''(H) APPLICATION OF PARAGRAPH.—This paragraph shall apply with respect to qualified cellulosic biofuel production after December 31, 2008, and before January 1, 2016.''.

(2) TERMINATION DATE NOT TO APPLY.—Subsection (e) of section 40 is amended—

(A) by inserting ''or subsection (b)(6)(H)'' after ''by reason of paragraph (1)'' in paragraph (2), and

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

''(3) EXCEPTION FOR CELLULOSIC BIOFUEL PRODUCER CREDIT.—Paragraph (1) shall not apply to the portion of the credit allowed under this section by reason of subsection (a)(4).''.

(3) CONFORMING AMENDMENTS.—

(A) Paragraph (1) of section 4101(a) is amended—

(i) by striking ''and every person'' and inserting '', every person'', and

(ii) by inserting '', and every person producing cellulosic biofuel (as defined in section 40(b)(6)(E))'' after ''section 6426(b)(4)(A))''.

(B) The heading of section 40, and the item relating to such section in the table of sections for subpart D of part IV of subchapter A of chapter 1, are each amended by inserting '', etc.,'' after ''Alcohol''.

(c) BIOFUEL NOT USED AS A FUEL, ETC.—

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

''(D) CELLULOSIC BIOFUEL PRODUCER CREDIT.—If—

''(i) any credit is allowed under subsection (a)(4), and

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

then there is hereby imposed on such person a tax equal to the applicable amount (as defined in subsection (b)(6)(B)) for each gallon of such cellulosic biofuel.''.

(2) CONFORMING AMENDMENTS.—

(A) Subparagraph (C) of section 40(d)(3) is amended by striking ''PRODUCER'' in the heading and inserting ''SMALL ETHANOL PRODUCER''.

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

(d) BIOFUEL PRODUCED IN THE UNITED STATES.—Section 40(d) is amended by adding at the end the following new paragraph:

''(6) SPECIAL RULE FOR CELLULOSIC BIOFUEL PRODUCER CREDIT.—No cellulosic biofuel producer credit shall be determined under subsection (a) with respect to any cellulosic biofuel unless such cellulosic biofuel is produced in the United States and used as a fuel in the United States. For purposes of this subsection, the term 'United States' includes any possession of the United States.''.

(e) WAIVER OF CREDIT LIMIT FOR CELLULOSIC BIOFUEL PRODUCTION BY SMALL ETHANOL PRODUCERS.—Section 40(b)(4)(C) is amended by inserting ''(determined without regard to any qualified cellulosic biofuel production)'' after ''15,000,000 gallons''.

(f) DENIAL OF DOUBLE BENEFIT.—

(1) BIODIESEL.—Paragraph (1) of section 40A(d) is amended by adding at the end the following new flush sentence:

''Such term shall not include any liquid with respect to which a credit may be determined under section 40.''.

(2) RENEWABLE DIESEL.—Paragraph (3) of section 40A(f) is amended by adding at the end the following new flush sentence:

''Such term shall not include any liquid with respect to which a credit may be determined under section 40.''.

(g) EFFECTIVE DATE.—The amendments made by this section shall apply to fuel produced after December 31, 2008.

SEC. 122. INCLUSION OF CELLULOSIC BIOFUEL IN BONUS DEPRECIATION FOR BIOMASS ETHANOL PLANT PROPERTY.

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

''(3) CELLULOSIC BIOFUEL.—The term 'cellulosic biofuel' means any liquid fuel which is produced from any lignocellulosic or hemicellulosic matter that is available on a renewable or recurring basis.''.

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

(1) by striking ''cellulosic biomass ethanol'' each place it appears and inserting ''cellulosic biofuel'',

(2) by striking ''CELLULOSIC BIOMASS ETHANOL'' in the heading of such subsection and inserting ''CELLULOSIC BIOFUEL'', and

(3) by striking ''CELLULOSIC BIOMASS ETHANOL'' in the heading of paragraph (2) thereof and inserting ''CELLULOSIC BIOFUEL''.

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

SEC. 123. CREDITS FOR BIODIESEL AND RENEWABLE DIESEL.

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

(b) INCREASE IN RATE OF CREDIT.—

(1) INCOME TAX CREDIT.—Paragraphs (1)(A) and (2)(A) of section 40A(b) are each amended by striking ''50 cents'' and inserting ''$1.00''.

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

''(2) APPLICABLE AMOUNT.—For purposes of this subsection, the applicable amount is $1.00.''.

(3) CONFORMING AMENDMENTS.—

(A) Subsection (b) of section 40A is amended by striking paragraph (3) and by redesignating paragraphs (4) and (5) as paragraphs (3) and (4), respectively.

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

''(2) EXCEPTION.—Subsection (b)(4) shall not apply with respect to renewable diesel.''.

(C) Paragraphs (2) and (3) of section 40A(e) are each amended by striking ''subsection (b)(5)(C)'' and inserting ''subsection (b)(4)(C)''.

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

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

(1) by striking ''diesel fuel'' and inserting ''liquid fuel'',

(2) by striking ''using a thermal depolymerization process'', and

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

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

(1) IN GENERAL.—Paragraph (3) of section 40A(f) (defining renewable diesel) is amended by adding at the end the following flush sentence:

''Such term does not include any fuel derived from coprocessing biomass with a feedstock which is not biomass. For purposes of this paragraph, the term 'biomass' has the meaning given such term by section 45K(c)(3).''.

(2) CONFORMING AMENDMENT.—Paragraph (3) of section 40A(f) is amended by striking ''(as defined in section 45K(c)(3))''.

(e) ELIGIBILITY OF CERTAIN AVIATION FUEL.—Paragraph (3) of section 40A(f) (defining renewable diesel) is amended by adding at the end the following new flush sentence:

''The term 'renewable diesel' also means fuel derived from biomass which meets the requirements of a Department of Defense specification for military jet fuel or an American Society of Testing and Materials specification for aviation turbine fuel.''.

(f) EFFECTIVE DATE.—

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

(2) COPRODUCTION OF RENEWABLE DIESEL WITH PETROLEUM FEEDSTOCK.—The amendments made by subsection (c) shall apply to fuel produced, and sold or used, after February 13, 2008.

SEC. 124. MODIFICATION OF ALCOHOL CREDIT.

(a) INCOME TAX CREDIT.—

(1) IN GENERAL.—The table in paragraph (2) of section 40(h) is amended—

(A) by striking ''through 2010'' in the first column and inserting '', 2006, 2007, or 2008'',

(B) by striking the period at the end of the third row, and

(C) by adding at the end the following new row:

''2009 through 2010.	45 cents	33.33 cents.''.

(2) EXCEPTION.—Section 40(h) is amended by adding at the end the following new paragraph:

''(3) REDUCTION DELAYED UNTIL ANNUAL PRODUCTION OR IMPORTATION OF 7,500,000,000 GALLONS.—

''(A) IN GENERAL.—In the case of any calendar year beginning after 2008, if the Secretary makes a determination described in subparagraph (B) with respect to all preceding calendar years beginning after 2007, the last row in the table in paragraph (2) shall be applied by substituting '51 cents' for '45 cents'.

''(B) DETERMINATION.—A determination described in this subparagraph with respect to any calendar year is a determination, in consultation with the Administrator of the Environmental Protection Agency, that an amount less than 7,500,000,000 gallons of ethanol (including cellulosic ethanol) has been produced in or imported into the United States in such year.''.

(b) EXCISE TAX CREDIT.—

(1) IN GENERAL.—Subparagraph (A) of section 6426(b)(2) (relating to alcohol fuel mixture credit) is amended by striking ''the applicable amount is 51 cents'' and inserting ''the applicable amount is—

''(i) in the case of calendar years beginning before 2009, 51 cents, and

''(ii) in the case of calendar years beginning after 2008, 45 cents.''.

(2) EXCEPTION.—Paragraph (2) of section 6426(b) is amended by adding at the end the following new subparagraph:

''(C) REDUCTION DELAYED UNTIL ANNUAL PRODUCTION OR IMPORTATION OF 7,500,000,000 GALLONS.—In the case of any calendar year beginning after 2008, if the Secretary makes a determination described in section 40(h)(3)(B) with respect to all preceding calendar years beginning after 2007, subparagraph (A)(ii) shall be applied by substituting '51 cents' for '45 cents'.''

(3) CONFORMING AMENDMENT.—Subparagraph (A) of section 6426(b)(2) is amended by striking ''subparagraph (B)'' and inserting ''subparagraphs (B) and (C)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 125. CALCULATION OF VOLUME OF ALCOHOL FOR FUEL CREDITS.

(a) IN GENERAL.—Paragraph (4) of section 40(d) is amended by striking ''5 percent'' and inserting ''2 percent''.

(b) CONFORMING AMENDMENT FOR EXCISE TAX CREDIT.—Section 6426(b) is amended by redesignating paragraph (5) as paragraph (6) and by inserting after paragraph (4) the following new paragraph:

''(5) VOLUME OF ALCOHOL.—For purposes of determining under subsection (a) the number of gallons of alcohol with respect to which a credit is allowable under subsection (a), the volume of alcohol shall include the volume of any denaturant (including gasoline) which is added under any formulas approved by the Secretary to the extent that such denaturants do not exceed 2 percent of the volume of such alcohol (including denaturants).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to fuel sold or used after December 31, 2008.

SEC. 126. CLARIFICATION THAT CREDITS FOR FUEL ARE DESIGNED TO PROVIDE AN INCENTIVE FOR UNITED STATES PRODUCTION.

(a) ALCOHOL FUELS CREDIT.—Subsection (d) of section 40 is amended by adding at the end the following new paragraph:

''(6) LIMITATION TO ALCOHOL WITH CONNECTION TO THE UNITED STATES.—No credit shall be determined under this section with respect to any alcohol which is produced outside the United States for use as a fuel outside the United States. For purposes of this paragraph, the term 'United States' includes any possession of the United States.''.

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

''(5) LIMITATION TO BIODIESEL WITH CONNECTION TO THE UNITED STATES.—No credit shall be determined under this section with respect to any biodiesel which is produced outside the United States for use as a fuel outside the United States. For purposes of this paragraph, the term 'United States' includes any possession of the United States.''.

(c) EXCISE TAX CREDIT.—

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

''(i) LIMITATION TO FUELS WITH CONNECTION TO THE UNITED STATES.—

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

''(2) BIODIESEL AND ALTERNATIVE FUELS.—No credit shall be determined under this section with respect to any biodiesel or alternative fuel which is produced outside the United States for use as a fuel outside the United States.

For purposes of this subsection, the term 'United States' includes any possession of the United States.''.

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

''(5) LIMITATION TO FUELS WITH CONNECTION TO THE UNITED STATES.—No amount shall be payable under paragraph (1) or (2) with respect to any mixture or alternative fuel if credit is not allowed with respect to such mixture or alternative fuel by reason of section 6426(i).''.

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

SEC. 127. CREDIT FOR NEW QUALIFIED PLUG-IN ELECTRIC DRIVE MOTOR VEHICLES.

(a) IN GENERAL.—Subpart B of part IV of subchapter A of chapter 1 is amended by adding at the end the following new section:

''SEC. 30D. NEW QUALIFIED PLUG-IN ELECTRIC DRIVE MOTOR VEHICLES.

''(a) ALLOWANCE OF CREDIT.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the sum of the credit amounts determined under subsection (b) with respect to each new qualified plug-in electric drive motor vehicle placed in service by the taxpayer during the taxable year.

''(b) PER VEHICLE DOLLAR LIMITATION.—

''(1) IN GENERAL.—The amount determined under this subsection with respect to any new qualified plug-in electric drive motor vehicle is the sum of the amounts determined under paragraphs (2) and (3) with respect to such vehicle.

''(2) BASE AMOUNT.—The amount determined under this paragraph is $3,000.

''(3) BATTERY CAPACITY.—In the case of a vehicle which draws propulsion energy from a battery with not less than 5 kilowatt hours of capacity, the amount determined under this paragraph is $200, plus $200 for each kilowatt hour of capacity in excess of 5 kilowatt hours. The amount determined under this paragraph shall not exceed $2,000.

''(c) APPLICATION WITH OTHER CREDITS.—

''(1) BUSINESS CREDIT TREATED AS PART OF GENERAL BUSINESS CREDIT.—So much of the credit which would be allowed under subsection (a) for any taxable year (determined without regard to this subsection) that is attributable to property of a character subject to an allowance for depreciation shall be treated as a credit listed in section 38(b) for such taxable year (and not allowed under subsection (a)).

''(2) PERSONAL CREDIT.—

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

''(B) LIMITATION BASED ON AMOUNT OF TAX.—In the case of a taxable year to which section 26(a)(2) does not apply, the credit allowed under subsection (a) for any taxable year (determined after application of paragraph (1)) shall not exceed the excess of—

''(i) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

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

''(d) NEW QUALIFIED PLUG-IN ELECTRIC DRIVE MOTOR VEHICLE.—For purposes of this section—

''(1) IN GENERAL.—The term 'new qualified plug-in electric drive motor vehicle' means a motor vehicle (as defined in section 30(c)(2))—

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

''(B) which is acquired for use or lease by the taxpayer and not for resale,

''(C) which is made by a manufacturer,

''(D) which has a gross vehicle weight rating of less than 14,000 pounds,

''(E) which has received a certificate of conformity under the Clean Air Act and meets or exceeds the Bin 5 Tier II emission standard established in regulations prescribed by the Administrator of the Environmental Protection Agency under section 202(i) of the Clean Air Act for that make and model year vehicle, and

''(F) which is propelled to a significant extent by an electric motor which draws electricity from a battery which—

''(i) has a capacity of not less than 4 kilowatt hours, and

''(ii) is capable of being recharged from an external source of electricity.

''(2) EXCEPTION.—The term 'new qualified plug-in electric drive motor vehicle' shall not include any vehicle which is not a passenger automobile or light truck if such vehicle has a gross vehicle weight rating of less than 8,500 pounds.

''(3) OTHER TERMS.—The terms 'passenger automobile', 'light truck', and 'manufacturer' have the meanings given such terms in regulations prescribed by the Administrator of the Environmental Protection Agency for purposes of the administration of title II of the Clean Air Act (42 U.S.C. 7521 et seq.).

''(4) BATTERY CAPACITY.—The term 'capacity' means, with respect to any battery, the quantity of electricity which the battery is capable of storing, expressed in kilowatt hours, as measured from a 100 percent state of charge to a 0 percent state of charge.

''(e) LIMITATION ON NUMBER OF NEW QUALIFIED PLUG-IN ELECTRIC DRIVE MOTOR VEHICLES ELIGIBLE FOR CREDIT.—

''(1) IN GENERAL.—In the case of a new qualified plug-in electric drive motor vehicle sold during the phaseout period, only the applicable percentage of the credit otherwise allowable under subsection (a) shall be allowed.

''(2) PHASEOUT PERIOD.—For purposes of this subsection, the phaseout period is the period beginning with the second calendar quarter following the calendar quarter which includes the first date on which the number of new qualified plug-in electric drive motor vehicles manufactured by the manufacturer of the vehicle referred to in paragraph (1) sold for use in the United States after the date of the enactment of this section, is at least 60,000.

''(3) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the applicable percentage is—

''(A) 50 percent for the first 2 calendar quarters of the phaseout period,

''(B) 25 percent for the 3d and 4th calendar quarters of the phaseout period, and

''(C) 0 percent for each calendar quarter thereafter.

''(4) CONTROLLED GROUPS.—Rules similar to the rules of section 30B(f)(4) shall apply for purposes of this subsection.

''(f) SPECIAL RULES.—

''(1) BASIS REDUCTION.—The basis of any property for which a credit is allowable under sub- section (a) shall be reduced by the amount of such credit (determined without regard to subsection (c)).

''(2) RECAPTURE.—The Secretary shall, by regulations, provide for recapturing the benefit of any credit allowable under subsection (a) with respect to any property which ceases to be property eligible for such credit.

''(3) PROPERTY USED OUTSIDE UNITED STATES, ETC., NOT QUALIFIED.—No credit shall be allowed under subsection (a) with respect to any property referred to in section 50(b)(1) or with respect to the portion of the cost of any property taken into account under section 179.

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

''(5) PROPERTY USED BY TAX-EXEMPT ENTITY; INTERACTION WITH AIR QUALITY AND MOTOR VEHICLE SAFETY STANDARDS.—Rules similar to the rules of paragraphs (6) and (10) of section 30B(h) shall apply for purposes of this section.''.

(b) COORDINATION WITH ALTERNATIVE MOTOR VEHICLE CREDIT.—Section 30B(d)(3) is amended by adding at the end the following new subparagraph:

''(D) EXCLUSION OF PLUG-IN VEHICLES.—Any vehicle with respect to which a credit is allowable under section 30D (determined without regard to subsection (c) thereof) shall not be taken into account under this section.''.

(c) CREDIT MADE PART OF GENERAL BUSINESS CREDIT.—Section 38(b) is amended—

(1) by striking ''and'' each place it appears at the end of any paragraph,

(2) by striking ''plus'' each place it appears at the end of any paragraph,

(3) by striking the period at the end of paragraph (31) and inserting '', plus'', and

(4) by adding at the end the following new paragraph:

''(32) the portion of the new qualified plug-in electric drive motor vehicle credit to which section 30D(c)(1) applies.''.

(d) CONFORMING AMENDMENTS.—

(1)(A) Section 24(b)(3)(B), as amended by section 104, is amended by striking ''and 25D'' and inserting ''25D, and 30D''.

(B) Section 25(e)(1)(C)(ii) is amended by inserting ''30D,'' after ''25D,''.

(C) Section 25B(g)(2), as amended by section 104, is amended by striking ''and 25D'' and inserting '', 25D, and 30D''.

(D) Section 26(a)(1), as amended by section 104, is amended by striking ''and 25D'' and inserting ''25D, and 30D''.

(E) Section 1400C(d)(2) is amended by striking ''and 25D'' and inserting ''25D, and 30D''.

(2) Section 1016(a) is amended by striking ''and'' at the end of paragraph (36), by striking the period at the end of paragraph (37) and inserting '', and'', and by adding at the end the following new paragraph:

''(38) to the extent provided in section 30D(f)(1).''.

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

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

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

''(2) PERSONAL CREDIT.—The credit allowed under subsection (a) for any taxable year (after application of paragraph (1)) shall be treated as a credit allowable under subpart A for such taxable year.''.

(2) CONFORMING AMENDMENTS.—

(A) Subparagraph (A) of section 30C(d)(2) is amended by striking ''sections 27, 30, and 30B'' and inserting ''sections 27 and 30''.

(B) Paragraph (3) of section 55(c) is amended by striking ''30B(g)(2),''.

(f) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to taxable years beginning after December 31, 2008.

(2) TREATMENT OF ALTERNATIVE MOTOR VEHICLE CREDIT AS PERSONAL CREDIT.—The amendments made by subsection (e) shall apply to taxable years beginning after December 31, 2007.

(g) APPLICATION OF EGTRRA SUNSET.—The amendment made by subsection (d)(1)(A) shall be subject to title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 in the same manner as the provision of such Act to which such amendment relates.

SEC. 128. EXCLUSION FROM HEAVY TRUCK TAX FOR IDLING REDUCTION UNITS AND ADVANCED INSULATION.

(a) IN GENERAL.—Section 4053 is amended by adding at the end the following new paragraphs:

''(9) IDLING REDUCTION DEVICE.—Any device or system of devices which—

''(A) is designed to provide to a vehicle those services (such as heat, air conditioning, or electricity) that would otherwise require the operation of the main drive engine while the vehicle is temporarily parked or remains stationary using one or more devices affixed to a tractor, and

''(B) is certified by the Secretary of Energy, in consultation with the Administrator of the Environmental Protection Agency and the Secretary of Transportation, to reduce idling of such vehicle at a motor vehicle rest stop or other location where such vehicles are temporarily parked or remain stationary.

''(10) ADVANCED INSULATION.—Any insulation that has an R value of not less than R35 per inch.''.

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

SEC. 129. RESTRUCTURING OF NEW YORK LIBERTY ZONE TAX CREDITS.

(a) IN GENERAL.—Part I of subchapter Y of chapter 1 is amended by redesignating section 1400L as section 1400K and by adding at the end the following new section:

''SEC. 1400L. NEW YORK LIBERTY ZONE TAX CREDITS.

''(a) IN GENERAL.—In the case of a New York Liberty Zone governmental unit, there shall be allowed as a credit against any taxes imposed for any payroll period by section 3402 for which such governmental unit is liable under section 3403 an amount equal to so much of the portion of the qualifying project expenditure amount allocated under subsection (b)(3) to such governmental unit for the calendar year as is allocated by such governmental unit to such period under subsection (b)(4).

''(b) QUALIFYING PROJECT EXPENDITURE AMOUNT.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualifying project expenditure amount' means, with respect to any calendar year, the sum of—

''(A) the total expenditures paid or incurred during such calendar year by all New York Liberty Zone governmental units and the Port Authority of New York and New Jersey for any portion of qualifying projects located wholly within the City of New York, New York, and

''(B) any such expenditures—

''(i) paid or incurred in any preceding calendar year which begins after the date of enactment of this section, and

''(ii) not previously allocated under paragraph (3).

''(2) QUALIFYING PROJECT.—The term 'qualifying project' means any transportation infrastructure project, including highways, mass transit systems, railroads, airports, ports, and waterways, in or connecting with the New York Liberty Zone (as defined in section 1400K(h)), which is designated as a qualifying project under this section jointly by the Governor of the State of New York and the Mayor of the City of New York, New York.

''(3) GENERAL ALLOCATION.—

''(A) IN GENERAL.—The Governor of the State of New York and the Mayor of the City of New York, New York, shall jointly allocate to each New York Liberty Zone governmental unit the portion of the qualifying project expenditure amount which may be taken into account by such governmental unit under subsection (a) for any calendar year in the credit period.

''(B) AGGREGATE LIMIT.—The aggregate amount which may be allocated under subparagraph (A) for all calendar years in the credit period shall not exceed $2,000,000,000.

''(C) ANNUAL LIMIT.—The aggregate amount which may be allocated under subparagraph (A) for any calendar year in the credit period shall not exceed the sum of—

''(i) $115,000,000 ($425,000,000 in the case of the last 2 years in the credit period), plus

''(ii) the aggregate amount authorized to be allocated under this paragraph for all preceding calendar years in the credit period which was not so allocated.

''(D) UNALLOCATED AMOUNTS AT END OF CREDIT PERIOD.—If, as of the close of the credit period, the amount under subparagraph (B) exceeds the aggregate amount allocated under subparagraph (A) for all calendar years in the credit period, the Governor of the State of New York and the Mayor of the City of New York, New York, may jointly allocate to New York Liberty Zone governmental units for any calendar year in the 5-year period following the credit period an amount equal to—

''(i) the lesser of—

''(I) such excess, or

''(II) the qualifying project expenditure amount for such calendar year, reduced by

''(ii) the aggregate amount allocated under this subparagraph for all preceding calendar years.

''(4) ALLOCATION TO PAYROLL PERIODS.—Each New York Liberty Zone governmental unit which has been allocated a portion of the qualifying project expenditure amount under paragraph (3) for a calendar year may allocate such portion to payroll periods beginning in such calendar year as such governmental unit determines appropriate.

''(c) CARRYOVER OF UNUSED ALLOCATIONS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), if the amount allocated under subsection (b)(3) to a New York Liberty Zone governmental unit for any calendar year exceeds the aggregate taxes imposed by section 3402 for which such governmental unit is liable under section 3403 for periods beginning in such year, such excess shall be carried to the succeeding calendar year and added to the allocation of such governmental unit for such succeeding calendar year.

''(2) REALLOCATION.—If a New York Liberty Zone governmental unit does not use an amount allocated to it under subsection (b)(3) within the time prescribed by the Governor of the State of New York and the Mayor of the City of New York, New York, then such amount shall after such time be treated for purposes of subsection (b)(3) in the same manner as if it had never been allocated.

''(d) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

''(1) CREDIT PERIOD.—The term 'credit period' means the 12-year period beginning on January 1, 2009.

''(2) NEW YORK LIBERTY ZONE GOVERNMENTAL UNIT.—The term 'New York Liberty Zone governmental unit' means—

''(A) the State of New York,

''(B) the City of New York, New York, and

''(C) any agency or instrumentality of such State or City.

''(3) TREATMENT OF FUNDS.—Any expenditure for a qualifying project taken into account for purposes of the credit under this section shall be considered State and local funds for the purpose of any Federal program.

''(4) TREATMENT OF CREDIT AMOUNTS FOR PURPOSES OF WITHHOLDING TAXES.—For purposes of this title, a New York Liberty Zone governmental unit shall be treated as having paid to the Secretary, on the day on which wages are paid to employees, an amount equal to the amount of the credit allowed to such entity under subsection (a) with respect to such wages, but only if such governmental unit deducts and withholds wages for such payroll period under section 3401 (relating to wage withholding).

''(e) REPORTING.—The Governor of the State of New York and the Mayor of the City of New York, New York, shall jointly submit to the Secretary an annual report—

''(1) which certifies—

''(A) the qualifying project expenditure amount for the calendar year, and

''(B) the amount allocated to each New York Liberty Zone governmental unit under subsection (b)(3) for the calendar year, and

''(2) includes such other information as the Secretary may require to carry out this section.

''(f) GUIDANCE.—The Secretary may prescribe such guidance as may be necessary or appropriate to ensure compliance with the purposes of this section.''.

(b) TERMINATION OF SPECIAL ALLOWANCE AND EXPENSING.—Subparagraph (A) of section 1400K(b)(2), as redesignated by subsection (a), is amended by striking the parenthetical therein and inserting ''(in the case of nonresidential real property and residential rental property, the date of the enactment of the Energy and Tax Extenders Act of 2008 or, if acquired pursuant to a binding contract in effect on such enactment date, December 31, 2009)''.

(c) CONFORMING AMENDMENTS.—

(1) Section 38(c)(3)(B) is amended by striking ''section 1400L(a)'' and inserting ''section 1400K(a)''.

(2) Section 168(k)(2)(D)(ii) is amended by striking ''section 1400L(c)(2)'' and inserting ''section 1400K(c)(2)''.

(3) The table of sections for part I of subchapter Y of chapter 1 is amended by redesignating the item relating to section 1400L as an item relating to section 1400K and by inserting after such item the following new item:

''Sec. 1400L. New York Liberty Zone tax credits.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 130. TRANSPORTATION FRINGE BENEFIT TO BICYCLE COMMUTERS.

(a) IN GENERAL.—Paragraph (1) of section 132(f) is amended by adding at the end the following:

''(D) Any qualified bicycle commuting reimbursement.''.

(b) LIMITATION ON EXCLUSION.—Paragraph (2) of section 132(f) is amended by striking ''and'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting '', and'', and by adding at the end the following new subparagraph:

''(C) the applicable annual limitation in the case of any qualified bicycle commuting reimbursement.''.

(c) DEFINITIONS.—Paragraph (5) of section 132(f) is amended by adding at the end the following:

''(F) DEFINITIONS RELATED TO BICYCLE COMMUTING REIMBURSEMENT.—

''(i) QUALIFIED BICYCLE COMMUTING REIMBURSEMENT.—The term 'qualified bicycle commuting reimbursement' means, with respect to any calendar year, any employer reimbursement during the 15-month period beginning with the first day of such calendar year for reasonable expenses incurred by the employee during such calendar year for the purchase of a bicycle and bicycle improvements, repair, and storage, if such bicycle is regularly used for travel between the employee's residence and place of employment.

''(ii) APPLICABLE ANNUAL LIMITATION.—The term 'applicable annual limitation' means, with respect to any employee for any calendar year, the product of $20 multiplied by the number of qualified bicycle commuting months during such year.

''(iii) QUALIFIED BICYCLE COMMUTING MONTH.—The term 'qualified bicycle commuting month' means, with respect to any employee, any month during which such employee—

''(I) regularly uses the bicycle for a substantial portion of the travel between the employee's residence and place of employment, and

''(II) does not receive any benefit described in subparagraph (A), (B), or (C) of paragraph (1).''.

(d) CONSTRUCTIVE RECEIPT OF BENEFIT.—Paragraph (4) of section 132(f) is amended by inserting ''(other than a qualified bicycle commuting reimbursement)'' after ''qualified transportation fringe''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2008.

SEC. 131. ALTERNATIVE FUEL VEHICLE REFUELING PROPERTY CREDIT.

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

(1) by striking ''30 percent'' in subsection (a) and inserting ''50 percent'', and

(2) by striking ''$30,000'' in subsection (b)(1) and inserting ''$50,000''.

(b) EXTENSION OF CREDIT.—Paragraph (2) of section 30C(g) is amended by striking ''December 31, 2009'' and inserting ''December 31, 2010''.

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

SEC. 132. COMPREHENSIVE STUDY OF BIOFUELS.

(a) STUDY.—The Secretary of the Treasury, in consultation with the Secretary of Agriculture, the Secretary of Energy, and the Administrator of the Environmental Protection Agency, shall enter into an agreement with the National Academy of Sciences to produce an analysis of current scientific findings to determine—

(1) current biofuels production, as well as projections for future production,

(2) the maximum amount of biofuels production capable in United States forests and farmlands, including the current quantities and character of the feedstocks and including such information as regional forest inventories that are commercially available, used in the production of biofuels,

(3) the domestic effects of an increase in biofuels production levels, including the effects of such levels on—

(A) the price of fuel,

(B) the price of land in rural and suburban communities,

(C) crop acreage, forest acreage, and other land use,

(D) the environment, due to changes in crop acreage, fertilizer use, runoff, water use, emissions from vehicles utilizing biofuels, and other factors,

(E) the price of feed,

(F) the selling price of grain crops and unprocessed forest products,

(G) exports and imports of grains and unprocessed forest products,

(H) taxpayers, through cost or savings to commodity crop payments, and

(I) the expansion of refinery capacity,

(4) the ability to convert corn ethanol plants for other uses, such as cellulosic ethanol or biodiesel,

(5) a comparative analysis of corn ethanol versus other biofuels and renewable energy sources, considering cost, energy output, and ease of implementation,

(6) the impact of the tax credit established by section 121 of this Act on the regional agricultural and silvicultural capabilities of commercially available forest inventories, and

(7) the need for additional scientific inquiry, and specific areas of interest for future research.

(b) REPORT.—The Secretary of the Treasury shall submit an initial report of the findings of the study required under subsection (a) to Congress not later than 6 months after the date of the enactment of this Act (36 months after such date in the case of the information required by subsection (a)(6)), and a final report not later than 12 months after such date (42 months after such date in the case of the information required by subsection (a)(6)).

Subtitle C—Energy Conservation and Efficiency Provisions

SEC. 141. QUALIFIED ENERGY CONSERVATION BONDS.

(a) IN GENERAL.—Subpart I of part IV of subchapter A of chapter 1, as added by section 106, is amended by adding at the end the following new section:

''SEC. 54C. QUALIFIED ENERGY CONSERVATION BONDS.

''(a) QUALIFIED ENERGY CONSERVATION BOND.—For purposes of this subchapter, the term 'qualified energy conservation bond' means any bond issued as part of an issue if—

''(1) 100 percent of the available project proceeds of such issue are to be used for one or more qualified conservation purposes,

''(2) the bond is issued by a State or local government, and

''(3) the issuer designates such bond for purposes of this section.

''(b) REDUCED CREDIT AMOUNT.—The annual credit determined under section 54A(b) with respect to any qualified energy conservation bond shall be 70 percent of the amount so determined without regard to this subsection.

''(c) LIMITATION ON AMOUNT OF BONDS DESIGNATED.—The maximum aggregate face amount of bonds which may be designated under subsection (a) by any issuer shall not exceed the limitation amount allocated to such issuer under subsection (e).

''(d) NATIONAL LIMITATION ON AMOUNT OF BONDS DESIGNATED.—There is a national qualified energy conservation bond limitation of $3,000,000,000.

''(e) ALLOCATIONS.—

''(1) IN GENERAL.—The limitation applicable under subsection (d) shall be allocated by the Secretary among the States in proportion to the population of the States.

''(2) ALLOCATIONS TO LARGEST LOCAL GOVERNMENTS.—

''(A) IN GENERAL.—In the case of any State in which there is a large local government, each such local government shall be allocated a portion of such State's allocation which bears the same ratio to the State's allocation (determined without regard to this subparagraph) as the population of such large local government bears to the population of such State.

''(B) ALLOCATION OF UNUSED LIMITATION TO STATE.—The amount allocated under this subsection to a large local government may be reallocated by such local government to the State in which such local government is located.

''(C) LARGE LOCAL GOVERNMENT.—For purposes of this section, the term 'large local government' means any municipality or county if such municipality or county has a population of 100,000 or more.

''(3) ALLOCATION TO ISSUERS; RESTRICTION ON PRIVATE ACTIVITY BONDS.—Any allocation under this subsection to a State or large local government shall be allocated by such State or large local government to issuers within the State in a manner that results in not less than 70 percent of the allocation to such State or large local government being used to designate bonds which are not private activity bonds.

''(f) QUALIFIED CONSERVATION PURPOSE.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified conservation purpose' means any of the following:

''(A) Capital expenditures incurred for purposes of—

''(i) reducing energy consumption in publicly-owned buildings by at least 20 percent,

''(ii) implementing green community programs,

''(iii) rural development involving the production of electricity from renewable energy resources, or

''(iv) any qualified facility (as determined under section 45(d) without regard to paragraphs (8) and (10) thereof and without regard to any placed in service date).

''(B) Expenditures with respect to research facilities, and research grants, to support research in—

''(i) development of cellulosic ethanol or other nonfossil fuels,

''(ii) technologies for the capture and sequestration of carbon dioxide produced through the use of fossil fuels,

''(iii) increasing the efficiency of existing technologies for producing nonfossil fuels,

''(iv) automobile battery technologies and other technologies to reduce fossil fuel consumption in transportation, or

''(v) technologies to reduce energy use in buildings.

''(C) Mass commuting facilities and related facilities that reduce the consumption of energy, including expenditures to reduce pollution from vehicles used for mass commuting.

''(D) Demonstration projects designed to promote the commercialization of—

''(i) green building technology,

''(ii) conversion of agricultural waste for use in the production of fuel or otherwise,

''(iii) advanced battery manufacturing technologies,

''(iv) technologies to reduce peak use of electricity, or

''(v) technologies for the capture and sequestration of carbon dioxide emitted from combusting fossil fuels in order to produce electricity.

''(E) Public education campaigns to promote energy efficiency.

''(2) SPECIAL RULES FOR PRIVATE ACTIVITY BONDS.—For purposes of this section, in the case of any private activity bond, the term 'qualified conservation purposes' shall not include any expenditure which is not a capital expenditure.

''(g) POPULATION.—

''(1) IN GENERAL.—The population of any State or local government shall be determined for purposes of this section as provided in section 146(j) for the calendar year which includes the date of the enactment of this section.

''(2) SPECIAL RULE FOR COUNTIES.—In determining the population of any county for purposes of this section, any population of such county which is taken into account in determining the population of any municipality which is a large local government shall not be taken into account in determining the population of such county.

''(h) APPLICATION TO INDIAN TRIBAL GOVERNMENTS.—An Indian tribal government shall be treated for purposes of this section in the same manner as a large local government, except that—

''(1) an Indian tribal government shall be treated for purposes of subsection (e) as located within a State to the extent of so much of the population of such government as resides within such State, and

''(2) any bond issued by an Indian tribal government shall be treated as a qualified energy conservation bond only if issued as part of an issue the available project proceeds of which are used for purposes for which such Indian tribal government could issue bonds to which section 103(a) applies.''.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 54A(d), as added by section 106, is amended to read as follows:

''(1) QUALIFIED TAX CREDIT BOND.—The term 'qualified tax credit bond' means—

''(A) a new clean renewable energy bond, or

''(B) a qualified energy conservation bond, which is part of an issue that meets requirements of paragraphs (2), (3), (4), (5), and (6).''.

(2) Subparagraph (C) of section 54A(d)(2), as added by section 106, is amended to read as follows:

''(C) QUALIFIED PURPOSE.—For purposes of this paragraph, the term 'qualified purpose' means—

''(i) in the case of a new clean renewable energy bond, a purpose specified in section 54B(a)(1), and

''(ii) in the case of a qualified energy conservation bond, a purpose specified in section 54C(a)(1).''.

(3) The table of sections for subpart I of part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

''Sec. 54C. Qualified energy conservation bonds.''.

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

SEC. 142. CREDIT FOR NONBUSINESS ENERGY PROPERTY.

(a) EXTENSION OF CREDIT.—Section 25C(g) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

(b) QUALIFIED BIOMASS FUEL PROPERTY.—

(1) IN GENERAL.—Section 25C(d)(3) is amended—

(A) by striking ''and'' at the end of subparagraph (D),

(B) by striking the period at the end of subparagraph (E) and inserting '', and'', and

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

''(F) a stove which uses the burning of biomass fuel to heat a dwelling unit located in the United States and used as a residence by the taxpayer, or to heat water for use in such a dwelling unit, and which has a thermal efficiency rating of at least 75 percent.''.

(2) BIOMASS FUEL.—Section 25C(d) is amended by adding at the end the following new paragraph:

''(6) BIOMASS FUEL.—The term 'biomass fuel' means any plant-derived fuel available on a renewable or recurring basis, including agricultural crops and trees, wood and wood waste and residues (including wood pellets), plants (including aquatic plants), grasses, residues, and fibers.''.

(c) COORDINATION WITH CREDIT FOR QUALIFIED GEOTHERMAL HEAT PUMP PROPERTY EXPENDITURES.—

(1) IN GENERAL.—Paragraph (3) of section 25C(d) is amended by striking subparagraph (C) and by redesignating subparagraphs (D) and (E) as subparagraphs (C) and (D), respectively.

(2) CONFORMING AMENDMENT.—Subparagraph (C) of section 25C(d)(2) is amended to read as follows:

''(C) REQUIREMENTS AND STANDARDS FOR AIR CONDITIONERS AND HEAT PUMPS.—The standards and requirements prescribed by the Secretary under subparagraph (B) with respect to the energy efficiency ratio (EER) for central air conditioners and electric heat pumps—

''(i) shall require measurements to be based on published data which is tested by manufacturers at 95 degrees Fahrenheit, and

''(ii) may be based on the certified data of the Air Conditioning and Refrigeration Institute that are prepared in partnership with the Consortium for Energy Efficiency.''.

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

SEC. 143. ENERGY EFFICIENT COMMERCIAL BUILDINGS DEDUCTION.

Subsection (h) of section 179D is amended by striking ''December 31, 2008'' and inserting ''December 31, 2013''.

SEC. 144. MODIFICATIONS OF ENERGY EFFICIENT APPLIANCE CREDIT FOR APPLIANCES PRODUCED AFTER 2007.

(a) IN GENERAL.—Subsection (b) of section 45M is amended to read as follows:

''(b) APPLICABLE AMOUNT.—For purposes of subsection (a)—

''(1) DISHWASHERS.—The applicable amount is—

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

''(B) $75 in the case of a dishwasher which is manufactured in calendar year 2008, 2009, or 2010 and which uses no more than 307 kilowatt hours per year and 5.0 gallons per cycle (5.5 gallons per cycle for dishwashers designed for greater than 12 place settings).

''(2) CLOTHES WASHERS.—The applicable amount is—

''(A) $75 in the case of a residential top-loading clothes washer manufactured in calendar year 2008 which meets or exceeds a 1.72 modified energy factor and does not exceed a 8.0 water consumption factor,

''(B) $125 in the case of a residential top-loading clothes washer manufactured in calendar year 2008 or 2009 which meets or exceeds a 1.8 modified energy factor and does not exceed a 7.5 water consumption factor,

''(C) $150 in the case of a residential or commercial clothes washer manufactured in calendar year 2008, 2009, or 2010 which meets or exceeds 2.0 modified energy factor and does not exceed a 6.0 water consumption factor, and

''(D) $250 in the case of a residential or commercial clothes washer manufactured in calendar year 2008, 2009, or 2010 which meets or exceeds 2.2 modified energy factor and does not exceed a 4.5 water consumption factor.

''(3) REFRIGERATORS.—The applicable amount is—

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

''(B) $75 in the case of a refrigerator which is manufactured in calendar year 2008 or 2009, and consumes at least 23 percent but no more than 24.9 percent less kilowatt hours per year than the 2001 energy conservation standards,

''(C) $100 in the case of a refrigerator which is manufactured in calendar year 2008, 2009, or 2010, and consumes at least 25 percent but not more than 29.9 percent less kilowatt hours per year than the 2001 energy conservation standards, and

''(D) $200 in the case of a refrigerator manufactured in calendar year 2008, 2009, or 2010 and which consumes at least 30 percent less energy than the 2001 energy conservation standards.''.

(b) ELIGIBLE PRODUCTION.—

(1) SIMILAR TREATMENT FOR ALL APPLIANCES.—Subsection (c) of section 45M is amended—

(A) by striking paragraph (2),

(B) by striking ''(1) IN GENERAL'' and all that follows through ''the eligible'' and inserting ''The eligible'', and

(C) by moving the text of such subsection in line with the subsection heading and redesignating subparagraphs (A) and (B) as paragraphs (1) and (2), respectively.

(2) MODIFICATION OF BASE PERIOD.—Paragraph (2) of section 45M(c), as amended by paragraph (1), is amended by striking ''3-calendar year'' and inserting ''2-calendar year''.

(c) TYPES OF ENERGY EFFICIENT APPLIANCES.—Subsection (d) of section 45M (defining types of energy efficient appliances) is amended to read as follows:

''(d) TYPES OF ENERGY EFFICIENT APPLIANCE.—For purposes of this section, the types of energy efficient appliances are—

''(1) dishwashers described in subsection (b)(1),

''(2) clothes washers described in subsection (b)(2), and

''(3) refrigerators described in subsection (b)(3).''.

(d) AGGREGATE CREDIT AMOUNT ALLOWED.—

(1) INCREASE IN LIMIT.—Paragraph (1) of section 45M(e) is amended to read as follows:

''(1) AGGREGATE CREDIT AMOUNT ALLOWED.—The aggregate amount of credit allowed under subsection (a) with respect to a taxpayer for any taxable year shall not exceed $75,000,000 reduced by the amount of the credit allowed under subsection (a) to the taxpayer (or any predecessor) for all prior taxable years beginning after December 31, 2007.''.

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

''(2) AMOUNT ALLOWED FOR CERTAIN REFRIGERATORS AND CLOTHES WASHERS.—Refrigerators described in subsection (b)(3)(D) and clothes washers described in subsection (b)(2)(D) shall not be taken into account under paragraph (1).''.

(e) QUALIFIED ENERGY EFFICIENT APPLIANCES.—

(1) IN GENERAL.—Paragraph (1) of section 45M(f) (defining qualified energy efficient appliance) is amended to read as follows:

''(1) QUALIFIED ENERGY EFFICIENT APPLIANCE.—The term 'qualified energy efficient appliance' means—

''(A) any dishwasher described in subsection (b)(1),

''(B) any clothes washer described in subsection (b)(2), and

''(C) any refrigerator described in subsection (b)(3).''.

(2) CLOTHES WASHER.—Section 45M(f)(3) is amended by inserting ''commercial'' before ''residential'' the second place it appears.

(3) TOP-LOADING CLOTHES WASHER.—Subsection (f) of section 45M is amended by redesignating paragraphs (4), (5), (6), and (7) as paragraphs (5), (6), (7), and (8), respectively, and by inserting after paragraph (3) the following new paragraph:

''(4) TOP-LOADING CLOTHES WASHER.—The term 'top-loading clothes washer' means a clothes washer which has the clothes container compartment access located on the top of the machine and which operates on a vertical axis.''.

(4) REPLACEMENT OF ENERGY FACTOR.—Section 45M(f)(6), as redesignated by paragraph (3), is amended to read as follows:

''(6) MODIFIED ENERGY FACTOR.—The term 'modified energy factor' means the modified energy factor established by the Department of Energy for compliance with the Federal energy conservation standard.''.

(5) GALLONS PER CYCLE; WATER CONSUMPTION FACTOR.—Section 45M(f), as amended by paragraph (3), is amended by adding at the end the following:

''(9) GALLONS PER CYCLE.—The term 'gallons per cycle' means, with respect to a dishwasher, the amount of water, expressed in gallons, required to complete a normal cycle of a dishwasher.

''(10) WATER CONSUMPTION FACTOR.—The term 'water consumption factor' means, with respect to a clothes washer, the quotient of the total weighted per-cycle water consumption divided by the cubic foot (or liter) capacity of the clothes washer.''.

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

SEC. 145. ACCELERATED RECOVERY PERIOD FOR DEPRECIATION OF SMART METERS AND SMART GRID SYSTEMS.

(a) IN GENERAL.—Section 168(e)(3)(D) is amended by striking ''and'' at the end of clause (i), by striking the period at the end of clause (ii) and inserting '', and'', and by inserting after clause (ii) the following new clauses:

''(iii) any qualified smart electric meter, and

''(iv) any qualified smart electric grid system.''.

(b) DEFINITIONS.—Section 168(i) is amended by inserting at the end the following new paragraph:

''(18) QUALIFIED SMART ELECTRIC METERS.—

''(A) IN GENERAL.—The term 'qualified smart electric meter' means any smart electric meter which is placed in service by a taxpayer who is a supplier of electric energy or a provider of electric energy services.

''(B) SMART ELECTRIC METER.—For purposes of subparagraph (A), the term 'smart electric meter' means any time-based meter and related communication equipment which is capable of being used by the taxpayer as part of a system that—

''(i) measures and records electricity usage data on a time-differentiated basis in at least 24 separate time segments per day,

''(ii) provides for the exchange of information between supplier or provider and the customer's electric meter in support of time-based rates or other forms of demand response,

''(iii) provides data to such supplier or provider so that the supplier or provider can provide energy usage information to customers electronically, and

''(iv) provides net metering.

''(19) QUALIFIED SMART ELECTRIC GRID SYSTEMS.—

''(A) IN GENERAL.—The term 'qualified smart electric grid system' means any smart grid property used as part of a system for electric distribution grid communications, monitoring, and management placed in service by a taxpayer who is a supplier of electric energy or a provider of electric energy services.

''(B) SMART GRID PROPERTY.—For the purposes of subparagraph (A), the term 'smart grid property' means electronics and related equipment that is capable of—

''(i) sensing, collecting, and monitoring data of or from all portions of a utility's electric distribution grid,

''(ii) providing real-time, two-way communications to monitor or manage such grid, and

''(iii) providing real time analysis of and event prediction based upon collected data that can be used to improve electric distribution system reliability, quality, and performance.''.

(c) CONTINUED APPLICATION OF 150 PERCENT DECLINING BALANCE METHOD.—Paragraph (2) of section 168(b) is amended by striking ''or'' at the end of subparagraph (B), by redesignating subparagraph (C) as subparagraph (D), and by inserting after subparagraph (B) the following new subparagraph:

''(C) any property (other than property described in paragraph (3)) which is a qualified

smart electric meter or qualified smart electric grid system, or''.

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

SEC. 146. QUALIFIED GREEN BUILDING AND SUSTAINABLE DESIGN PROJECTS.

(a) IN GENERAL.—Paragraph (8) of section 142(l) is amended by striking ''September 30, 2009'' and inserting ''September 30, 2012''.

(b) TREATMENT OF CURRENT REFUNDING BONDS.—Paragraph (9) of section 142(l) is amended by striking ''October 1, 2009'' and inserting ''October 1, 2012''.

(c) ACCOUNTABILITY.—The second sentence of section 701(d) of the American Jobs Creation Act of 2004 is amended by striking ''issuance,'' and inserting ''issuance of the last issue with respect to such project,''.

TITLE II—ONE-YEAR EXTENSION OF TEMPORARY PROVISIONS

Subtitle A—Extensions Primarily Affecting Individuals

SEC. 201. DEDUCTION FOR STATE AND LOCAL SALES TAXES.

(a) IN GENERAL.—Subparagraph (I) of section 164(b)(5) is amended by striking ''January 1, 2008'' and inserting ''January 1, 2009''.

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

SEC. 202. DEDUCTION OF QUALIFIED TUITION AND RELATED EXPENSES.

(a) IN GENERAL.—Subsection (e) of section 222 is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

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

SEC. 203. TREATMENT OF CERTAIN DIVIDENDS OF REGULATED INVESTMENT COMPANIES.

(a) INTEREST-RELATED DIVIDENDS.—Subparagraph (C) of section 871(k)(1) (defining interest-related dividend) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

(b) SHORT-TERM CAPITAL GAIN DIVIDENDS.—Subparagraph (C) of section 871(k)(2) (defining short-term capital gain dividend) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

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

SEC. 204. QUALIFIED CONSERVATION CONTRIBUTIONS.

(a) IN GENERAL.—Paragraphs (1)(E)(vi) and (2)(B)(iii) of section 170(b) are each amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

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

SEC. 205. TAX-FREE DISTRIBUTIONS FROM INDIVIDUAL RETIREMENT PLANS FOR CHARITABLE PURPOSES.

(a) IN GENERAL.—Subparagraph (F) of section 408(d)(8) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

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

SEC. 206. DEDUCTION FOR CERTAIN EXPENSES OF ELEMENTARY AND SECONDARY SCHOOL TEACHERS.

(a) IN GENERAL.—Subparagraph (D) of section 62(a)(2) is amended by striking ''or 2007'' and inserting ''2007, or 2008''.

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

SEC. 207. ELECTION TO INCLUDE COMBAT PAY AS EARNED INCOME FOR PURPOSES OF EARNED INCOME TAX CREDIT.

(a) IN GENERAL.—Subclause (II) of section 32(c)(2)(B)(vi) (defining earned income) is amended by striking ''January 1, 2008'' and inserting ''January 1, 2009''.

(b) CONFORMING AMENDMENT.—Paragraph (4) of section 6428(e) is amended by striking ''except that'' and all that follows through ''such term'' and inserting ''except that such term''.

(c) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years ending after December 31, 2007.

SEC. 208. MODIFICATION OF MORTGAGE REVENUE BONDS FOR VETERANS.

(a) QUALIFIED MORTGAGE BONDS USED TO FINANCE RESIDENCES FOR VETERANS WITHOUT REGARD TO FIRST-TIME HOMEBUYER REQUIREMENT.—Subparagraph (D) of section 143(d)(2) is amended by striking ''January 1, 2008'' and inserting ''January 1, 2009''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to bonds issued after December 31, 2007.

SEC. 209. DISTRIBUTIONS FROM RETIREMENT PLANS TO INDIVIDUALS CALLED TO ACTIVE DUTY.

(a) IN GENERAL.—Clause (iv) of section 72(t)(2)(G) is amended by striking ''December 31, 2007'' and inserting ''January 1, 2009''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to individuals ordered or called to active duty on or after December 31, 2007.

SEC. 210. STOCK IN RIC FOR PURPOSES OF DETERMINING ESTATES OF NONRESIDENTS NOT CITIZENS.

(a) IN GENERAL.—Paragraph (3) of section 2105(d) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

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

SEC. 211. QUALIFIED INVESTMENT ENTITIES.

(a) IN GENERAL.—Clause (ii) of section 897(h)(4)(A) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on January 1, 2008, except that such amendment shall not apply to the application of withholding requirements with respect to any payment made on or before the date of the enactment of this Act.

SEC. 212. EXCLUSION OF AMOUNTS RECEIVED UNDER QUALIFIED GROUP LEGAL SERVICES PLANS.

(a) IN GENERAL.—Subsection (e) of section 120 is amended by striking ''shall not apply to taxable years beginning after June 30, 1992'' and inserting ''shall apply to taxable years beginning after December 31, 2007, and before January 1, 2009''.

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

Subtitle B—Extensions Primarily Affecting Businesses

SEC. 221. RESEARCH CREDIT.

(a) IN GENERAL.—Subparagraph (B) of section 41(h)(1) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

(b) COMPUTATION OF CREDIT FOR TAXABLE YEAR IN WHICH CREDIT TERMINATES.—Paragraph (2) of section 41(h) is amended to read as follows:

''(2) COMPUTATION OF CREDIT FOR TAXABLE YEAR IN WHICH CREDIT TERMINATES.—

''(A) IN GENERAL.—In the case of any taxable year with respect to which this section applies to a number of days which is less than the total number of days in such taxable year, the applicable base amount with respect to such taxable year shall be the amount which bears the same ratio to such applicable amount (determined without regard to this paragraph) as the number of days in such taxable year to which this section applies bears to the total number of days in such taxable year.

''(B) APPLICABLE BASE AMOUNT.—For purposes of subparagraph (A), the term 'applicable base amount' means, with respect to any taxable year—

''(i) except as otherwise provided in this subparagraph, the base amount for the taxable year,

''(ii) in the case of a taxable year with respect to which an election under subsection (c)(4) (relating to election of alternative incremental credit) is in effect, the average described in subsection (c)(1)(B) for the taxable year, and

''(iii) in the case of a taxable year with respect to which an election under subsection (c)(5) (relating to election of alternative simplified credit) is in effect, the average qualified research expenses for the 3 taxable years preceding the taxable year.''.

(c) CONFORMING AMENDMENT.—Subparagraph (D) of section 45C(b)(1) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

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

SEC. 222. INDIAN EMPLOYMENT CREDIT.

(a) IN GENERAL.—Subsection (f) of section 45A is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

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

SEC. 223. NEW MARKETS TAX CREDIT.

Subparagraph (D) of section 45D(f)(1) is amended by striking ''and 2008'' and inserting ''2008, and 2009''.

SEC. 224. RAILROAD TRACK MAINTENANCE.

(a) IN GENERAL.—Subsection (f) of section 45G is amended by striking ''January 1, 2008'' and inserting ''January 1, 2009''.

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

SEC. 225. FIFTEEN-YEAR STRAIGHT-LINE COST RECOVERY FOR QUALIFIED LEASEHOLD IMPROVEMENTS AND QUALIFIED RESTAURANT PROPERTY.

(a) IN GENERAL.—Clauses (iv) and (v) of section 168(e)(3)(E) are each amended by striking ''January 1, 2008'' and inserting ''January 1, 2009''.

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

SEC. 226. SEVEN-YEAR COST RECOVERY PERIOD FOR MOTORSPORTS RACING TRACK FACILITY.

(a) IN GENERAL.—Subparagraph (D) of section 168(i)(15) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

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

SEC. 227. ACCELERATED DEPRECIATION FOR BUSINESS PROPERTY ON INDIAN RESERVATION.

(a) IN GENERAL.—Paragraph (8) of section 168(j) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

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

SEC. 228. EXPENSING OF ENVIRONMENTAL REMEDIATION COSTS.

(a) IN GENERAL.—Subsection (h) of section 198 is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

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

SEC. 229. DEDUCTION ALLOWABLE WITH RESPECT TO INCOME ATTRIBUTABLE TO DOMESTIC PRODUCTION ACTIVITIES IN PUERTO RICO.

(a) IN GENERAL.—Subparagraph (C) of section 199(d)(8) is amended—

(1) by striking ''first 2 taxable years'' and inserting ''first 3 taxable years'', and

(2) by striking ''January 1, 2008'' and inserting ''January 1, 2009''.

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

SEC. 230. MODIFICATION OF TAX TREATMENT OF CERTAIN PAYMENTS TO CONTROLLING EXEMPT ORGANIZATIONS.

(a) IN GENERAL.—Clause (iv) of section 512(b)(13)(E) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

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

SEC. 231. QUALIFIED ZONE ACADEMY BONDS.

(a) IN GENERAL.—Subpart I of part IV of subchapter A of chapter 1, as amended by sections 106 and 141, is amended by adding at the end the following new section:

''SEC. 54D. QUALIFIED ZONE ACADEMY BONDS.

''(a) QUALIFIED ZONE ACADEMY BONDS.—For purposes of this subchapter, the term 'qualified zone academy bond' means any bond issued as part of an issue if—

''(1) 100 percent of the available project proceeds of such issue are to be used for a qualified purpose with respect to a qualified zone academy established by an eligible local education agency,

''(2) the bond is issued by a State or local government within the jurisdiction of which such academy is located, and

''(3) the issuer—

''(A) designates such bond for purposes of this section,

''(B) certifies that it has written assurances that the private business contribution requirement of subsection (b) will be met with respect to such academy, and

''(C) certifies that it has the written approval of the eligible local education agency for such bond issuance.

''(b) PRIVATE BUSINESS CONTRIBUTION REQUIREMENT.—For purposes of subsection (a), the private business contribution requirement of this subsection is met with respect to any issue if the eligible local education agency that established the qualified zone academy has written commitments from private entities to make qualified contributions having a present value (as of the date of issuance of the issue) of not less than 10 percent of the proceeds of the issue.

''(c) LIMITATION ON AMOUNT OF BONDS DESIGNATED.—

''(1) NATIONAL LIMITATION.—There is a national zone academy bond limitation for each calendar year. Such limitation is $400,000,000 for 2008, and, except as provided in paragraph (4), zero thereafter.

''(2) ALLOCATION OF LIMITATION.—The national zone academy bond limitation for a calendar year shall be allocated by the Secretary among the States on the basis of their respective populations of individuals below the poverty line (as defined by the Office of Management and Budget). The limitation amount allocated to a State under the preceding sentence shall be allocated by the State education agency to qualified zone academies within such State.

''(3) DESIGNATION SUBJECT TO LIMITATION AMOUNT.—The maximum aggregate face amount of bonds issued during any calendar year which may be designated under subsection (a) with respect to any qualified zone academy shall not exceed the limitation amount allocated to such academy under paragraph (2) for such calendar year.

''(4) CARRYOVER OF UNUSED LIMITATION.—

''(A) IN GENERAL.—If for any calendar year—

''(i) the limitation amount for any State, exceeds

''(ii) the amount of bonds issued during such year which are designated under subsection (a) with respect to qualified zone academies within such State,

the limitation amount for such State for the following calendar year shall be increased by the amount of such excess.

''(B) LIMITATION ON CARRYOVER.—Any carryforward of a limitation amount may be carried only to the first 2 years following the unused limitation year. For purposes of the preceding sentence, a limitation amount shall be treated as used on a first-in first-out basis.

''(C) COORDINATION WITH SECTION 1397E.—Any carryover determined under section 1397E(e)(4) (relating to carryover of unused limitation) with respect to any State to calendar year 2008 shall be treated for purposes of this section as a carryover with respect to such State for such calendar year under subparagraph (A), and the limitation of subparagraph (B) shall apply to such carryover taking into account the calendar years to which such carryover relates.

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

''(1) QUALIFIED ZONE ACADEMY.—The term 'qualified zone academy' means any public school (or academic program within a public school) which is established by and operated under the supervision of an eligible local education agency to provide education or training below the postsecondary level if—

''(A) such public school or program (as the case may be) is designed in cooperation with business to enhance the academic curriculum, increase graduation and employment rates, and better prepare students for the rigors of college and the increasingly complex workforce,

''(B) students in such public school or program (as the case may be) will be subject to the same academic standards and assessments as other students educated by the eligible local education agency,

''(C) the comprehensive education plan of such public school or program is approved by the eligible local education agency, and

''(D)(i) such public school is located in an empowerment zone or enterprise community (including any such zone or community designated after the date of the enactment of this section), or

''(ii) there is a reasonable expectation (as of the date of issuance of the bonds) that at least 35 percent of the students attending such school or participating in such program (as the case may be) will be eligible for free or reduced-cost lunches under the school lunch program established under the National School Lunch Act.

''(2) ELIGIBLE LOCAL EDUCATION AGENCY.—For purposes of this section, the term 'eligible local education agency' means any local educational agency as defined in section 9101 of the Elementary and Secondary Education Act of 1965.

''(3) QUALIFIED PURPOSE.—The term 'qualified purpose' means, with respect to any qualified zone academy—

''(A) rehabilitating or repairing the public school facility in which the academy is established,

''(B) providing equipment for use at such academy,

''(C) developing course materials for education to be provided at such academy, and

''(D) training teachers and other school personnel in such academy.

''(4) QUALIFIED CONTRIBUTIONS.—The term 'qualified contribution' means any contribution (of a type and quality acceptable to the eligible local education agency) of—

''(A) equipment for use in the qualified zone academy (including state-of-the-art technology and vocational equipment),

''(B) technical assistance in developing curriculum or in training teachers in order to promote appropriate market driven technology in the classroom,

''(C) services of employees as volunteer mentors,

''(D) internships, field trips, or other educational opportunities outside the academy for students, or

''(E) any other property or service specified by the eligible local education agency.''.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 54A(d), as amended by sections 106 and 141, is amended by striking ''or'' at the end of subparagraph (A), by inserting ''or'' at the end of subparagraph (B), and by inserting after subparagraph (B) the following new subparagraph:

''(C) a qualified zone academy bond,''.

(2) Subparagraph (C) of section 54A(d)(2), as amended by sections 106 and 141, is amended by striking ''and'' at the end of clause (i), by striking the period at the end of clause (ii) and inserting '', and'', and by adding at the end the following new clause:

''(iii) in the case of a qualified zone academy bond, a purpose specified in section 54D(a)(1).''.

(3) Section 1397E is amended by adding at the end the following new subsection:

''(m) TERMINATION.—This section shall not apply to any obligation issued after the date of the enactment of this Act.''.

(4) The table of sections for subpart I of part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

''Sec. 54D. Qualified zone academy bonds.''.

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

SEC. 232. TAX INCENTIVES FOR INVESTMENT IN THE DISTRICT OF COLUMBIA.

(a) DESIGNATION OF ZONE.—

(1) IN GENERAL.—Subsection (f) of section 1400 is amended by striking ''2007'' both places it appears and inserting ''2008''.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to periods beginning after December 31, 2007.

(b) TAX-EXEMPT ECONOMIC DEVELOPMENT BONDS.—

(1) IN GENERAL.—Subsection (b) of section 1400A is amended by striking ''2007'' and inserting ''2008''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to bonds issued after December 31, 2007.

(c) ZERO PERCENT CAPITAL GAINS RATE.—

(1) IN GENERAL.—Subsection (b) of section 1400B is amended by striking ''2008'' each place it appears and inserting ''2009''.

(2) CONFORMING AMENDMENTS.—

(A) Section 1400B(e)(2) is amended—

(i) by striking ''2012'' and inserting ''2013'', and

(ii) by striking ''2012'' in the heading thereof and inserting ''2013''.

(B) Section 1400B(g)(2) is amended by striking ''2012'' and inserting ''2013''.

(C) Section 1400F(d) is amended by striking ''2012'' and inserting ''2013''.

(3) EFFECTIVE DATES.—

(A) EXTENSION.—The amendments made by paragraph (1) shall apply to acquisitions after December 31, 2007.

(B) CONFORMING AMENDMENTS.—The amendments made by paragraph (2) shall take effect on the date of the enactment of this Act.

(d) FIRST-TIME HOMEBUYER CREDIT.—

(1) IN GENERAL.—Subsection (i) of section 1400C is amended by striking ''2008'' and inserting ''2009''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to property purchased after December 31, 2007.

SEC. 233. ECONOMIC DEVELOPMENT CREDIT FOR AMERICAN SAMOA.

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

(1) by striking ''first two taxable years'' and inserting ''first 3 taxable years'', and

(2) by striking ''January 1, 2008'' and inserting ''January 1, 2009''.

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

SEC. 234. ENHANCED CHARITABLE DEDUCTION FOR CONTRIBUTIONS OF FOOD INVENTORY.

(a) IN GENERAL.—Clause (iv) of section 170(e)(3)(C) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to contributions made after December 31, 2007.

SEC. 235. ENHANCED CHARITABLE DEDUCTION FOR CONTRIBUTIONS OF BOOK INVENTORY TO PUBLIC SCHOOLS.

(a) IN GENERAL.—Clause (iv) of section 170(e)(3)(D) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to contributions made after December 31, 2007.

SEC. 236. ENHANCED DEDUCTION FOR QUALIFIED COMPUTER CONTRIBUTIONS.

(a) IN GENERAL.—Subparagraph (G) of section 170(e)(6) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

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

SEC. 237. BASIS ADJUSTMENT TO STOCK OF S CORPORATIONS MAKING CHARITABLE CONTRIBUTIONS OF PROPERTY.

(a) IN GENERAL.—The last sentence of section 1367(a)(2) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

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

SEC. 238. WORK OPPORTUNITY TAX CREDIT FOR HURRICANE KATRINA EMPLOYEES.

(a) IN GENERAL.—Paragraph (1) of section 201(b) of the Katrina Emergency Tax Relief Act of 2005 is amended by striking ''2-year'' and inserting ''3-year''.

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

SEC. 239. SUBPART F EXCEPTION FOR ACTIVE FINANCING INCOME.

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

(1) by striking ''January 1, 2009'' and inserting ''January 1, 2010'', and

(2) by striking ''December 31, 2008'' and inserting ''December 31, 2009''.

(b) EXCEPTION TO TREATMENT AS FOREIGN PERSONAL HOLDING COMPANY INCOME.—Paragraph (9) of section 954(h) (relating to application) is amended by striking ''January 1, 2009'' and inserting ''January 1, 2010''.

SEC. 240. LOOK-THRU RULE FOR RELATED CONTROLLED FOREIGN CORPORATIONS.

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

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years of foreign corporations beginning after December 31, 2008, and to taxable years of United States shareholders with or within which such taxable years of foreign corporations end.

SEC. 241. EXPENSING FOR CERTAIN QUALIFIED FILM AND TELEVISION PRODUCTIONS.

(a) IN GENERAL.—Subsection (f) of section 181 is amended by striking ''December 31, 2008'' and inserting ''December 31, 2009''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to productions commencing after December 31, 2008.

Subtitle C—Other Extensions

SEC. 251. AUTHORITY TO DISCLOSE INFORMATION RELATED TO TERRORIST ACTIVITIES MADE PERMANENT.

(a) IN GENERAL.—Subparagraph (C) of section 6103(i)(3) is amended by striking clause (iv).

(b) DISCLOSURE ON REQUEST.—Paragraph (7) of section 6103(i) is amended by striking subparagraph (E).

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

SEC. 252. AUTHORITY FOR UNDERCOVER OPERATIONS MADE PERMANENT.

(a) IN GENERAL.—Subsection (c) of section 7608 is amended by striking paragraph (6).

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on January 1, 2008.

SEC. 253. AUTHORITY TO DISCLOSE RETURN INFORMATION FOR CERTAIN VETERANS PROGRAMS MADE PERMANENT.

(a) IN GENERAL.—Paragraph (7) of section 6103(l) is amended by striking the last sentence thereof.

(b) CONFORMING AMENDMENT.—Section 6103(l)(7)(D)(viii)(III) is amended by striking ''sections 1710(a)(1)(I), 1710(a)(2), 1710(b), and 1712(a)(2)(B)'' and inserting ''sections 1710(a)(2)(G), 1710(a)(3), and 1710(b)''.

(c) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to requests made after September 30, 2008.

SEC. 254. INCREASE IN LIMIT ON COVER OVER OF RUM EXCISE TAX TO PUERTO RICO AND THE VIRGIN ISLANDS.

(a) IN GENERAL.—Paragraph (1) of section 7652(f) is amended by striking ''January 1, 2008'' and inserting ''January 1, 2009''.

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

TITLE III—ADDITIONAL TAX RELIEF

Subtitle A—Individual Tax Relief

SEC. 301. ADDITIONAL STANDARD DEDUCTION FOR REAL PROPERTY TAXES FOR NONITEMIZERS.

(a) IN GENERAL.—Section 63(c)(1) (defining standard deduction) is amended by striking ''and'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting '', and'', and by adding at the end the following new subparagraph:

''(C) in the case of any taxable year beginning in 2008, the real property tax deduction.''.

(b) DEFINITION.—Section 63(c) is amended by adding at the end the following new paragraph:

''(7) REAL PROPERTY TAX DEDUCTION.—For purposes of paragraph (1), the real property tax deduction is the lesser of—

''(A) the amount allowable as a deduction under this chapter for State and local taxes described in section 164(a)(1), or

''(B) $350 ($700 in the case of a joint return).

Any taxes taken into account under section 62(a) shall not be taken into account under this paragraph.''.

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

SEC. 302. REFUNDABLE CHILD CREDIT.

(a) MODIFICATION OF THRESHOLD AMOUNT.—Clause (i) of section 24(d)(1)(B) is amended by inserting ''($8,500 in the case of taxable years beginning in 2008)'' after ''$10,000''.

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

SEC. 303. INCREASE OF AMT REFUNDABLE CREDIT AMOUNT FOR INDIVIDUALS WITH LONG-TERM UNUSED CREDITS FOR PRIOR YEAR MINIMUM TAX LIABILITY, ETC.

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

''(2) AMT REFUNDABLE CREDIT AMOUNT.—For purposes of paragraph (1), the term 'AMT refundable credit amount' means, with respect to any taxable year, the amount (not in excess of the long-term unused minimum tax credit for such taxable year) equal to the greater of—

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

''(B) the amount (if any) of the AMT refundable credit amount for the taxpayer's preceding taxable year (determined without regard to subsection (f)(2)).''.

(b) TREATMENT OF CERTAIN UNDERPAYMENTS, INTEREST, AND PENALTIES ATTRIBUTABLE TO THE TREATMENT OF INCENTIVE STOCK OPTIONS.—Section 53 is amended by adding at the end the following new subsection:

''(f) TREATMENT OF CERTAIN UNDERPAYMENTS, INTEREST, AND PENALTIES ATTRIBUTABLE TO THE TREATMENT OF INCENTIVE STOCK OPTIONS.—

''(1) ABATEMENT.—Any underpayment of tax outstanding on the date of the enactment of this subsection which is attributable to the application of section 56(b)(3) for any taxable year ending before January 1, 2008 (and any interest or penalty with respect to such underpayment which is outstanding on such date of enactment), is hereby abated. The amount determined under subsection (b)(1) shall not include any tax abated under the preceding sentence.

''(2) INCREASE IN CREDIT FOR CERTAIN INTEREST AND PENALTIES ALREADY PAID.—The AMT refundable credit amount for the taxpayer's first 2 taxable years beginning after December 31, 2007, shall each be increased by 50 percent of the aggregate amount of the interest and penalties which were paid by the taxpayer before the date of the enactment of this subsection and which would (but for such payment) have been abated under paragraph (1).''.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendment made by this section shall apply to taxable years beginning after December 31, 2007.

(2) ABATEMENT.—Section 53(f)(1) of the Internal Revenue Code of 1986, as added by subsection (b), shall take effect on the date of the enactment of this Act.

Subtitle B—Business Related Provisions

SEC. 311. UNIFORM TREATMENT OF ATTORNEY-ADVANCED EXPENSES AND COURT COSTS IN CONTINGENCY FEE CASES.

(a) IN GENERAL.—Section 162 is amended by redesignating subsection (q) as subsection (r) and by inserting after subsection (p) the following new subsection:

''(q) ATTORNEY-ADVANCED EXPENSES AND COURT COSTS IN CONTINGENCY FEE CASES.—In the case of any expense or court cost which is paid or incurred in the course of the trade or business of practicing law and the repayment of which is contingent on a recovery by judgment or settlement in the action to which such expense or cost relates, the deduction under subsection (a) shall be determined as if such expense or cost was not subject to repayment.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to expenses and costs paid or incurred in taxable years beginning after the date of the enactment of this Act.

SEC. 312. PROVISIONS RELATED TO FILM AND TELEVISION PRODUCTIONS.

(a) MODIFICATION OF LIMITATION ON EXPENSING.—Subparagraph (A) of section 181(a)(2) is amended to read as follows:

''(A) IN GENERAL.—Paragraph (1) shall not apply to so much of the aggregate cost of any qualified film or television production as exceeds $15,000,000.''.

(b) MODIFICATIONS TO DEDUCTION FOR DOMESTIC ACTIVITIES.—

(1) DETERMINATION OF W–2 WAGES.—Paragraph (2) of section 199(b) is amended by adding at the end the following new subparagraph:

''(D) SPECIAL RULE FOR QUALIFIED FILM.—In the case of a qualified film, such term shall include compensation for services performed in the United States by actors, production personnel, directors, and producers.''.

(2) DEFINITION OF QUALIFIED FILM.—Paragraph (6) of section 199(c) is amended by adding at the end the following: ''A qualified film shall include any copyrights, trademarks, or other intangibles with respect to such film. The methods and means of distributing a qualified film shall not affect the availability of the deduction under this section.''.

(3) PARTNERSHIPS.—Subparagraph (A) of section 199(d)(1) is amended by striking ''and'' at the end of clause (ii), by striking the period at the end of clause (iii) and inserting '', and'', and by adding at the end the following new clause:

''(iv) in the case of each partner of a partnership, or shareholder of an S corporation, who owns (directly or indirectly) at least 20 percent of the capital interests in such partnership or of the stock of such S corporation—

''(I) such partner or shareholder shall be treated as having engaged directly in any film produced by such partnership or S corporation, and

''(II) such partnership or S corporation shall be treated as having engaged directly in any film produced by such partner or shareholder.''.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to taxable years beginning after December 31, 2007.

(2) EXPENSING.—The amendments made by subsection (a) shall apply to qualified film and television productions commencing after December 31, 2007.

Subtitle C—Modification of Penalty on Understatement of Taxpayer's Liability by Tax Return Preparer

SEC. 321. MODIFICATION OF PENALTY ON UNDERSTATEMENT OF TAXPAYER'S LIABILITY BY TAX RETURN PREPARER.

(a) IN GENERAL.—Subsection (a) of section 6694 (relating to understatement due to unreasonable positions) is amended to read as follows:

''(a) UNDERSTATEMENT DUE TO UNREASONABLE POSITIONS.—

''(1) IN GENERAL.—If a tax return preparer—

''(A) prepares any return or claim of refund with respect to which any part of an understatement of liability is due to a position described in paragraph (2), and

''(B) knew (or reasonably should have known) of the position,

such tax return preparer shall pay a penalty with respect to each such return or claim in an amount equal to the greater of $1,000 or 50 percent of the income derived (or to be derived) by the tax return preparer with respect to the return or claim.

''(2) UNREASONABLE POSITION.—

''(A) IN GENERAL.—Except as otherwise provided in this paragraph, a position is described in this paragraph unless there is or was substantial authority for the position.

''(B) DISCLOSED POSITIONS.—If the position was disclosed as provided in section 6662(d)(2)(B)(ii)(I) and is not a position to which subparagraph (C) applies, the position is described in this paragraph unless there is a reasonable basis for the position.

''(C) TAX SHELTERS AND REPORTABLE TRANSACTIONS.—If the position is with respect to a tax shelter (as defined in section 6662(d)(2)(C)(ii)) or a reportable transaction to which section 6662A applies, the position is described in this paragraph unless it is reasonable to believe that the position would more likely than not be sustained on its merits.

''(3) REASONABLE CAUSE EXCEPTION.—No penalty shall be imposed under this subsection if it is shown that there is reasonable cause for the understatement and the tax return preparer acted in good faith.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply—

(1) in the case of a position other than a position described in subparagraph (C) of section 6694(a)(2) of the Internal Revenue Code of 1986 (as amended by this section), to returns prepared after May 25, 2007, and

(2) in the case of a position described in such subparagraph (C), to returns prepared for taxable years ending after the date of the enactment of this Act.

Subtitle D—Extension and Expansion of Certain GO Zone Incentives

SEC. 331. CERTAIN GO ZONE INCENTIVES.

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

(1) IN GENERAL.—Notwithstanding any other provision of the Internal Revenue Code of 1986, if a taxpayer claims a deduction for any taxable year with respect to a casualty loss to a principal residence (within the meaning of section 121 of such Code) resulting from Hurricane Katrina, Hurricane Rita, or Hurricane Wilma and in a subsequent taxable year receives a grant under Public Law 109–148, 109–234, or 110–116 as reimbursement for such loss, such taxpayer may elect to file an amended income tax return for the taxable year in which such deduction was allowed (and for any taxable year to which such deduction is carried) and reduce (but not below zero) the amount of such deduction by the amount of such reimbursement.

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

(A) the due date for filing the tax return for the taxable year in which the taxpayer receives such grant, or

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

(3) WAIVER OF PENALTIES AND INTEREST.—Any underpayment of tax resulting from the reduction under paragraph (1) of the amount otherwise allowable as a deduction shall not be subject to any penalty or interest under such Code if such tax is paid not later than 1 year after the filing of the amended return to which such reduction relates.

(b) WAIVER OF DEADLINE ON CONSTRUCTION OF GO ZONE PROPERTY ELIGIBLE FOR BONUS DEPRECIATION.—

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

''(B) without regard to 'and before January 1, 2009' in clause (i) thereof,''.

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

(c) INCLUSION OF CERTAIN COUNTIES IN GULF OPPORTUNITY ZONE FOR PURPOSES OF TAX-EXEMPT BOND FINANCING.—

(1) IN GENERAL.—Subsection (a) of section 1400N is amended by adding at the end the following new paragraph:

''(8) INCLUSION OF CERTAIN COUNTIES.—For purposes of this subsection, the Gulf Opportunity Zone includes Colbert County, Alabama and Dallas County, Alabama.''.

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

TITLE IV—REVENUE PROVISIONS

SEC. 401. NONQUALIFIED DEFERRED COMPENSATION FROM CERTAIN TAX INDIFFERENT PARTIES.

(a) IN GENERAL.—Subpart B of part II of subchapter E of chapter 1 is amended by inserting after section 457 the following new section:

''SEC. 457A. NONQUALIFIED DEFERRED COMPENSATION FROM CERTAIN TAX INDIFFERENT PARTIES.

''(a) IN GENERAL.—Any compensation which is deferred under a nonqualified deferred compensation plan of a nonqualified entity shall be includible in gross income when there is no substantial risk of forfeiture of the rights to such compensation.

''(b) NONQUALIFIED ENTITY.—For purposes of this section, the term 'nonqualified entity' means—

''(1) any foreign corporation unless substantially all of its income is—

''(A) effectively connected with the conduct of a trade or business in the United States, or

''(B) subject to a comprehensive foreign income tax, and

''(2) any partnership unless substantially all of its income is allocated to persons other than—

''(A) foreign persons with respect to whom such income is not subject to a comprehensive foreign income tax, and

''(B) organizations which are exempt from tax under this title.

''(c) DETERMINABILITY OF AMOUNTS OF COMPENSATION.—

''(1) IN GENERAL.—If the amount of any compensation is not determinable at the time that such compensation is otherwise includible in gross income under subsection (a)—

''(A) such amount shall be so includible in gross income when determinable, and

''(B) the tax imposed under this chapter for the taxable year in which such compensation is includible in gross income shall be increased by the sum of—

''(i) the amount of interest determined under paragraph (2), and

''(ii) an amount equal to 20 percent of the amount of such compensation.

''(2) INTEREST.—For purposes of paragraph (1)(B)(i), the interest determined under this paragraph for any taxable year is the amount of interest at the underpayment rate

under section 6621 plus 1 percentage point on the underpayments that would have occurred had the deferred compensation been includible in gross income for the taxable year in which first deferred or, if later, the first taxable year in which such deferred compensation is not subject to a substantial risk of forfeiture.

''(d) OTHER DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

''(1) SUBSTANTIAL RISK OF FORFEITURE.—

''(A) IN GENERAL.—The rights of a person to compensation shall be treated as subject to a substantial risk of forfeiture only if such person's rights to such compensation are conditioned upon the future performance of substantial services by any individual.

''(B) EXCEPTION FOR COMPENSATION BASED ON GAIN RECOGNIZED ON AN INVESTMENT ASSET.—

''(i) IN GENERAL.—To the extent provided in regulations prescribed by the Secretary, if compensation is determined solely by reference to the amount of gain recognized on the disposition of an investment asset, such compensation shall be treated as subject to a substantial risk of forfeiture until the date of such disposition.

''(ii) INVESTMENT ASSET.—For purposes of clause (i), the term 'investment asset' means any single asset (other than an investment fund or similar entity)—

''(I) acquired directly by an investment fund or similar entity,

''(II) with respect to which such entity does not (nor does any person related to such entity) participate in the active management of such asset (or if such asset is an interest in an entity, in the active management of the activities of such entity), and

''(III) substantially all of any gain on the disposition of which (other than such deferred compensation) is allocated to investors in such entity.

''(iii) COORDINATION WITH SPECIAL RULE.—Paragraph (3)(B) shall not apply to any compensation to which clause (i) applies.

''(2) COMPREHENSIVE FOREIGN INCOME TAX.—The term 'comprehensive foreign income tax' means, with respect to any foreign person, the income tax of a foreign country if—

''(A) such person is eligible for the benefits of a comprehensive income tax treaty between such foreign country and the United States, or

''(B) such person demonstrates to the satisfaction of the Secretary that such foreign country has a comprehensive income tax.

''(3) NONQUALIFIED DEFERRED COMPENSATION PLAN.—

''(A) IN GENERAL.—The term 'nonqualified deferred compensation plan' has the meaning given such term under section 409A(d), except that such term shall include any plan that provides a right to compensation based on the appreciation in value of a specified number of equity units of the service recipient.

''(B) EXCEPTION.—Compensation shall not be treated as deferred for purposes of this section if the service provider receives payment of such compensation not later than 12 months after the end of the taxable year of the service recipient during which the right to the payment of such compensation is no longer subject to a substantial risk of forfeiture.

''(4) EXCEPTION FOR CERTAIN COMPENSATION WITH RESPECT TO EFFECTIVELY CONNECTED INCOME.—In the case a foreign corporation with income which is taxable under section 882, this section shall not apply to compensation which, had such compensation had been paid in cash on the date that such compensation ceased to be subject to a substantial risk of forfeiture, would have been deductible by such foreign corporation against such income.

''(5) APPLICATION OF RULES.—Rules similar to the rules of paragraphs (5) and (6) of section 409A(d) shall apply.

''(e) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section, including regulations disregarding a substantial risk of forfeiture in cases where necessary to carry out the purposes of this section.''.

(b) CONFORMING AMENDMENT.—Section 26(b)(2) is amended by striking ''and'' at the end of subparagraph (U), by striking the period at the end of subparagraph (V) and inserting '', and'', and by adding at the end the following new subparagraph:

''(W) section 457A(c)(1)(B) (relating to determinability of amounts of compensation).''.

(c) CLERICAL AMENDMENT.—The table of sections of subpart B of part II of subchapter E of chapter 1 is amended by inserting after the item relating to section 457 the following new item:

''Sec. 457A. Nonqualified deferred compensation from certain tax indifferent parties.''.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to amounts deferred which are attributable to services performed after December 31, 2008.

(2) APPLICATION TO EXISTING DEFERRALS.—In the case of any amount deferred to which the amendments made by this section do not apply solely by reason of the fact that the amount is attributable to services performed before January 1, 2009, to the extent such amount is not includible in gross income in a taxable year beginning before 2018, such amounts shall be includible in gross income in the later of—

(A) the last taxable year beginning before 2018, or

(B) the taxable year in which there is no substantial risk of forfeiture of the rights to such compensation (determined in the same manner as determined for purposes of section 457A of the Internal Revenue Code of 1986, as added by this section).

(3) CHARITABLE CONTRIBUTIONS OF EXISTING DEFERRALS PERMITTED.—

(A) IN GENERAL.—Notwithstanding section 170(b) of the Internal Revenue Code of 1986, any qualified contribution shall be allowed as a deduction under section 170 of such Code for the taxpayer's last taxable year beginning before 2018 to the extent the aggregate of such contributions made during such taxable year does not exceed the excess of the qualified inclusion amount over the amount of the deduction for all other charitable contributions allowable under section 170 of such Code for such taxable year. Proper adjustments shall be made under section 170(d) to take account of the preceding sentence.

(B) QUALIFIED CONTRIBUTION.—For purposes of this paragraph, the term ''qualified contribution'' means any charitable contribution (as defined in section 170(c) of such Code) made during taxpayer's last taxable year beginning before 2018 if such contribution is paid in cash to an organization described in section 170(b)(1)(A) of such Code (other than any organization described in section 509(a)(3) of such Code or any fund or account described in section 4966(d)(2) of such Code).

(C) QUALIFIED INCLUSION AMOUNT.—For purposes of this paragraph, the term ''qualified inclusion amount'' means the amount includible in the taxpayer's gross income for the last taxable year beginning before 2018 by reason of paragraph (2).

(4) ACCELERATED PAYMENTS.—No later than 120 days after the date of the enactment of this Act, the Secretary shall issue guidance providing a limited period of time during which a nonqualified deferred compensation arrangement attributable to services performed on or before December 31, 2008, may, without violating the requirements of section 409A(a) of the Internal Revenue Code of 1986, be amended to conform the date of distribution to the date the amounts are required to be included in income.

(5) CERTAIN BACK-TO-BACK ARRANGEMENTS.—If the taxpayer is also a service recipient and maintains one or more nonqualified deferred compensation arrangements for its service providers under which any amount is attributable to services performed on or before December 31, 2008, the guidance issued under paragraph (4) shall permit such arrangements to be amended to conform the dates of distribution under such arrangement to the date amounts are required to be included in the income of such taxpayer under this subsection.

(6) ACCELERATED PAYMENT NOT TREATED AS MATERIAL MODIFICATION.—Any amendment to a nonqualified deferred compensation arrangement made pursuant to paragraph (4) or (5) shall not be treated as a material modification of the arrangement for purposes of section 409A of the Internal Revenue Code of 1986.

SEC. 402. DELAY IN APPLICATION OF WORLDWIDE ALLOCATION OF INTEREST.

(a) IN GENERAL.—Paragraphs (5)(D) and (6) of section 864(f) are each amended by striking ''December 31, 2008'' and inserting ''December 31, 2018''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2008.

SEC. 403. TIME FOR PAYMENT OF CORPORATE ESTIMATED TAXES.

(a) REPEAL OF ADJUSTMENT FOR 2012.—Subparagraph (B) of section 401(1) of the Tax Increase Prevention and Reconciliation Act of 2005 is amended by striking the percentage contained therein and inserting ''100 percent''.

(b) MODIFICATION OF ADJUSTMENT FOR 2013.—The percentage under subparagraph (C) of section 401(1) of the Tax Increase Prevention and Reconciliation Act of 2005 in effect on the date of the enactment of this Act is increased by 36.75 percentage points.

The SPEAKER pro tempore. Pursuant to House Resolution 1212, the amendment in the nature of a substitute printed in the bill is adopted and the bill, as amended, is considered read.

The text of the bill, as amended, is as follows:

H.R. 6049

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE, ETC.

(a) SHORT TITLE.—This Act may be cited as the ''Renewable Energy and Job Creation Act of 2008''.

(b) REFERENCE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

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

TITLE I—ENERGY TAX INCENTIVES

Subtitle A—Energy Production Incentives

PART I—RENEWABLE ENERGY INCENTIVES

SEC. 101. RENEWABLE ENERGY CREDIT.

(a) EXTENSION OF CREDIT.—

(1) 1-YEAR EXTENSION FOR WIND FACILITIES.—Paragraph (1) of section 45(d) is amended by striking ''January 1, 2009'' and inserting ''January 1, 2010''.

(2) 3-YEAR EXTENSION FOR CERTAIN OTHER FACILITIES.—Each of the following provisions of section 45(d) is amended by striking ''January 1, 2009'' and inserting ''January 1, 2012'':

(A) Clauses (i) and (ii) of paragraph (2)(A).
(B) Clauses (i)(I) and (ii) of paragraph (3)(A).
(C) Paragraph (4).
(D) Paragraph (5).
(E) Paragraph (6).
(F) Paragraph (7).
(G) Subparagraphs (A) and (B) of paragraph (9).

(b) MODIFICATION OF CREDIT PHASEOUT.—

(1) REPEAL OF PHASEOUT.—Subsection (b) of section 45 is amended—

(A) by striking paragraph (1), and

(B) by striking ''the 8 cent amount in paragraph (1),'' in paragraph (2) thereof.

(2) LIMITATION BASED ON INVESTMENT IN FACILITY.—Subsection (b) of section 45 is amended by inserting before paragraph (2) the following new paragraph:

''(1) LIMITATION BASED ON INVESTMENT IN FACILITY.—

''(A) IN GENERAL.—In the case of any qualified facility originally placed in service after December 31, 2009, the amount of the credit determined under subsection (a) for any taxable year with respect to electricity produced at such facility shall not exceed the product of—

''(i) the applicable percentage with respect to such facility, multiplied by

''(ii) the eligible basis of such facility.

''(B) CARRYFORWARD OF UNUSED LIMITATION AND EXCESS CREDIT.—

''(i) UNUSED LIMITATION.—If the limitation imposed under subparagraph (A) with respect to any facility for any taxable year exceeds the prelimitation credit for such facility for such taxable year, the limitation imposed under subparagraph (A) with respect to such facility for the succeeding taxable year shall be increased by the amount of such excess.

''(ii) EXCESS CREDIT.—If the prelimitation credit with respect to any facility for any taxable year exceeds the limitation imposed under subparagraph (A) with respect to such facility for such taxable year, the credit determined under subsection (a) with respect to such facility for the succeeding taxable year (determined before the application of subparagraph (A) for such succeeding taxable year) shall be increased by the amount of such excess. With respect to any facility, no amount may be carried forward under this clause to any taxable year beginning after the 10-year period described in subsection (a)(2)(A)(ii) with respect to such facility.

''(iii) PRELIMITATION CREDIT.—The term 'prelimitation credit' with respect to any facility for a taxable year means the credit determined under subsection (a) with respect to such facility for such taxable year, determined without regard to subparagraph (A) and after taking into account any increase for such taxable year under clause (ii).

''(C) APPLICABLE PERCENTAGE.—For purposes of this paragraph—

''(i) IN GENERAL.—The term 'applicable percentage' means, with respect to any facility, the

appropriate percentage prescribed by the Secretary for the month in which such facility is originally placed in service.

''(ii) METHOD OF PRESCRIBING APPLICABLE PERCENTAGES.—The applicable percentages prescribed by the Secretary for any month under clause (i) shall be percentages which yield over a 10-year period amounts of limitation under subparagraph (A) which have a present value equal to 35 percent of the eligible basis of the facility.

''(iii) METHOD OF DISCOUNTING.—The present value under clause (ii) shall be determined—

''(I) as of the last day of the 1st year of the 10-year period referred to in clause (ii),

''(II) by using a discount rate equal to the greater of 110 percent of the Federal long-term rate as in effect under section 1274(d) for the month preceding the month for which the applicable percentage is being prescribed, or 4.5 percent, and

''(III) by taking into account the limitation under subparagraph (A) for any year on the last day of such year.

''(D) ELIGIBLE BASIS.—For purposes of this paragraph—

''(i) IN GENERAL.—The term 'eligible basis' means, with respect to any facility, the sum of—

''(I) the basis of such facility determined as of the time that such facility is originally placed in service, and

''(II) the portion of the basis of any shared qualified property which is properly allocable to such facility under clause (ii).

''(ii) RULES FOR ALLOCATION.—For purposes of subclause (II) of clause (i), the basis of shared qualified property shall be allocated among all qualified facilities which are projected to be placed in service and which require utilization of such property in proportion to projected generation from such facilities.

''(iii) SHARED QUALIFIED PROPERTY.—For purposes of this paragraph, the term 'shared qualified property' means, with respect to any facility, any property described in section 168(e)(3)(B)(vi)—

''(I) which a qualified facility will require for utilization of such facility, and

''(II) which is not a qualified facility.

''(iv) SPECIAL RULE RELATING TO GEOTHERMAL FACILITIES.—In the case of any qualified facility using geothermal energy to produce electricity, the basis of such facility for purposes of this paragraph shall be determined as though intangible drilling and development costs described in section 263(c) were capitalized rather than expensed.

''(E) SPECIAL RULE FOR FIRST AND LAST YEAR OF CREDIT PERIOD.—In the case of any taxable year any portion of which is not within the 10-year period described in subsection (a)(2)(A)(ii) with respect to any facility, the amount of the limitation under subparagraph (A) with respect to such facility shall be reduced by an amount which bears the same ratio to the amount of such limitation (determined without regard to this subparagraph) as such portion of the taxable year which is not within such period bears to the entire taxable year.

''(F) ELECTION TO TREAT ALL FACILITIES PLACED IN SERVICE IN A YEAR AS 1 FACILITY.—At the election of the taxpayer, all qualified facilities which are part of the same project and which are placed in service during the same calendar year shall be treated for purposes of this section as 1 facility which is placed in service at the mid-point of such year or the first day of the following calendar year.''.

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

(1) by striking ''facility which burns'' and inserting ''facility (other than a facility described in paragraph (6)) which uses'', and

(2) by striking ''COMBUSTION''.

(d) EXPANSION OF BIOMASS FACILITIES.—

(1) OPEN-LOOP BIOMASS FACILITIES.—Paragraph (3) of section 45(d) is amended by redesignating subparagraph (B) as subparagraph (C) and by inserting after subparagraph (A) the following new subparagraph:

''(B) EXPANSION OF FACILITY.—Such term shall include a new unit placed in service after the date of the enactment of this subparagraph in connection with a facility described in subparagraph (A), but only to the extent of the increased amount of electricity produced at the facility by reason of such new unit.''.

(2) CLOSED-LOOP BIOMASS FACILITIES.—Paragraph (2) of section 45(d) is amended by redesignating subparagraph (B) as subparagraph (C) and inserting after subparagraph (A) the following new subparagraph:

''(B) EXPANSION OF FACILITY.—Such term shall include a new unit placed in service after the date of the enactment of this subparagraph in connection with a facility described in subparagraph (A)(i), but only to the extent of the increased amount of electricity produced at the facility by reason of such new unit.''.

(e) SALES OF NET ELECTRICITY TO REGULATED PUBLIC UTILITIES TREATED AS SALES TO UNRELATED PERSONS.—Paragraph (4) of section 45(e) is amended by adding at the end the following new sentence: ''The net amount of electricity sold by any taxpayer to a regulated public utility (as defined in section 7701(a)(33)) shall be treated as sold to an unrelated person.''.

(f) MODIFICATION OF RULES FOR HYDROPOWER PRODUCTION.—Subparagraph (C) of section 45(c)(8) is amended to read as follows:

''(C) NONHYDROELECTRIC DAM.—For purposes of subparagraph (A), a facility is described in this subparagraph if—

''(i) the hydroelectric project installed on the nonhydroelectric dam is licensed by the Federal Energy Regulatory Commission and meets all other applicable environmental, licensing, and regulatory requirements,

''(ii) the nonhydroelectric dam was placed in service before the date of the enactment of this paragraph and operated for flood control, navigation, or water supply purposes and did not produce hydroelectric power on the date of the enactment of this paragraph, and

''(iii) the hydroelectric project is operated so that the water surface elevation at any given location and time that would have occurred in the absence of the hydroelectric project is maintained, subject to any license requirements imposed under applicable law that change the water surface elevation for the purpose of improving environmental quality of the affected waterway.

The Secretary, in consultation with the Federal Energy Regulatory Commission, shall certify if a hydroelectric project licensed at a nonhydroelectric dam meets the criteria in clause (iii). Nothing in this section shall affect the standards under which the Federal Energy Regulatory Commission issues licenses for and regulates hydropower projects under part I of the Federal Power Act.''.

(g) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to property originally placed in service after December 31, 2008.

(2) REPEAL OF CREDIT PHASEOUT.—The amendments made by subsection (b)(1) shall apply to taxable years ending after December 31, 2008.

(3) LIMITATION BASED ON INVESTMENT IN FACILITY.—The amendment made by subsection (b)(2) shall apply to property originally placed in service after December 31, 2009.

(4) TRASH FACILITY CLARIFICATION; SALES TO RELATED REGULATED PUBLIC UTILITIES.—The amendments made by subsections (c) and (e) shall apply to electricity produced and sold after the date of the enactment of this Act.

(5) EXPANSION OF BIOMASS FACILITIES.—The amendments made by subsection (d) shall apply to property placed in service after the date of the enactment of this Act.

SEC. 102. PRODUCTION CREDIT FOR ELECTRICITY PRODUCED FROM MARINE RENEWABLES.

(a) IN GENERAL.—Paragraph (1) of section 45(c) is amended by striking ''and'' at the end of subparagraph (G), by striking the period at the end of subparagraph (H) and inserting '', and'', and by adding at the end the following new subparagraph:

''(I) marine and hydrokinetic renewable energy.''.

(b) MARINE RENEWABLES.—Subsection (c) of section 45 is amended by adding at the end the following new paragraph:

''(10) MARINE AND HYDROKINETIC RENEWABLE ENERGY.—

''(A) IN GENERAL.—The term 'marine and hydrokinetic renewable energy' means energy derived from—

''(i) waves, tides, and currents in oceans, estuaries, and tidal areas,

''(ii) free flowing water in rivers, lakes, and streams,

''(iii) free flowing water in an irrigation system, canal, or other man-made channel, including projects that utilize nonmechanical structures to accelerate the flow of water for electric power production purposes, or

''(iv) differentials in ocean temperature (ocean thermal energy conversion).

''(B) EXCEPTIONS.—Such term shall not include any energy which is derived from any source which utilizes a dam, diversionary structure (except as provided in subparagraph (A)(iii)), or impoundment for electric power production purposes.''.

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

''(11) MARINE AND HYDROKINETIC RENEWABLE ENERGY FACILITIES.—In the case of a facility producing electricity from marine and hydrokinetic renewable energy, the term 'qualified facility' means any facility owned by the taxpayer—

''(A) which has a nameplate capacity rating of at least 150 kilowatts, and

''(B) which is originally placed in service on or after the date of the enactment of this paragraph and before January 1, 2012.''.

(d) CREDIT RATE.—Subparagraph (A) of section 45(b)(4) is amended by striking ''or (9)'' and inserting ''(9), or (11)''.

(e) COORDINATION WITH SMALL IRRIGATION POWER.—Paragraph (5) of section 45(d), as amended by section 101, is amended by striking ''January 1, 2012'' and inserting ''the date of the enactment of paragraph (11)''.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to electricity produced and sold after the date of the enactment of this Act, in taxable years ending after such date.

SEC. 103. ENERGY CREDIT.

(a) EXTENSION OF CREDIT.—

(1) SOLAR ENERGY PROPERTY.—Paragraphs (2)(A)(i)(II) and (3)(A)(ii) of section 48(a) are each amended by striking ''January 1, 2009'' and inserting ''January 1, 2015''.

(2) FUEL CELL PROPERTY.—Subparagraph (E) of section 48(c)(1) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2014''.

(3) MICROTURBINE PROPERTY.—Subparagraph (E) of section 48(c)(2) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2014''.

(b) ALLOWANCE OF ENERGY CREDIT AGAINST ALTERNATIVE MINIMUM TAX.—Subparagraph (B) of section 38(c)(4) is amended by striking ''and'' at the end of clause (iii), by redesignating clause (iv) as clause (v), and by inserting after clause (iii) the following new clause:

''(iv) the credit determined under section 46 to the extent that such credit is attributable to the energy credit determined under section 48, and''.

(c) ENERGY CREDIT FOR COMBINED HEAT AND POWER SYSTEM PROPERTY.—

(1) IN GENERAL.—Section 48(a)(3)(A) (defining energy property) is amended by striking ''or'' at the end of clause (iii), by inserting ''or'' at the end of clause (iv), and by adding at the end the following new clause:

''(v) combined heat and power system property,''.

(2) COMBINED HEAT AND POWER SYSTEM PROPERTY.—Section 48 is amended by adding at the end the following new subsection:

''(d) COMBINED HEAT AND POWER SYSTEM PROPERTY.—For purposes of subsection (a)(3)(A)(v)—

''(1) COMBINED HEAT AND POWER SYSTEM PROPERTY.—The term 'combined heat and power system property' means property comprising a system—

''(A) which uses the same energy source for the simultaneous or sequential generation of electrical power, mechanical shaft power, or both, in combination with the generation of steam or other forms of useful thermal energy (including heating and cooling applications),

''(B) which produces—

''(i) at least 20 percent of its total useful energy in the form of thermal energy which is not used to produce electrical or mechanical power (or combination thereof), and

''(ii) at least 20 percent of its total useful energy in the form of electrical or mechanical power (or combination thereof),

''(C) the energy efficiency percentage of which exceeds 60 percent, and

''(D) which is placed in service before January 1, 2015.

''(2) LIMITATION.—

''(A) IN GENERAL.—In the case of combined heat and power system property with an electrical capacity in excess of the applicable capacity placed in service during the taxable year, the credit under subsection (a)(1) (determined without regard to this paragraph) for such year shall be equal to the amount which bears the same ratio to such credit as the applicable capacity bears to the capacity of such property.

''(B) APPLICABLE CAPACITY.—For purposes of subparagraph (A), the term 'applicable capacity' means 15 megawatts or a mechanical energy capacity of more than 20,000 horsepower or an equivalent combination of electrical and mechanical energy capacities.

''(C) MAXIMUM CAPACITY.—The term 'combined heat and power system property' shall not include any property comprising a system if such system has a capacity in excess of 50 megawatts or a mechanical energy capacity in excess of 67,000 horsepower or an equivalent combination of electrical and mechanical energy capacities.

''(3) SPECIAL RULES.—

''(A) ENERGY EFFICIENCY PERCENTAGE.—For purposes of this subsection, the energy efficiency percentage of a system is the fraction—

''(i) the numerator of which is the total useful electrical, thermal, and mechanical power produced by the system at normal operating rates, and expected to be consumed in its normal application, and

''(ii) the denominator of which is the lower heating value of the fuel sources for the system.

''(B) DETERMINATIONS MADE ON BTU BASIS.—The energy efficiency percentage and the percentages under paragraph (1)(B) shall be determined on a Btu basis.

''(C) INPUT AND OUTPUT PROPERTY NOT INCLUDED.—The term 'combined heat and power system property' does not include property used to transport the energy source to the facility or to distribute energy produced by the facility.

''(4) SYSTEMS USING BIOMASS.—If a system is designed to use biomass (within the meaning of paragraphs (2) and (3) of section 45(c) without regard to the last sentence of paragraph (3)(A)) for at least 90 percent of the energy source—

''(A) paragraph (1)(C) shall not apply, but

''(B) the amount of credit determined under subsection (a) with respect to such system shall not exceed the amount which bears the same ratio to such amount of credit (determined without regard to this paragraph) as the energy efficiency percentage of such system bears to 60 percent.''.

(d) INCREASE OF CREDIT LIMITATION FOR FUEL CELL PROPERTY.—Subparagraph (B) of section 48(c)(1) is amended by striking ''$500'' and inserting ''$1,500''.

(e) PUBLIC UTILITY PROPERTY TAKEN INTO ACCOUNT.—

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

(2) CONFORMING AMENDMENTS.—

(A) Paragraph (1) of section 48(c) is amended by striking subparagraph (D) and redesignating subparagraph (E) as subparagraph (D).

(B) Paragraph (2) of section 48(c) is amended by striking subparagraph (D) and redesignating subparagraph (E) as subparagraph (D).

(f) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall take effect on the date of the enactment of this Act.

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

(3) COMBINED HEAT AND POWER AND FUEL CELL PROPERTY.—The amendments made by subsections (c) and (d) shall apply to periods after the date of the enactment of this Act, in taxable years ending after such date, under rules similar to the rules of section 48(m) of the Internal Revenue Code of 1986 (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990).

(4) PUBLIC UTILITY PROPERTY.—The amendments made by subsection (e) shall apply to periods after February 13, 2008, in taxable years ending after such date, under rules similar to the rules of section 48(m) of the Internal Revenue Code of 1986 (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990).

SEC. 104. CREDIT FOR RESIDENTIAL ENERGY EFFICIENT PROPERTY.

(a) EXTENSION.—Section 25D(g) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2014''.

(b) MAXIMUM CREDIT FOR SOLAR ELECTRIC PROPERTY.—

(1) IN GENERAL.—Section 25D(b)(1)(A) is amended by striking ''$2,000'' and inserting ''$4,000''.

(2) CONFORMING AMENDMENT.—Section 25D(e)(4)(A)(i) is amended by striking ''$6,667'' and inserting ''$13,333''.

(c) CREDIT FOR RESIDENTIAL WIND PROPERTY.—

(1) IN GENERAL.—Section 25D(a) is amended by striking ''and'' at the end of paragraph (2), by striking the period at the end of paragraph (3) and inserting '', and'', and by adding at the end the following new paragraph:

''(4) 30 percent of the qualified small wind energy property expenditures made by the taxpayer during such year.''.

(2) LIMITATION.—Section 25D(b)(1) is amended by striking ''and'' at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting '', and'', and by adding at the end the following new subparagraph:

''(D) $500 with respect to each half kilowatt of capacity (not to exceed $4,000) of wind turbines for which qualified small wind energy property expenditures are made.''.

(3) QUALIFIED SMALL WIND ENERGY PROPERTY EXPENDITURES.—

(A) IN GENERAL.—Section 25D(d) is amended by adding at the end the following new paragraph:

''(4) QUALIFIED SMALL WIND ENERGY PROPERTY EXPENDITURE.—The term 'qualified small wind energy property expenditure' means an expenditure for property which uses a wind turbine to generate electricity for use in connection with a dwelling unit located in the United States and used as a residence by the taxpayer.''.

(B) NO DOUBLE BENEFIT.—Section 45(d)(1) is amended by adding at the end the following new sentence: ''Such term shall not include any facility with respect to which any qualified small wind energy property expenditure (as defined in subsection (d)(4) of section 25D) is taken into account in determining the credit under such section.''.

(4) MAXIMUM EXPENDITURES IN CASE OF JOINT OCCUPANCY.—Section 25D(e)(4)(A) is amended by striking ''and'' at the end of clause (ii), by striking the period at the end of clause (iii) and inserting '', and'', and by adding at the end the following new clause:

''(iv) $1,667 in the case of each half kilowatt of capacity (not to exceed $13,333) of wind turbines for which qualified small wind energy property expenditures are made.''.

(d) CREDIT FOR GEOTHERMAL HEAT PUMP SYSTEMS.—

(1) IN GENERAL.—Section 25D(a), as amended by subsection (c), is amended by striking ''and'' at the end of paragraph (3), by striking the period at the end of paragraph (4) and inserting '', and'', and by adding at the end the following new paragraph:

''(5) 30 percent of the qualified geothermal heat pump property expenditures made by the taxpayer during such year.''.

(2) LIMITATION.—Section 25D(b)(1), as amended by subsection (c), is amended by striking ''and'' at the end of subparagraph (C), by striking the period at the end of subparagraph (D) and inserting '', and'', and by adding at the end the following new subparagraph:

''(E) $2,000 with respect to any qualified geothermal heat pump property expenditures.''.

(3) QUALIFIED GEOTHERMAL HEAT PUMP PROPERTY EXPENDITURE.—Section 25D(d), as amended by subsection (c), is amended by adding at the end the following new paragraph:

''(5) QUALIFIED GEOTHERMAL HEAT PUMP PROPERTY EXPENDITURE.—

''(A) IN GENERAL.—The term 'qualified geothermal heat pump property expenditure' means an expenditure for qualified geothermal heat pump property installed on or in connection with a dwelling unit located in the United States and used as a residence by the taxpayer.

''(B) QUALIFIED GEOTHERMAL HEAT PUMP PROPERTY.—The term 'qualified geothermal heat pump property' means any equipment which—

''(i) uses the ground or ground water as a thermal energy source to heat the dwelling unit referred to in subparagraph (A) or as a thermal energy sink to cool such dwelling unit, and

''(ii) meets the requirements of the Energy Star program which are in effect at the time that the expenditure for such equipment is made.''.

(4) MAXIMUM EXPENDITURES IN CASE OF JOINT OCCUPANCY.—Section 25D(e)(4)(A), as amended by subsection (c), is amended by striking ''and'' at the end of clause (iii), by striking the period at the end of clause (iv) and inserting '', and'', and by adding at the end the following new clause:

''(v) $6,667 in the case of any qualified geothermal heat pump property expenditures.''.

(e) CREDIT ALLOWED AGAINST ALTERNATIVE MINIMUM TAX.—

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

''(c) LIMITATION BASED ON AMOUNT OF TAX; CARRYFORWARD OF UNUSED CREDIT.—

''(1) LIMITATION BASED ON AMOUNT OF TAX.—In the case of a taxable year to which section 26(a)(2) does not apply, the credit allowed under subsection (a) for the taxable year shall not exceed the excess of—

''(A) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

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

''(2) CARRYFORWARD OF UNUSED CREDIT.—

''(A) RULE FOR YEARS IN WHICH ALL PERSONAL CREDITS ALLOWED AGAINST REGULAR AND ALTERNATIVE MINIMUM TAX.—In the case of a taxable year to which section 26(a)(2) applies, if the credit allowable under subsection (a) exceeds the limitation imposed by section 26(a)(2) for such taxable year reduced by the sum of the credits allowable under this subpart (other than this section), such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such succeeding taxable year.

''(B) RULE FOR OTHER YEARS.—In the case of a taxable year to which section 26(a)(2) does not apply, if the credit allowable under subsection (a) exceeds the limitation imposed by paragraph (1) for such taxable year, such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such succeeding taxable year.''.

(2) CONFORMING AMENDMENTS.—

(A) Section 23(b)(4)(B) is amended by inserting ''and section 25D'' after ''this section''.

(B) Section 24(b)(3)(B) is amended by striking ''and 25B'' and inserting '', 25B, and 25D''.

(C) Section 25B(g)(2) is amended by striking ''section 23'' and inserting ''sections 23 and 25D''.

(D) Section 26(a)(1) is amended by striking ''and 25B'' and inserting ''25B, and 25D''.

(f) EFFECTIVE DATE.—

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

(2) APPLICATION OF EGTRRA SUNSET.—The amendments made by subparagraphs (A) and (B) of subsection (e)(2) shall be subject to title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 in the same manner as the provisions of such Act to which such amendments relate.

SEC. 105. SPECIAL RULE TO IMPLEMENT FERC AND STATE ELECTRIC RESTRUCTURING POLICY.

(a) EXTENSION FOR QUALIFIED ELECTRIC UTILITIES.—

(1) IN GENERAL.—Paragraph (3) of section 451(i) is amended by inserting ''(before January 1, 2010, in the case of a qualified electric utility)'' after ''January 1, 2008''.

(2) QUALIFIED ELECTRIC UTILITY.—Subsection (i) of section 451 is amended by redesignating paragraphs (6) through (10) as paragraphs (7) through (11), respectively, and by inserting after paragraph (5) the following new paragraph:

''(6) QUALIFIED ELECTRIC UTILITY.—For purposes of this subsection, the term 'qualified electric utility' means a person that, as of the date of the qualifying electric transmission transaction, is vertically integrated, in that it is both—

''(A) a transmitting utility (as defined in section 3(23) of the Federal Power Act (16 U.S.C. 796(23))) with respect to the transmission facilities to which the election under this subsection applies, and

''(B) an electric utility (as defined in section 3(22) of the Federal Power Act (16 U.S.C. 796(22))).''.

(b) EXTENSION OF PERIOD FOR TRANSFER OF OPERATIONAL CONTROL AUTHORIZED BY FERC.—Clause (ii) of section 451(i)(4)(B) is amended by striking ''December 31, 2007'' and inserting ''the date which is 4 years after the close of the taxable year in which the transaction occurs''.

(c) PROPERTY LOCATED OUTSIDE THE UNITED STATES NOT TREATED AS EXEMPT UTILITY PROPERTY.—Paragraph (5) of section 451(i) is amended by adding at the end the following new subparagraph:

''(C) EXCEPTION FOR PROPERTY LOCATED OUTSIDE THE UNITED STATES.—The term 'exempt utility property' shall not include any property which is located outside the United States.''.

(d) EFFECTIVE DATES.—

(1) EXTENSION.—The amendments made by subsection (a) shall apply to transactions after December 31, 2007.

(2) TRANSFERS OF OPERATIONAL CONTROL.—The amendment made by subsection (b) shall take effect as if included in section 909 of the American Jobs Creation Act of 2004.

(3) EXCEPTION FOR PROPERTY LOCATED OUTSIDE THE UNITED STATES.—The amendment made by subsection (c) shall apply to transactions after the date of the enactment of this Act.

SEC. 106. NEW CLEAN RENEWABLE ENERGY BONDS.

(a) IN GENERAL.—Part IV of subchapter A of chapter 1 is amended by adding at the end the following new subpart:

''Subpart I—Qualified Tax Credit Bonds

''SEC. 54A. CREDIT TO HOLDERS OF QUALIFIED TAX CREDIT BONDS.

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

''(b) AMOUNT OF CREDIT.—

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

''(2) ANNUAL CREDIT.—The annual credit determined with respect to any qualified tax credit bond is the product of—

''(A) the applicable credit rate, multiplied by

''(B) the outstanding face amount of the bond.

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

''(4) SPECIAL RULE FOR ISSUANCE AND REDEMPTION.—In the case of a bond which is issued during the 3-month period ending on a credit allowance date, the amount of the credit determined under this subsection with respect to such credit allowance date shall be a ratable portion of the credit otherwise determined based on the portion of the 3-month period during which the bond is outstanding. A similar rule shall apply when the bond is redeemed or matures.

''(c) LIMITATION BASED ON AMOUNT OF TAX.—

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

''(A) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

''(B) the sum of the credits allowable under this part (other than subpart C and this subpart).

''(2) CARRYOVER OF UNUSED CREDIT.—If the credit allowable under subsection (a) exceeds the limitation imposed by paragraph (1) for such taxable year, such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such taxable year (determined before the application of paragraph (1) for such succeeding taxable year).

''(d) QUALIFIED TAX CREDIT BOND.—For purposes of this section—

''(1) QUALIFIED TAX CREDIT BOND.—The term 'qualified tax credit bond' means a new clean renewable energy bond which is part of an issue that meets the requirements of paragraphs (2), (3), (4), (5), and (6).

''(2) SPECIAL RULES RELATING TO EXPENDITURES.—

''(A) IN GENERAL.—An issue shall be treated as meeting the requirements of this paragraph if, as of the date of issuance, the issuer reasonably expects—

''(i) 100 percent or more of the available project proceeds to be spent for 1 or more qualified purposes within the 3-year period beginning on such date of issuance, and

''(ii) a binding commitment with a third party to spend at least 10 percent of such available project proceeds will be incurred within the 6-month period beginning on such date of issuance.

''(B) FAILURE TO SPEND REQUIRED AMOUNT OF BOND PROCEEDS WITHIN 3 YEARS.—

''(i) IN GENERAL.—To the extent that less than 100 percent of the available project proceeds of the issue are expended by the close of the expenditure period for 1 or more qualified purposes, the issuer shall redeem all of the nonqualified bonds within 90 days after the end of such period. For purposes of this paragraph, the amount of the nonqualified bonds required to be redeemed shall be determined in the same manner as under section 142.

''(ii) EXPENDITURE PERIOD.—For purposes of this subpart, the term 'expenditure period' means, with respect to any issue, the 3-year period beginning on the date of issuance. Such term shall include any extension of such period under clause (iii).

''(iii) EXTENSION OF PERIOD.—Upon submission of a request prior to the expiration of the expenditure period (determined without regard to any extension under this clause), the Secretary may extend such period if the issuer establishes that the failure to expend the proceeds within the original expenditure period is due to reasonable cause and the expenditures for qualified purposes will continue to proceed with due diligence.

''(C) QUALIFIED PURPOSE.—For purposes of this paragraph, the term 'qualified purpose' means a purpose specified in section 54B(a)(1).

''(D) REIMBURSEMENT.—For purposes of this subtitle, available project proceeds of an issue shall be treated as spent for a qualified purpose if such proceeds are used to reimburse the issuer for amounts paid for a qualified purpose after the date that the Secretary makes an allocation of bond limitation with respect to such issue, but only if—

''(i) prior to the payment of the original expenditure, the issuer declared its intent to reimburse such expenditure with the proceeds of a qualified tax credit bond,

''(ii) not later than 60 days after payment of the original expenditure, the issuer adopts an official intent to reimburse the original expenditure with such proceeds, and

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

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

''(4) SPECIAL RULES RELATING TO ARBITRAGE.—

''(A) IN GENERAL.—An issue shall be treated as meeting the requirements of this paragraph if the issuer satisfies the requirements of section 148 with respect to the proceeds of the issue.

''(B) SPECIAL RULE FOR INVESTMENTS DURING EXPENDITURE PERIOD.—An issue shall not be treated as failing to meet the requirements of subparagraph (A) by reason of any investment of available project proceeds during the expenditure period.

''(C) SPECIAL RULE FOR RESERVE FUNDS.—An issue shall not be treated as failing to meet the requirements of subparagraph (A) by reason of any fund which is expected to be used to repay such issue if—

''(i) such fund is funded at a rate not more rapid than equal annual installments,

''(ii) such fund is funded in a manner reasonably expected to result in an amount not greater than an amount necessary to repay the issue, and

''(iii) the yield on such fund is not greater than the discount rate determined under paragraph (5)(B) with respect to the issue.

''(5) MATURITY LIMITATION.—

''(A) IN GENERAL.—An issue shall not be treated as meeting the requirements of this paragraph if the maturity of any bond which is part of such issue exceeds the maximum term determined by the Secretary under subparagraph (B).

''(B) MAXIMUM TERM.—During each calendar month, the Secretary shall determine the maximum term permitted under this paragraph for bonds issued during the following calendar month. Such maximum term shall be the term which the Secretary estimates will result in the present value of the obligation to repay the principal on the bond being equal to 50 percent of the face amount of such bond. Such present value shall be determined using as a discount rate the average annual interest rate of tax-exempt obligations having a term of 10 years or more which are issued during the month. If the term as so determined is not a multiple of a whole year, such term shall be rounded to the next highest whole year.

''(6) PROHIBITION ON FINANCIAL CONFLICTS OF INTEREST.—An issue shall be treated as meeting the requirements of this paragraph if the issuer certifies that—

''(A) applicable State and local law requirements governing conflicts of interest are satisfied with respect to such issue, and

''(B) if the Secretary prescribes additional conflicts of interest rules governing the appropriate Members of Congress, Federal, State, and local officials, and their spouses, such additional rules are satisfied with respect to such issue.

''(e) OTHER DEFINITIONS.—For purposes of this subchapter—

''(1) CREDIT ALLOWANCE DATE.—The term 'credit allowance date' means—

''(A) March 15,

''(B) June 15,

''(C) September 15, and

''(D) December 15.

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

''(2) BOND.—The term 'bond' includes any obligation.

''(3) STATE.—The term 'State' includes the District of Columbia and any possession of the United States.

''(4) AVAILABLE PROJECT PROCEEDS.—The term 'available project proceeds' means—

''(A) the excess of—

''(i) the proceeds from the sale of an issue, over

''(ii) the issuance costs financed by the issue (to the extent that such costs do not exceed 2 percent of such proceeds), and

''(B) the proceeds from any investment of the excess described in subparagraph (A).

''(f) CREDIT TREATED AS INTEREST.—For purposes of this subtitle, the credit determined under subsection (a) shall be treated as interest which is includible in gross income.

''(g) S CORPORATIONS AND PARTNERSHIPS.—In the case of a tax credit bond held by an S corporation or partnership, the allocation of the credit allowed by this section to the shareholders of such corporation or partners of such partnership shall be treated as a distribution.

''(h) BONDS HELD BY REGULATED INVESTMENT COMPANIES AND REAL ESTATE INVESTMENT TRUSTS.—If any qualified tax credit bond is held by a regulated investment company or a real estate investment trust, the credit determined under subsection (a) shall be allowed to shareholders of such company or beneficiaries of such trust (and any gross income included under subsection (f) with respect to such credit shall be treated as distributed to such shareholders or beneficiaries) under procedures prescribed by the Secretary.

''(i) CREDITS MAY BE STRIPPED.—Under regulations prescribed by the Secretary—

''(1) IN GENERAL.—There may be a separation (including at issuance) of the ownership of a qualified tax credit bond and the entitlement to the credit under this section with respect to such bond. In case of any such separation, the credit under this section shall be allowed to the person who on the credit allowance date holds the instrument evidencing the entitlement to the credit and not to the holder of the bond.

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

''SEC. 54B. NEW CLEAN RENEWABLE ENERGY BONDS.

''(a) NEW CLEAN RENEWABLE ENERGY BOND.—For purposes of this subpart, the term 'new clean renewable energy bond' means any bond issued as part of an issue if—

''(1) 100 percent of the available project proceeds of such issue are to be used for capital expenditures incurred by public power providers or cooperative electric companies for one or more qualified renewable energy facilities,

''(2) the bond is issued by a qualified issuer, and

''(3) the issuer designates such bond for purposes of this section.

''(b) REDUCED CREDIT AMOUNT.—The annual credit determined under section 54A(b) with respect to any new clean renewable energy bond shall be 70 percent of the amount so determined without regard to this subsection.

''(c) LIMITATION ON AMOUNT OF BONDS DESIGNATED.—

''(1) IN GENERAL.—The maximum aggregate face amount of bonds which may be designated under subsection (a) by any issuer shall not exceed the limitation amount allocated under this subsection to such issuer.

''(2) NATIONAL LIMITATION ON AMOUNT OF BONDS DESIGNATED.—There is a national new clean renewable energy bond limitation of $2,000,000,000 which shall be allocated by the Secretary as provided in paragraph (3), except that—

''(A) not more than 33⅓ percent thereof may be allocated to qualified projects of public power providers,

''(B) not more than 33⅓ percent thereof may be allocated to qualified projects of governmental bodies, and

''(C) not more than 33⅓ percent thereof may be allocated to qualified projects of cooperative electric companies.

''(3) METHOD OF ALLOCATION.—

''(A) ALLOCATION AMONG PUBLIC POWER PROVIDERS.—After the Secretary determines the qualified projects of public power providers which are appropriate for receiving an allocation of the national new clean renewable energy bond limitation, the Secretary shall, to the maximum extent practicable, make allocations among such projects in such manner that the amount allocated to each such project bears the same ratio to the cost of such project as the limitation under paragraph (2)(A) bears to the cost of all such projects.

''(B) ALLOCATION AMONG GOVERNMENTAL BODIES AND COOPERATIVE ELECTRIC COMPANIES.—The Secretary shall make allocations of the amount of the national new clean renewable energy bond limitation described in paragraphs (2)(B) and (2)(C) among qualified projects of governmental bodies and cooperative electric companies, respectively, in such manner as the Secretary determines appropriate.

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

''(1) QUALIFIED RENEWABLE ENERGY FACILITY.—The term 'qualified renewable energy facility' means a qualified facility (as determined under section 45(d) without regard to paragraphs (8) and (10) thereof and to any placed in service date) owned by a public power provider, a governmental body, or a cooperative electric company.

''(2) PUBLIC POWER PROVIDER.—The term 'public power provider' means a State utility with a service obligation, as such terms are defined in section 217 of the Federal Power Act (as in effect on the date of the enactment of this paragraph).

''(3) GOVERNMENTAL BODY.—The term 'governmental body' means any State or Indian tribal government, or any political subdivision thereof.

''(4) COOPERATIVE ELECTRIC COMPANY.—The term 'cooperative electric company' means a mutual or cooperative electric company described in section 501(c)(12) or section 1381(a)(2)(C).

''(5) CLEAN RENEWABLE ENERGY BOND LENDER.—The term 'clean renewable energy bond lender' means a lender which is a cooperative which is owned by, or has outstanding loans to, 100 or more cooperative electric companies and is in existence on February 1, 2002, and shall include any affiliated entity which is controlled by such lender.

''(6) QUALIFIED ISSUER.—The term 'qualified issuer' means a public power provider, a cooperative electric company, a governmental body, a clean renewable energy bond lender, or a not-for-profit electric utility which has received a loan or loan guarantee under the Rural Electrification Act.''.

(b) REPORTING.—Subsection (d) of section 6049 is amended by adding at the end the following new paragraph:

''(9) REPORTING OF CREDIT ON QUALIFIED TAX CREDIT BONDS.—

''(A) IN GENERAL.—For purposes of subsection (a), the term 'interest' includes amounts includible in gross income under section 54A and such amounts shall be treated as paid on the credit allowance date (as defined in section 54A(e)(1)).

''(B) REPORTING TO CORPORATIONS, ETC.—Except as otherwise provided in regulations, in the case of any interest described in subparagraph (A) of this paragraph, subsection (b)(4) of this section shall be applied without regard to subparagraphs (A), (H), (I), (J), (K), and (L)(i).

''(C) REGULATORY AUTHORITY.—The Secretary may prescribe such regulations as are necessary or appropriate to carry out the purposes of this paragraph, including regulations which require more frequent or more detailed reporting.''.

(c) CONFORMING AMENDMENTS.—

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

(2) Section 1397E(c)(2) is amended by striking ''subpart H'' and inserting ''subparts H and I''.

(3) Section 6401(b)(1) is amended by striking ''and H'' and inserting ''H, and I''.

(4) The heading of subpart H of part IV of subchapter A of chapter 1 is amended by striking ''***Certain Bonds***'' and inserting ''***Clean Renewable Energy Bonds***''.

(5) The table of subparts for part IV of subchapter A of chapter 1 is amended by striking the item relating to subpart H and inserting the following new items:

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

''SUBPART I. QUALIFIED TAX CREDIT BONDS.''.

(d) APPLICATION OF CERTAIN LABOR STANDARDS ON PROJECTS FINANCED UNDER TAX CREDIT BONDS.—Subchapter IV of chapter 31 of title 40, United States Code, shall apply to projects financed with the proceeds of any tax credit bond (as defined in section 54A of the Internal Revenue Code of 1986).

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

PART II—CARBON MITIGATION PROVISIONS

SEC. 111. EXPANSION AND MODIFICATION OF ADVANCED COAL PROJECT INVESTMENT CREDIT.

(a) MODIFICATION OF CREDIT AMOUNT.—Section 48A(a) is amended by striking ''and'' at the end of paragraph (1), by striking the period at the end of paragraph (2) and inserting '', and'', and by adding at the end the following new paragraph:

''(3) 30 percent of the qualified investment for such taxable year in the case of projects described in clause (iii) of subsection (d)(3)(B).''.

(b) EXPANSION OF AGGREGATE CREDITS.—Section 48A(d)(3)(A) is amended by striking ''$1,300,000,000'' and inserting ''$2,550,000,000''.

(c) AUTHORIZATION OF ADDITIONAL PROJECTS.—

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

''(B) PARTICULAR PROJECTS.—Of the dollar amount in subparagraph (A), the Secretary is authorized to certify—

''(i) $800,000,000 for integrated gasification combined cycle projects the application for which is submitted during the period described in paragraph (2)(A)(i),

''(ii) $500,000,000 for projects which use other advanced coal-based generation technologies the application for which is submitted during the period described in paragraph (2)(A)(i), and

''(iii) $1,250,000,000 for advanced coal-based generation technology projects the application for which is submitted during the period described in paragraph (2)(A)(ii).''.

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

''(A) APPLICATION PERIOD.—Each applicant for certification under this paragraph shall submit an application meeting the requirements of subparagraph (B). An applicant may only submit an application—

''(i) for an allocation from the dollar amount specified in clause (i) or (ii) of paragraph (3)(B) during the 3-year period beginning on the date the Secretary establishes the program under paragraph (1), and

''(ii) for an allocation from the dollar amount specified in paragraph (3)(B)(iii) during the 3-year period beginning at the earlier of the termination of the period described in clause (i) or the date prescribed by the Secretary.''.

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

(A) IN GENERAL.—Section 48A(e)(1) is amended by striking ''and'' at the end of subparagraph (E), by striking the period at the end of subparagraph (F) and inserting ''; and'', and by adding at the end the following new subparagraph:

''(G) in the case of any project the application for which is submitted during the period described in subsection (d)(2)(A)(ii), the project includes equipment which separates and sequesters at least 65 percent (70 percent in the case of an application for reallocated credits under subsection (d)(4)) of such project's total carbon dioxide emissions.''.

(B) HIGHEST PRIORITY FOR PROJECTS WHICH SEQUESTER CARBON DIOXIDE EMISSIONS.—Section 48A(e)(3) is amended by striking ''and'' at the end of subparagraph (A)(iii), by striking the period at the end of subparagraph (B)(iii) and inserting '', and'', and by adding at the end the following new subparagraph:

''(C) give highest priority to projects with the greatest separation and sequestration percentage of total carbon dioxide emissions.''.

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

''(h) RECAPTURE OF CREDIT FOR FAILURE TO SEQUESTER.—The Secretary shall provide for recapturing the benefit of any credit allowable under subsection (a) with respect to any project which fails to attain or maintain the separation and sequestration requirements of subsection (e)(1)(G).''.

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

(A) by striking ''and'' at the end of clause (ii),

(B) by redesignating clause (iii) as clause (iv), and

(C) by inserting after clause (ii) the following new clause:

''(iii) applicant participants who have a research partnership with an eligible educational institution (as defined in section 529(e)(5)), and''.

(5) CLERICAL AMENDMENT.—Section 48A(e)(3) is amended by striking ''INTEGRATED GASIFICATION COMBINED CYCLE'' in the heading and inserting ''CERTAIN''.

(d) COMPETITIVE CERTIFICATION AWARDS MODIFICATION AUTHORITY.—Section 48A, as amended by subsection (c)(3), is amended by adding at the end the following new subsection:

''(i) COMPETITIVE CERTIFICATION AWARDS MODIFICATION AUTHORITY.—In implementing this section or section 48B, the Secretary is directed to modify the terms of any competitive certification award and any associated closing agreement where such modification—

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

''(2) is requested by the recipient of the competitive certification award, and

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

unless the Secretary determines that the dollar amount of tax credits available to the taxpayer under such section would increase as a result of the modification or such modification would result in such project not being originally certified. In considering any such modification, the Secretary shall consult with other relevant Federal agencies, including the Department of Energy.''.

(e) DISCLOSURE OF ALLOCATIONS.—Section 48A(d) is amended by adding at the end the following new paragraph:

''(5) DISCLOSURE OF ALLOCATIONS.—The Secretary shall, upon making a certification under this subsection or section 48B(d), publicly disclose the identity of the applicant and the amount of the credit certified with respect to such applicant.''.

(f) EFFECTIVE DATES.—

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

(2) COMPETITIVE CERTIFICATION AWARDS MODIFICATION AUTHORITY.—The amendment made by subsection (d) shall take effect on the date of the enactment of this Act and is applicable to all competitive certification awards entered into under section 48A or 48B of the Internal Revenue Code of 1986, whether such awards were issued before, on, or after such date of enactment.

(3) DISCLOSURE OF ALLOCATIONS.—The amendment made by subsection (e) shall apply to certifications made after the date of the enactment of this Act.

(4) CLERICAL AMENDMENT.—The amendment made by subsection (c)(5) shall take effect as if included in the amendment made by section 1307(b) of the Energy Tax Incentives Act of 2005.

SEC. 112. EXPANSION AND MODIFICATION OF COAL GASIFICATION INVESTMENT CREDIT.

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

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

''(A) $350,000,000, plus

''(B) $250,000,000 for qualifying gasification projects that include equipment which separates and sequesters at least 75 percent of such project's total carbon dioxide emissions.''.

(c) RECAPTURE OF CREDIT FOR FAILURE TO SEQUESTER.—Section 48B is amended by adding at the end the following new subsection:

''(f) RECAPTURE OF CREDIT FOR FAILURE TO SEQUESTER.—The Secretary shall provide for recapturing the benefit of any credit allowable under subsection (a) with respect to any project which fails to attain or maintain the separation and sequestration requirements for such project under subsection (d)(1).''.

(d) SELECTION PRIORITIES.—Section 48B(d) is amended by adding at the end the following new paragraph:

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

''(A) give highest priority to projects with the greatest separation and sequestration percentage of total carbon dioxide emissions, and

''(B) give high priority to applicant participants who have a research partnership with an eligible educational institution (as defined in section 529(e)(5)).''.

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

SEC. 113. TEMPORARY INCREASE IN COAL EXCISE TAX.

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

(1) by striking ''January 1, 2014'' in subparagraph (A) and inserting ''December 31, 2018'', and

(2) by striking ''January 1 after 1981'' in subparagraph (B) and inserting ''December 31 after 2007''.

SEC. 114. SPECIAL RULES FOR REFUND OF THE COAL EXCISE TAX TO CERTAIN COAL PRODUCERS AND EXPORTERS.

(a) REFUND.—

(1) COAL PRODUCERS.—

(A) IN GENERAL.—Notwithstanding subsections (a)(1) and (c) of section 6416 and section 6511 of the Internal Revenue Code of 1986, if—

(i) a coal producer establishes that such coal producer, or a party related to such coal producer, exported coal produced by such coal producer to a foreign country or shipped coal produced by such coal producer to a possession of the United States, or caused such coal to be exported or shipped, the export or shipment of which was other than through an exporter who meets the requirements of paragraph (2),

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

(iii) such coal producer files a claim for refund with the Secretary not later than the close of the 30-day period beginning on the date of the enactment of this Act,

then the Secretary shall pay to such coal producer an amount equal to the tax paid under section 4121 of such Code on such coal exported or shipped by the coal producer or a party related to such coal producer, or caused by the coal producer or a party related to such coal producer to be exported or shipped.

(B) SPECIAL RULES FOR CERTAIN TAXPAYERS.—For purposes of this section—

(i) IN GENERAL.—If a coal producer or a party related to a coal producer has received a judgment described in clause (iii), such coal producer shall be deemed to have established the export of coal to a foreign country or shipment of coal to a possession of the United States under subparagraph (A)(i).

(ii) AMOUNT OF PAYMENT.—If a taxpayer described in clause (i) is entitled to a payment

under subparagraph (A), the amount of such payment shall be reduced by any amount paid pursuant to the judgment described in clause (iii).

(iii) JUDGMENT DESCRIBED.—A judgment is described in this subparagraph if such judgment—

(I) is made by a court of competent jurisdiction within the United States,

(II) relates to the constitutionality of any tax paid on exported coal under section 4121 of the Internal Revenue Code of 1986, and

(III) is in favor of the coal producer or the party related to the coal producer.

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

(A) an exporter establishes that such exporter exported coal to a foreign country or shipped coal to a possession of the United States, or caused such coal to be so exported or shipped,

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

(C) such exporter files a claim for refund with the Secretary not later than the close of the 30-day period beginning on the date of the enactment of this Act,

then the Secretary shall pay to such exporter an amount equal to $0.825 per ton of such coal exported by the exporter or caused to be exported or shipped, or caused to be exported or shipped, by the exporter.

(b) LIMITATIONS.—Subsection (a) shall not apply with respect to exported coal if a settlement with the Federal Government has been made with and accepted by, the coal producer, a party related to such coal producer, or the exporter, of such coal, as of the date that the claim is filed under this section with respect to such exported coal. For purposes of this subsection, the term ''settlement with the Federal Government'' shall not include any settlement or stipulation entered into as of the date of the enactment of this Act, the terms of which contemplate a judgment concerning which any party has reserved the right to file an appeal, or has filed an appeal.

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

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

(1) COAL PRODUCER.—The term ''coal producer'' means the person in whom is vested ownership of the coal immediately after the coal is severed from the ground, without regard to the existence of any contractual arrangement for the sale or other disposition of the coal or the payment of any royalties between the producer and third parties. The term includes any person who extracts coal from coal waste refuse piles or from the silt waste product which results from the wet washing (or similar processing) of coal.

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

(A) is indicated in the shipper's export declaration or other documentation as the exporter of record, or

(B) actually exported such coal to a foreign country or shipped such coal to a possession of the United States, or caused such coal to be so exported or shipped.

(3) RELATED PARTY.—The term ''a party related to such coal producer'' means a person who—

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

(B) is related (within the meaning of section 144(a)(3) of the Internal Revenue Code of 1986) to such coal producer, or

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

(4) SECRETARY.—The term ''Secretary'' means the Secretary of Treasury or the Secretary's designee.

(e) TIMING OF REFUND.—With respect to any claim for refund filed pursuant to this section, the Secretary shall determine whether the requirements of this section are met not later than 180 days after such claim is filed. If the Secretary determines that the requirements of this section are met, the claim for refund shall be paid not later than 180 days after the Secretary makes such determination.

(f) INTEREST.—Any refund paid pursuant to this section shall be paid by the Secretary with interest from the date of overpayment determined by using the overpayment rate and method under section 6621 of the Internal Revenue Code of 1986.

(g) DENIAL OF DOUBLE BENEFIT.—The payment under subsection (a) with respect to any coal shall not exceed—

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

(2) in the case of a payment to an exporter, an amount equal to $0.825 per ton with respect to such coal exported by the exporter or caused to be exported by the exporter.

(h) APPLICATION OF SECTION.—This section applies only to claims on coal exported or shipped on or after October 1, 1990, through the date of the enactment of this Act.

(i) STANDING NOT CONFERRED.—

(1) EXPORTERS.—With respect to exporters, this section shall not confer standing upon an exporter to commence, or intervene in, any judicial or administrative proceeding concerning a claim for refund by a coal producer of any Federal or State tax, fee, or royalty paid by the coal producer.

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

SEC. 115. CARBON AUDIT OF THE TAX CODE.

(a) STUDY.—The Secretary of the Treasury shall enter into an agreement with the National Academy of Sciences to undertake a comprehensive review of the Internal Revenue Code of 1986 to identify the types of and specific tax provisions that have the largest effects on carbon and other greenhouse gas emissions and to estimate the magnitude of those effects.

(b) REPORT.—Not later than 2 years after the date of enactment of this Act, the National Academy of Sciences shall submit to Congress a report containing the results of study authorized under this section.

(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $1,500,000 for the period of fiscal years 2008 and 2009.

Subtitle B—Transportation and Domestic Fuel Security Provisions

SEC. 121. INCLUSION OF CELLULOSIC BIOFUEL IN BONUS DEPRECIATION FOR BIOMASS ETHANOL PLANT PROPERTY.

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

''(3) CELLULOSIC BIOFUEL.—The term 'cellulosic biofuel' means any liquid fuel which is produced from any lignocellulosic or hemicellulosic matter that is available on a renewable or recurring basis.''.

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

(1) by striking ''cellulosic biomass ethanol'' each place it appears and inserting ''cellulosic biofuel'',

(2) by striking ''CELLULOSIC BIOMASS ETHANOL'' in the heading of such subsection and inserting ''CELLULOSIC BIOFUEL'', and

(3) by striking ''CELLULOSIC BIOMASS ETHANOL'' in the heading of paragraph (2) thereof and inserting ''CELLULOSIC BIOFUEL''.

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

SEC. 122. CREDITS FOR BIODIESEL AND RENEWABLE DIESEL.

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

(b) INCREASE IN RATE OF CREDIT.—

(1) INCOME TAX CREDIT.—Paragraphs (1)(A) and (2)(A) of section 40A(b) are each amended by striking ''50 cents'' and inserting ''$1.00''.

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

''(2) APPLICABLE AMOUNT.—For purposes of this subsection, the applicable amount is $1.00.''.

(3) CONFORMING AMENDMENTS.—

(A) Subsection (b) of section 40A is amended by striking paragraph (3) and by redesignating paragraphs (4) and (5) as paragraphs (3) and (4), respectively.

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

''(2) EXCEPTION.—Subsection (b)(4) shall not apply with respect to renewable diesel.''.

(C) Paragraphs (2) and (3) of section 40A(e) are each amended by striking ''subsection (b)(5)(C)'' and inserting ''subsection (b)(4)(C)''.

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

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

(1) by striking ''diesel fuel'' and inserting ''liquid fuel'',

(2) by striking ''using a thermal depolymerization process'', and

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

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

(1) IN GENERAL.—Paragraph (3) of section 40A(f) (defining renewable diesel) is amended by adding at the end the following flush sentence: ''Such term does not include any fuel derived from coprocessing biomass with a feedstock which is not biomass. For purposes of this paragraph, the term 'biomass' has the meaning given such term by section 45K(c)(3).''.

(2) CONFORMING AMENDMENT.—Paragraph (3) of section 40A(f) is amended by striking ''(as defined in section 45K(c)(3))''.

(e) ELIGIBILITY OF CERTAIN AVIATION FUEL.—Paragraph (3) of section 40A(f) (defining renewable diesel) is amended by adding at the end the following: ''The term 'renewable diesel' also means fuel derived from biomass which meets the requirements of a Department of Defense specification for military jet fuel or an American Society of Testing and Materials specification for aviation turbine fuel.''

(f) EFFECTIVE DATE.—

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

(2) COPRODUCTION OF RENEWABLE DIESEL WITH PETROLEUM FEEDSTOCK.—The amendments made by subsection (c) shall apply to fuel produced, and sold or used, after February 13, 2008.

SEC. 123. CLARIFICATION THAT CREDITS FOR FUEL ARE DESIGNED TO PROVIDE AN INCENTIVE FOR UNITED STATES PRODUCTION.

(a) ALCOHOL FUELS CREDIT.—Subsection (d) of section 40 is amended by adding at the end the following new paragraph:

''(6) LIMITATION TO ALCOHOL WITH CONNECTION TO THE UNITED STATES.—No credit shall be determined under this section with respect to any alcohol which is produced outside the United States for use as a fuel outside the United States. For purposes of this paragraph, the term 'United States' includes any possession of the United States.''.

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

''(5) LIMITATION TO BIODIESEL WITH CONNECTION TO THE UNITED STATES.—No credit shall be determined under this section with respect to any biodiesel which is produced outside the United States for use as a fuel outside the United States. For purposes of this paragraph, the term 'United States' includes any possession of the United States.''.

(c) EXCISE TAX CREDIT.—

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

''(i) LIMITATION TO FUELS WITH CONNECTION TO THE UNITED STATES.—

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

''(2) BIODIESEL AND ALTERNATIVE FUELS.—No credit shall be determined under this section with respect to any biodiesel or alternative fuel which is produced outside the United States for use as a fuel outside the United States.

For purposes of this subsection, the term 'United States' includes any possession of the United States.''.

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

''(5) LIMITATION TO FUELS WITH CONNECTION TO THE UNITED STATES.—No amount shall be payable under paragraph (1) or (2) with respect to any mixture or alternative fuel if credit is not allowed with respect to such mixture or alternative fuel by reason of section 6426(i).''.

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

SEC. 124. CREDIT FOR NEW QUALIFIED PLUG-IN ELECTRIC DRIVE MOTOR VEHICLES.

(a) IN GENERAL.—Subpart B of part IV of subchapter A of chapter 1 is amended by adding at the end the following new section:

''SEC. 30D. NEW QUALIFIED PLUG-IN ELECTRIC DRIVE MOTOR VEHICLES.

''(a) ALLOWANCE OF CREDIT.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the sum of the credit amounts determined under subsection (b) with respect to each new qualified plug-in electric drive motor vehicle placed in service by the taxpayer during the taxable year.

''(b) PER VEHICLE DOLLAR LIMITATION.—

''(1) IN GENERAL.—The amount determined under this subsection with respect to any new qualified plug-in electric drive motor vehicle is the sum of the amounts determined under paragraphs (2) and (3) with respect to such vehicle.

''(2) BASE AMOUNT.—The amount determined under this paragraph is $3,000.

''(3) BATTERY CAPACITY.—In the case of a vehicle which draws propulsion energy from a battery with not less than 5 kilowatt hours of capacity, the amount determined under this paragraph is $200, plus $200 for each kilowatt hour of capacity in excess of 5 kilowatt hours. The amount determined under this paragraph shall not exceed $2,000.

''(c) APPLICATION WITH OTHER CREDITS.—

''(1) BUSINESS CREDIT TREATED AS PART OF GENERAL BUSINESS CREDIT.—So much of the credit which would be allowed under subsection (a) for any taxable year (determined without regard to this subsection) that is attributable to property of a character subject to an allowance for depreciation shall be treated as a credit listed in section 38(b) for such taxable year (and not allowed under subsection (a)).

''(2) PERSONAL CREDIT.—

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

''(B) LIMITATION BASED ON AMOUNT OF TAX.—In the case of a taxable year to which section 26(a)(2) does not apply, the credit allowed under subsection (a) for any taxable year (determined after application of paragraph (1)) shall not exceed the excess of—

''(i) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

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

''(d) NEW QUALIFIED PLUG-IN ELECTRIC DRIVE MOTOR VEHICLE.—For purposes of this section—

''(1) IN GENERAL.—The term 'new qualified plug-in electric drive motor vehicle' means a motor vehicle (as defined in section 30(c)(2))—

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

''(B) which is acquired for use or lease by the taxpayer and not for resale,

''(C) which is made by a manufacturer,

''(D) which has a gross vehicle weight rating of less than 14,000 pounds,

''(E) which has received a certificate of conformity under the Clean Air Act and meets or exceeds the Bin 5 Tier II emission standard established in regulations prescribed by the Administrator of the Environmental Protection Agency under section 202(i) of the Clean Air Act for that make and model year vehicle, and

''(F) which is propelled to a significant extent by an electric motor which draws electricity from a battery which—

''(i) has a capacity of not less than 4 kilowatt hours, and

''(ii) is capable of being recharged from an external source of electricity.

''(2) EXCEPTION.—The term 'new qualified plug-in electric drive motor vehicle' shall not include any vehicle which is not a passenger automobile or light truck if such vehicle has a gross vehicle weight rating of less than 8,500 pounds.

''(3) OTHER TERMS.—The terms 'passenger automobile', 'light truck', and 'manufacturer' have the meanings given such terms in regulations prescribed by the Administrator of the Environmental Protection Agency for purposes of the administration of title II of the Clean Air Act (42 U.S.C. 7521 et seq.).

''(4) BATTERY CAPACITY.—The term 'capacity' means, with respect to any battery, the quantity of electricity which the battery is capable of storing, expressed in kilowatt hours, as measured from a 100 percent state of charge to a 0 percent state of charge.

''(e) LIMITATION ON NUMBER OF NEW QUALIFIED PLUG-IN ELECTRIC DRIVE MOTOR VEHICLES ELIGIBLE FOR CREDIT.—

''(1) IN GENERAL.—In the case of a new qualified plug-in electric drive motor vehicle sold during the phaseout period, only the applicable percentage of the credit otherwise allowable under subsection (a) shall be allowed.

''(2) PHASEOUT PERIOD.—For purposes of this subsection, the phaseout period is the period beginning with the second calendar quarter following the calendar quarter which includes the first date on which the number of new qualified plug-in electric drive motor vehicles manufactured by the manufacturer of the vehicle referred to in paragraph (1) sold for use in the United States after the date of the enactment of this section, is at least 60,000.

''(3) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the applicable percentage is—

''(A) 50 percent for the first 2 calendar quarters of the phaseout period,

''(B) 25 percent for the 3d and 4th calendar quarters of the phaseout period, and

''(C) 0 percent for each calendar quarter thereafter.

''(4) CONTROLLED GROUPS.—Rules similar to the rules of section 30B(f)(4) shall apply for purposes of this subsection.

''(f) SPECIAL RULES.—

''(1) BASIS REDUCTION.—The basis of any property for which a credit is allowable under subsection (a) shall be reduced by the amount of such credit (determined without regard to subsection (c)).

''(2) RECAPTURE.—The Secretary shall, by regulations, provide for recapturing the benefit of any credit allowable under subsection (a) with respect to any property which ceases to be property eligible for such credit.

''(3) PROPERTY USED OUTSIDE UNITED STATES, ETC., NOT QUALIFIED.—No credit shall be allowed under subsection (a) with respect to any property referred to in section 50(b)(1) or with respect to the portion of the cost of any property taken into account under section 179.

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

''(5) PROPERTY USED BY TAX-EXEMPT ENTITY; INTERACTION WITH AIR QUALITY AND MOTOR VEHICLE SAFETY STANDARDS.—Rules similar to the rules of paragraphs (6) and (10) of section 30B(h) shall apply for purposes of this section.''.

(b) COORDINATION WITH ALTERNATIVE MOTOR VEHICLE CREDIT.—Section 30B(d)(3) is amended by adding at the end the following new subparagraph:

''(D) EXCLUSION OF PLUG-IN VEHICLES.—Any vehicle with respect to which a credit is allowable under section 30D (determined without regard to subsection (c) thereof) shall not be taken into account under this section.''.

(c) CREDIT MADE PART OF GENERAL BUSINESS CREDIT.—Section 38(b) is amended—

(1) by striking ''and'' each place it appears at the end of any paragraph,

(2) by striking ''plus'' each place it appears at the end of any paragraph,

(3) by striking the period at the end of paragraph (31) and inserting '', plus'', and

(4) by adding at the end the following new paragraph:

''(32) the portion of the new qualified plug-in electric drive motor vehicle credit to which section 30D(c)(1) applies.''.

(d) CONFORMING AMENDMENTS.—

(1)(A) Section 24(b)(3)(B), as amended by section 104, is amended by striking ''and 25D'' and inserting ''25D, and 30D''.

(B) Section 25(e)(1)(C)(ii) is amended by inserting ''30D,'' after ''25D,''.

(C) Section 25B(g)(2), as amended by section 104, is amended by striking ''and 25D'' and inserting '', 25D, and 30D''.

(D) Section 26(a)(1), as amended by section 104, is amended by striking ''and 25D'' and inserting ''25D, and 30D''.

(E) Section 1400C(d)(2) is amended by striking ''and 25D'' and inserting ''25D, and 30D''.

(2) Section 1016(a) is amended by striking ''and'' at the end of paragraph (35), by striking the period at the end of paragraph (36) and inserting '', and'', and by adding at the end the following new paragraph:

''(37) to the extent provided in section 30D(f)(1).''.

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

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

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

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

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

''(2) PERSONAL CREDIT.—The credit allowed under subsection (a) for any taxable year (after application of paragraph (1)) shall be treated as a credit allowable under subpart A for such taxable year.''.

(2) CONFORMING AMENDMENTS.—

(A) Subparagraph (A) of section 30C(d)(2) is amended by striking ''sections 27, 30, and 30B'' and inserting ''sections 27 and 30''.

(B) Paragraph (3) of section 55(c) is amended by striking ''30B(g)(2),''.

(f) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to taxable years beginning after December 31, 2008.

(2) TREATMENT OF ALTERNATIVE MOTOR VEHICLE CREDIT AS PERSONAL CREDIT.—The amendments made by subsection (e) shall apply to taxable years beginning after December 31, 2007.

(g) APPLICATION OF EGTRRA SUNSET.—The amendment made by subsection (d)(1)(A) shall be subject to title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 in the same manner as the provision of such Act to which such amendment relates.

SEC. 125. EXCLUSION FROM HEAVY TRUCK TAX FOR IDLING REDUCTION UNITS AND ADVANCED INSULATION.

(a) IN GENERAL.—Section 4053 is amended by adding at the end the following new paragraphs:

''(9) IDLING REDUCTION DEVICE.—Any device or system of devices which—

''(A) is designed to provide to a vehicle those services (such as heat, air conditioning, or electricity) that would otherwise require the operation of the main drive engine while the vehicle is temporarily parked or remains stationary using one or more devices affixed to a tractor, and

''(B) is certified by the Secretary of Energy, in consultation with the Administrator of the Environmental Protection Agency and the Secretary of Transportation, to reduce idling of such vehicle at a motor vehicle rest stop or other location where such vehicles are temporarily parked or remain stationary.

''(10) ADVANCED INSULATION.—Any insulation that has an R value of not less than R35 per inch.''.

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

SEC. 126. RESTRUCTURING OF NEW YORK LIBERTY ZONE TAX CREDITS.

(a) IN GENERAL.—Part I of subchapter Y of chapter 1 is amended by redesignating section 1400L as section 1400K and by adding at the end the following new section:

''SEC. 1400L. NEW YORK LIBERTY ZONE TAX CREDITS.

''(a) IN GENERAL.—In the case of a New York Liberty Zone governmental unit, there shall be allowed as a credit against any taxes imposed for any payroll period by section 3402 for which such governmental unit is liable under section 3403 an amount equal to so much of the portion of the qualifying project expenditure amount allocated under subsection (b)(3) to such governmental unit for the calendar year as is allocated by such governmental unit to such period under subsection (b)(4).

''(b) QUALIFYING PROJECT EXPENDITURE AMOUNT.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualifying project expenditure amount' means, with respect to any calendar year, the sum of—

''(A) the total expenditures paid or incurred during such calendar year by all New York Liberty Zone governmental units and the Port Authority of New York and New Jersey for any portion of qualifying projects located wholly within the City of New York, New York, and

''(B) any such expenditures—

''(i) paid or incurred in any preceding calendar year which begins after the date of enactment of this section, and

''(ii) not previously allocated under paragraph (3).

''(2) QUALIFYING PROJECT.—The term 'qualifying project' means any transportation infrastructure project, including highways, mass transit systems, railroads, airports, ports, and waterways, in or connecting with the New York Liberty Zone (as defined in section 1400K(h)), which is designated as a qualifying project under this section jointly by the Governor of the State of New York and the Mayor of the City of New York, New York.

''(3) GENERAL ALLOCATION.—

''(A) IN GENERAL.—The Governor of the State of New York and the Mayor of the City of New York, New York, shall jointly allocate to each New York Liberty Zone governmental unit the portion of the qualifying project expenditure amount which may be taken into account by such governmental unit under subsection (a) for any calendar year in the credit period.

''(B) AGGREGATE LIMIT.—The aggregate amount which may be allocated under subparagraph (A) for all calendar years in the credit period shall not exceed $2,000,000,000.

''(C) ANNUAL LIMIT.—The aggregate amount which may be allocated under subparagraph (A) for any calendar year in the credit period shall not exceed the sum of—

''(i) $115,000,000 ($425,000,000 in the case of the last 2 years in the credit period), plus

''(ii) the aggregate amount authorized to be allocated under this paragraph for all preceding calendar years in the credit period which was not so allocated.

''(D) UNALLOCATED AMOUNTS AT END OF CREDIT PERIOD.—If, as of the close of the credit period, the amount under subparagraph (B) exceeds the aggregate amount allocated under subparagraph (A) for all calendar years in the credit period, the Governor of the State of New York and the Mayor of the City of New York, New York, may jointly allocate to New York Liberty Zone governmental units for any calendar year in the 5-year period following the credit period an amount equal to—

''(i) the lesser of—

''(I) such excess, or

''(II) the qualifying project expenditure amount for such calendar year, reduced by

''(ii) the aggregate amount allocated under this subparagraph for all preceding calendar years.

''(4) ALLOCATION TO PAYROLL PERIODS.—Each New York Liberty Zone governmental unit which has been allocated a portion of the qualifying project expenditure amount under paragraph (3) for a calendar year may allocate such portion to payroll periods beginning in such calendar year as such governmental unit determines appropriate.

''(c) CARRYOVER OF UNUSED ALLOCATIONS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), if the amount allocated under subsection (b)(3) to a New York Liberty Zone governmental unit for any calendar year exceeds the aggregate taxes imposed by section 3402 for which such governmental unit is liable under section 3403 for periods beginning in such year, such excess shall be carried to the succeeding calendar year and added to the allocation of such governmental unit for such succeeding calendar year.

''(2) REALLOCATION.—If a New York Liberty Zone governmental unit does not use an amount allocated to it under subsection (b)(3) within the time prescribed by the Governor of the State of New York and the Mayor of the City of New York, New York, then such amount shall after such time be treated for purposes of subsection (b)(3) in the same manner as if it had never been allocated.

''(d) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

''(1) CREDIT PERIOD.—The term 'credit period' means the 12-year period beginning on January 1, 2009.

''(2) NEW YORK LIBERTY ZONE GOVERNMENTAL UNIT.—The term 'New York Liberty Zone governmental unit' means—

''(A) the State of New York,

''(B) the City of New York, New York, and

''(C) any agency or instrumentality of such State or City.

''(3) TREATMENT OF FUNDS.—Any expenditure for a qualifying project taken into account for purposes of the credit under this section shall be considered State and local funds for the purpose of any Federal program.

''(4) TREATMENT OF CREDIT AMOUNTS FOR PURPOSES OF WITHHOLDING TAXES.—For purposes of this title, a New York Liberty Zone governmental unit shall be treated as having paid to the Secretary, on the day on which wages are paid to employees, an amount equal to the amount of the credit allowed to such entity under subsection (a) with respect to such wages, but only if such governmental unit deducts and withholds wages for such payroll period under section 3401 (relating to wage withholding).

''(e) REPORTING.—The Governor of the State of New York and the Mayor of the City of New York, New York, shall jointly submit to the Secretary an annual report—

''(1) which certifies—

''(A) the qualifying project expenditure amount for the calendar year, and

''(B) the amount allocated to each New York Liberty Zone governmental unit under subsection (b)(3) for the calendar year, and

''(2) includes such other information as the Secretary may require to carry out this section.

''(f) GUIDANCE.—The Secretary may prescribe such guidance as may be necessary or appropriate to ensure compliance with the purposes of this section.''.

(b) TERMINATION OF SPECIAL ALLOWANCE AND EXPENSING.—Subparagraph (A) of section 1400K(b)(2), as redesignated by subsection (a), is amended by striking the parenthetical therein and inserting ''(in the case of nonresidential real property and residential rental property, the date of the enactment of the Renewable Energy and Job Creation Act of 2008 or, if acquired pursuant to a binding contract in effect on such enactment date, December 31, 2009)''.

(c) CONFORMING AMENDMENTS.—

(1) Section 38(c)(3)(B) is amended by striking ''section 1400L(a)'' and inserting ''section 1400K(a)''.

(2) Section 168(k)(2)(D)(ii) is amended by striking ''section 1400L(c)(2)'' and inserting ''section 1400K(c)(2)''.

(3) The table of sections for part I of subchapter Y of chapter 1 is amended by redesignating the item relating to section 1400L as an item relating to section 1400K and by inserting after such item the following new item:

''Sec. 1400L. New York Liberty Zone tax credits.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 127. TRANSPORTATION FRINGE BENEFIT TO BICYCLE COMMUTERS.

(a) IN GENERAL.—Paragraph (1) of section 132(f) is amended by adding at the end the following:

''(D) Any qualified bicycle commuting reimbursement.''.

(b) LIMITATION ON EXCLUSION.—Paragraph (2) of section 132(f) is amended by striking ''and'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting '', and'', and by adding at the end the following new subparagraph:

''(C) the applicable annual limitation in the case of any qualified bicycle commuting reimbursement.''.

(c) DEFINITIONS.—Paragraph (5) of section 132(f) is amended by adding at the end the following:

''(F) DEFINITIONS RELATED TO BICYCLE COMMUTING REIMBURSEMENT.—

''(i) QUALIFIED BICYCLE COMMUTING REIMBURSEMENT.—The term 'qualified bicycle commuting reimbursement' means, with respect to any calendar year, any employer reimbursement during the 15-month period beginning with the first day of such calendar year for reasonable expenses incurred by the employee during such calendar year for the purchase of a bicycle and bicycle improvements, repair, and storage, if such bicycle is regularly used for travel between the employee's residence and place of employment.

''(ii) APPLICABLE ANNUAL LIMITATION.—The term 'applicable annual limitation' means, with respect to any employee for any calendar year, the product of $20 multiplied by the number of qualified bicycle commuting months during such year.

''(iii) QUALIFIED BICYCLE COMMUTING MONTH.—The term 'qualified bicycle commuting month' means, with respect to any employee, any month during which such employee—

''(I) regularly uses the bicycle for a substantial portion of the travel between the employee's residence and place of employment, and

''(II) does not receive any benefit described in subparagraph (A), (B), or (C) of paragraph (1).''.

(d) CONSTRUCTIVE RECEIPT OF BENEFIT.—Paragraph (4) of section 132(f) is amended by inserting ''(other than a qualified bicycle commuting reimbursement)'' after ''qualified transportation fringe''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2008.

SEC. 128. ALTERNATIVE FUEL VEHICLE REFUELING PROPERTY CREDIT.

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

(1) by striking ''30 percent'' in subsection (a) and inserting ''50 percent'', and

(2) by striking ''$30,000'' in subsection (b)(1) and inserting ''$50,000''.

(b) EXTENSION OF CREDIT.—Paragraph (2) of section 30C(g) is amended by striking ''December 31, 2009'' and inserting ''December 31, 2010''.

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

Subtitle C—Energy Conservation and Efficiency Provisions

SEC. 141. QUALIFIED ENERGY CONSERVATION BONDS.

(a) IN GENERAL.—Subpart I of part IV of subchapter A of chapter 1, as added by section 106, is amended by adding at the end the following new section:

''SEC. 54C. QUALIFIED ENERGY CONSERVATION BONDS.

''(a) QUALIFIED ENERGY CONSERVATION BOND.—For purposes of this subchapter, the term 'qualified energy conservation bond' means any bond issued as part of an issue if—

''(1) 100 percent of the available project proceeds of such issue are to be used for one or more qualified conservation purposes,

''(2) the bond is issued by a State or local government, and

''(3) the issuer designates such bond for purposes of this section.

''(b) REDUCED CREDIT AMOUNT.—The annual credit determined under section 54A(b) with respect to any qualified energy conservation bond shall be 70 percent of the amount so determined without regard to this subsection.

''(c) LIMITATION ON AMOUNT OF BONDS DESIGNATED.—The maximum aggregate face amount of bonds which may be designated under subsection (a) by any issuer shall not exceed the limitation amount allocated to such issuer under subsection (e).

''(d) NATIONAL LIMITATION ON AMOUNT OF BONDS DESIGNATED.—There is a national qualified energy conservation bond limitation of $3,000,000,000.

''(e) ALLOCATIONS.—

''(1) IN GENERAL.—The limitation applicable under subsection (d) shall be allocated by the Secretary among the States in proportion to the population of the States.

''(2) ALLOCATIONS TO LARGEST LOCAL GOVERNMENTS.—

''(A) IN GENERAL.—In the case of any State in which there is a large local government, each such local government shall be allocated a portion of such State's allocation which bears the same ratio to the State's allocation (determined without regard to this subparagraph) as the population of such large local government bears to the population of such State.

''(B) ALLOCATION OF UNUSED LIMITATION TO STATE.—The amount allocated under this subsection to a large local government may be reallocated by such local government to the State in which such local government is located.

''(C) LARGE LOCAL GOVERNMENT.—For purposes of this section, the term 'large local government' means any municipality or county if such municipality or county has a population of 100,000 or more.

''(3) ALLOCATION TO ISSUERS; RESTRICTION ON PRIVATE ACTIVITY BONDS.—Any allocation under this subsection to a State or large local government shall be allocated by such State or large local government to issuers within the State in a manner that results in not less than 70 percent of the allocation to such State or large local government being used to designate bonds which are not private activity bonds.

''(f) QUALIFIED CONSERVATION PURPOSE.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified conservation purpose' means any of the following:

''(A) Capital expenditures incurred for purposes of—

''(i) reducing energy consumption in publicly-owned buildings by at least 20 percent,

''(ii) implementing green community programs,

''(iii) rural development involving the production of electricity from renewable energy resources, or

''(iv) any qualified facility (as determined under section 45(d) without regard to paragraphs (8) and (10) thereof and without regard to any placed in service date).

''(B) Expenditures with respect to research facilities, and research grants, to support research in—

''(i) development of cellulosic ethanol or other nonfossil fuels,

''(ii) technologies for the capture and sequestration of carbon dioxide produced through the use of fossil fuels,

''(iii) increasing the efficiency of existing technologies for producing nonfossil fuels,

''(iv) automobile battery technologies and other technologies to reduce fossil fuel consumption in transportation, or

''(v) technologies to reduce energy use in buildings.

''(C) Mass commuting facilities and related facilities that reduce the consumption of energy, including expenditures to reduce pollution from vehicles used for mass commuting.

''(D) Demonstration projects designed to promote the commercialization of—

''(i) green building technology,

''(ii) conversion of agricultural waste for use in the production of fuel or otherwise,

''(iii) advanced battery manufacturing technologies,

''(iv) technologies to reduce peak use of electricity, or

''(v) technologies for the capture and sequestration of carbon dioxide emitted from combusting fossil fuels in order to produce electricity.

''(E) Public education campaigns to promote energy efficiency.

''(2) SPECIAL RULES FOR PRIVATE ACTIVITY BONDS.—For purposes of this section, in the case of any private activity bond, the term 'qualified conservation purposes' shall not include any expenditure which is not a capital expenditure.

''(g) POPULATION.—

''(1) IN GENERAL.—The population of any State or local government shall be determined for purposes of this section as provided in section 146(j) for the calendar year which includes the date of the enactment of this section.

''(2) SPECIAL RULE FOR COUNTIES.—In determining the population of any county for purposes of this section, any population of such county which is taken into account in determining the population of any municipality which is a large local government shall not be taken into account in determining the population of such county.

''(h) APPLICATION TO INDIAN TRIBAL GOVERNMENTS.—An Indian tribal government shall be treated for purposes of this section in the same manner as a large local government, except that—

''(1) an Indian tribal government shall be treated for purposes of subsection (e) as located within a State to the extent of so much of the population of such government as resides within such State, and

''(2) any bond issued by an Indian tribal government shall be treated as a qualified energy conservation bond only if issued as part of an issue the available project proceeds of which are used for purposes for which such Indian tribal government could issue bonds to which section 103(a) applies.''.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 54A(d), as added by section 106, is amended to read as follows:

''(1) QUALIFIED TAX CREDIT BOND.—The term 'qualified tax credit bond' means—

''(A) a new clean renewable energy bond, or

''(B) a qualified energy conservation bond,

which is part of an issue that meets requirements of paragraphs (2), (3), (4), (5), and (6).''.

(2) Subparagraph (C) of section 54A(d)(2), as added by section 106, is amended to read as follows:

''(C) QUALIFIED PURPOSE.—For purposes of this paragraph, the term 'qualified purpose' means—

''(i) in the case of a new clean renewable energy bond, a purpose specified in section 54B(a)(1), and

''(ii) in the case of a qualified energy conservation bond, a purpose specified in section 54C(a)(1).''.

(3) The table of sections for subpart I of part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

''Sec. 54C. Qualified energy conservation bonds.''.

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

SEC. 142. CREDIT FOR NONBUSINESS ENERGY PROPERTY.

(a) EXTENSION OF CREDIT.—Section 25C(g) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

(b) QUALIFIED BIOMASS FUEL PROPERTY.—

(1) IN GENERAL.—Section 25C(d)(3) is amended—

(A) by striking ''and'' at the end of subparagraph (D),

(B) by striking the period at the end of subparagraph (E) and inserting '', and'', and

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

''(F) a stove which uses the burning of biomass fuel to heat a dwelling unit located in the United States and used as a residence by the taxpayer, or to heat water for use in such a dwelling unit, and which has a thermal efficiency rating of at least 75 percent.''.

(2) BIOMASS FUEL.—Section 25C(d) is amended by adding at the end the following new paragraph:

''(6) BIOMASS FUEL.—The term 'biomass fuel' means any plant-derived fuel available on a renewable or recurring basis, including agricultural crops and trees, wood and wood waste and residues (including wood pellets), plants (including aquatic plants), grasses, residues, and fibers.''.

(c) COORDINATION WITH CREDIT FOR QUALIFIED GEOTHERMAL HEAT PUMP PROPERTY EXPENDITURES.—

(1) IN GENERAL.—Paragraph (3) of section 25C(d), as amended by subsection (b), is amended by striking subparagraph (C) and by redesignating subparagraphs (D), (E), and (F) as subparagraphs (C), (D), and (E), respectively.

(2) CONFORMING AMENDMENT.—Subparagraph (C) of section 25C(d)(2) is amended to read as follows:

''(C) REQUIREMENTS AND STANDARDS FOR AIR CONDITIONERS AND HEAT PUMPS.—The standards and requirements prescribed by the Secretary under subparagraph (B) with respect to the energy efficiency ratio (EER) for central air conditioners and electric heat pumps—

''(i) shall require measurements to be based on published data which is tested by manufacturers at 95 degrees Fahrenheit, and

''(ii) may be based on the certified data of the Air Conditioning and Refrigeration Institute that are prepared in partnership with the Consortium for Energy Efficiency.''.

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

SEC. 143. ENERGY EFFICIENT COMMERCIAL BUILDINGS DEDUCTION.

Subsection (h) of section 179D is amended by striking ''December 31, 2008'' and inserting ''December 31, 2013''.

SEC. 144. MODIFICATIONS OF ENERGY EFFICIENT APPLIANCE CREDIT FOR APPLIANCES PRODUCED AFTER 2007.

(a) IN GENERAL.—Subsection (b) of section 45M is amended to read as follows:

''(b) APPLICABLE AMOUNT.—For purposes of subsection (a)—

''(1) DISHWASHERS.—The applicable amount is—

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

''(B) $75 in the case of a dishwasher which is manufactured in calendar year 2008, 2009, or 2010 and which uses no more than 307 kilowatt hours per year and 5.0 gallons per cycle (5.5 gallons per cycle for dishwashers designed for greater than 12 place settings).

''(2) CLOTHES WASHERS.—The applicable amount is—

''(A) $75 in the case of a residential top-loading clothes washer manufactured in calendar year 2008 which meets or exceeds a 1.72 modified energy factor and does not exceed a 8.0 water consumption factor,

''(B) $125 in the case of a residential top-loading clothes washer manufactured in calendar year 2008 or 2009 which meets or exceeds a 1.8 modified energy factor and does not exceed a 7.5 water consumption factor,

''(C) $150 in the case of a residential or commercial clothes washer manufactured in calendar year 2008, 2009, or 2010 which meets or exceeds 2.0 modified energy factor and does not exceed a 6.0 water consumption factor, and

''(D) $250 in the case of a residential or commercial clothes washer manufactured in calendar year 2008, 2009, or 2010 which meets or exceeds 2.2 modified energy factor and does not exceed a 4.5 water consumption factor.

''(3) REFRIGERATORS.—The applicable amount is—

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

''(B) $75 in the case of a refrigerator which is manufactured in calendar year 2008 or 2009, and consumes at least 23 percent but no more than 24.9 percent less kilowatt hours per year than the 2001 energy conservation standards,

''(C) $100 in the case of a refrigerator which is manufactured in calendar year 2008, 2009, or 2010, and consumes at least 25 percent but not more than 29.9 percent less kilowatt hours per year than the 2001 energy conservation standards, and

''(D) $200 in the case of a refrigerator manufactured in calendar year 2008, 2009, or 2010 and which consumes at least 30 percent less energy than the 2001 energy conservation standards.''.

(b) ELIGIBLE PRODUCTION.—

(1) SIMILAR TREATMENT FOR ALL APPLIANCES.—Subsection (c) of section 45M is amended—

(A) by striking paragraph (2),

(B) by striking ''(1) IN GENERAL'' and all that follows through ''the eligible'' and inserting ''The eligible'',

(C) by moving the text of such subsection in line with the subsection heading, and

(D) by redesignating subparagraphs (A) and (B) as paragraphs (1) and (2), respectively, and by moving such paragraphs 2 ems to the left.

(2) MODIFICATION OF BASE PERIOD.—Paragraph (2) of section 45M(c), as amended by paragraph (1), is amended by striking ''3-calendar year'' and inserting ''2-calendar year''.

(c) TYPES OF ENERGY EFFICIENT APPLIANCES.—Subsection (d) of section 45M (defining types of energy efficient appliances) is amended to read as follows:

''(d) TYPES OF ENERGY EFFICIENT APPLIANCE.—For purposes of this section, the types of energy efficient appliances are—

''(1) dishwashers described in subsection (b)(1),

''(2) clothes washers described in subsection (b)(2), and

''(3) refrigerators described in subsection (b)(3).''.

(d) AGGREGATE CREDIT AMOUNT ALLOWED.—

(1) INCREASE IN LIMIT.—Paragraph (1) of section 45M(e) is amended to read as follows:

''(1) AGGREGATE CREDIT AMOUNT ALLOWED.—The aggregate amount of credit allowed under subsection (a) with respect to a taxpayer for any taxable year shall not exceed $75,000,000 reduced by the amount of the credit allowed under subsection (a) to the taxpayer (or any predecessor) for all prior taxable years beginning after December 31, 2007.''.

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

''(2) AMOUNT ALLOWED FOR CERTAIN REFRIGERATORS AND CLOTHES WASHERS.—Refrigerators described in subsection (b)(3)(D) and clothes washers described in subsection (b)(2)(D) shall not be taken into account under paragraph (1).''.

(e) QUALIFIED ENERGY EFFICIENT APPLIANCES.—

(1) IN GENERAL.—Paragraph (1) of section 45M(f) (defining qualified energy efficient appliance) is amended to read as follows:

''(1) QUALIFIED ENERGY EFFICIENT APPLIANCE.—The term 'qualified energy efficient appliance' means—

''(A) any dishwasher described in subsection (b)(1),

''(B) any clothes washer described in subsection (b)(2), and

''(C) any refrigerator described in subsection (b)(3).''.

(2) CLOTHES WASHER.—Section 45M(f)(3) is amended by inserting ''commercial'' before ''residential'' the second place it appears.

(3) TOP-LOADING CLOTHES WASHER.—Subsection (f) of section 45M is amended by redesignating paragraphs (4), (5), (6), and (7) as paragraphs (5), (6), (7), and (8), respectively, and by inserting after paragraph (3) the following new paragraph:

''(4) TOP-LOADING CLOTHES WASHER.—The term 'top-loading clothes washer' means a clothes washer which has the clothes container compartment access located on the top of the machine and which operates on a vertical axis.''.

(4) REPLACEMENT OF ENERGY FACTOR.—Section 45M(f)(6), as redesignated by paragraph (3), is amended to read as follows:

''(6) MODIFIED ENERGY FACTOR.—The term 'modified energy factor' means the modified energy factor established by the Department of Energy for compliance with the Federal energy conservation standard.''.

(5) GALLONS PER CYCLE; WATER CONSUMPTION FACTOR.—Section 45M(f), as amended by paragraph (3), is amended by adding at the end the following:

''(9) GALLONS PER CYCLE.—The term 'gallons per cycle' means, with respect to a dishwasher, the amount of water, expressed in gallons, required to complete a normal cycle of a dishwasher.

''(10) WATER CONSUMPTION FACTOR.—The term 'water consumption factor' means, with respect to a clothes washer, the quotient of the total weighted per-cycle water consumption divided by the cubic foot (or liter) capacity of the clothes washer.''.

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

SEC. 145. ACCELERATED RECOVERY PERIOD FOR DEPRECIATION OF SMART METERS AND SMART GRID SYSTEMS.

(a) IN GENERAL.—Section 168(e)(3)(D) is amended by striking ''and'' at the end of clause (i), by striking the period at the end of clause (ii) and inserting a comma, and by inserting after clause (ii) the following new clauses:

''(iii) any qualified smart electric meter, and

''(iv) any qualified smart electric grid system.''.

(b) DEFINITIONS.—Section 168(i) is amended by inserting at the end the following new paragraph:

''(18) QUALIFIED SMART ELECTRIC METERS.—

''(A) IN GENERAL.—The term 'qualified smart electric meter' means any smart electric meter which is placed in service by a taxpayer who is a supplier of electric energy or a provider of electric energy services.

''(B) SMART ELECTRIC METER.—For purposes of subparagraph (A), the term 'smart electric meter' means any time-based meter and related communication equipment which is capable of being used by the taxpayer as part of a system that—

''(i) measures and records electricity usage data on a time-differentiated basis in at least 24 separate time segments per day,

''(ii) provides for the exchange of information between supplier or provider and the customer's electric meter in support of time-based rates or other forms of demand response,

''(iii) provides data to such supplier or provider so that the supplier or provider can provide energy usage information to customers electronically, and

''(iv) provides net metering.

''(19) QUALIFIED SMART ELECTRIC GRID SYSTEMS.—

''(A) IN GENERAL.—The term 'qualified smart electric grid system' means any smart grid property used as part of a system for electric distribution grid communications, monitoring, and management placed in service by a taxpayer who is a supplier of electric energy or a provider of electric energy services.

''(B) SMART GRID PROPERTY.—For the purposes of subparagraph (A), the term 'smart grid property' means electronics and related equipment that is capable of—

''(i) sensing, collecting, and monitoring data of or from all portions of a utility's electric distribution grid,

''(ii) providing real-time, two-way communications to monitor or manage such grid, and

''(iii) providing real time analysis of and event prediction based upon collected data that can be

used to improve electric distribution system reliability, quality, and performance.''.

(c) CONTINUED APPLICATION OF 150 PERCENT DECLINING BALANCE METHOD.—Paragraph (2) of section 168(b) is amended by striking ''or'' at the end of subparagraph (B), by redesignating subparagraph (C) as subparagraph (D), and by inserting after subparagraph (B) the following new subparagraph:

''(C) any property (other than property described in paragraph (3)) which is a qualified smart electric meter or qualified smart electric grid system, or''.

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

SEC. 146. QUALIFIED GREEN BUILDING AND SUSTAINABLE DESIGN PROJECTS.

(a) IN GENERAL.—Paragraph (8) of section 142(l) is amended by striking ''September 30, 2009'' and inserting ''September 30, 2012''.

(b) TREATMENT OF CURRENT REFUNDING BONDS.—Paragraph (9) of section 142(l) is amended by striking ''October 1, 2009'' and inserting ''October 1, 2012''.

(c) ACCOUNTABILITY.—The second sentence of section 701(d) of the American Jobs Creation Act of 2004 is amended by striking ''issuance,'' and inserting ''issuance of the last issue with respect to such project,''.

TITLE II—ONE-YEAR EXTENSION OF TEMPORARY PROVISIONS

Subtitle A—Extensions Primarily Affecting Individuals

SEC. 201. DEDUCTION FOR STATE AND LOCAL SALES TAXES.

(a) IN GENERAL.—Subparagraph (I) of section 164(b)(5) is amended by striking ''January 1, 2008'' and inserting ''January 1, 2009''.

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

SEC. 202. DEDUCTION OF QUALIFIED TUITION AND RELATED EXPENSES.

(a) IN GENERAL.—Subsection (e) of section 222 is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

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

SEC. 203. TREATMENT OF CERTAIN DIVIDENDS OF REGULATED INVESTMENT COMPANIES.

(a) INTEREST-RELATED DIVIDENDS.—Subparagraph (C) of section 871(k)(1) (defining interest-related dividend) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

(b) SHORT-TERM CAPITAL GAIN DIVIDENDS.—Subparagraph (C) of section 871(k)(2) (defining short-term capital gain dividend) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

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

SEC. 204. TAX-FREE DISTRIBUTIONS FROM INDIVIDUAL RETIREMENT PLANS FOR CHARITABLE PURPOSES.

(a) IN GENERAL.—Subparagraph (F) of section 408(d)(8) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

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

SEC. 205. DEDUCTION FOR CERTAIN EXPENSES OF ELEMENTARY AND SECONDARY SCHOOL TEACHERS.

(a) IN GENERAL.—Subparagraph (D) of section 62(a)(2) is amended by striking ''or 2007'' and inserting ''2007, or 2008''.

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

SEC. 206. ELECTION TO INCLUDE COMBAT PAY AS EARNED INCOME FOR PURPOSES OF EARNED INCOME TAX CREDIT.

(a) IN GENERAL.—Subclause (II) of section 32(c)(2)(B)(vi) (defining earned income) is amended by striking ''January 1, 2008'' and inserting ''January 1, 2009''.

(b) CONFORMING AMENDMENT.—Paragraph (4) of section 6428(e) is amended by striking ''except that'' and all that follows through ''such term'' and inserting ''except that such term''.

(c) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years ending after December 31, 2007.

SEC. 207. MODIFICATION OF MORTGAGE REVENUE BONDS FOR VETERANS.

(a) QUALIFIED MORTGAGE BONDS USED TO FINANCE RESIDENCES FOR VETERANS WITHOUT REGARD TO FIRST-TIME HOMEBUYER REQUIREMENT.—Subparagraph (D) of section 143(d)(2) is amended by striking ''January 1, 2008'' and inserting ''January 1, 2009''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to bonds issued after December 31, 2007.

SEC. 208. DISTRIBUTIONS FROM RETIREMENT PLANS TO INDIVIDUALS CALLED TO ACTIVE DUTY.

(a) IN GENERAL.—Clause (iv) of section 72(t)(2)(G) is amended by striking ''December 31, 2007'' and inserting ''January 1, 2009''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to individuals ordered or called to active duty on or after December 31, 2007.

SEC. 209. STOCK IN RIC FOR PURPOSES OF DETERMINING ESTATES OF NONRESIDENTS NOT CITIZENS.

(a) IN GENERAL.—Paragraph (3) of section 2105(d) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

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

SEC. 210. QUALIFIED INVESTMENT ENTITIES.

(a) IN GENERAL.—Clause (ii) of section 897(h)(4)(A) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on January 1, 2008, except that such amendment shall not apply to the application of withholding requirements with respect to any payment made on or before the date of the enactment of this Act.

SEC. 211. EXCLUSION OF AMOUNTS RECEIVED UNDER QUALIFIED GROUP LEGAL SERVICES PLANS.

(a) IN GENERAL.—Subsection (e) of section 120 is amended by striking ''shall not apply to taxable years beginning after June 30, 1992'' and inserting ''shall apply to taxable years beginning after December 31, 2007, and before January 1, 2009''.

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

Subtitle B—Extensions Primarily Affecting Businesses

SEC. 221. RESEARCH CREDIT.

(a) IN GENERAL.—Subparagraph (B) of section 41(h)(1) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

(b) COMPUTATION OF CREDIT FOR TAXABLE YEAR IN WHICH CREDIT TERMINATES.—Paragraph (2) of section 41(h) is amended to read as follows:

''(2) COMPUTATION OF CREDIT FOR TAXABLE YEAR IN WHICH CREDIT TERMINATES.—

''(A) IN GENERAL.—In the case of any taxable year with respect to which this section applies to a number of days which is less than the total number of days in such taxable year, the applicable base amount with respect to such taxable year shall be the amount which bears the same ratio to such applicable amount (determined without regard to this paragraph) as the number of days in such taxable year to which this section applies bears to the total number of days in such taxable year.

''(B) APPLICABLE BASE AMOUNT.—For purposes of subparagraph (A), the term 'applicable base amount' means, with respect to any taxable year—

''(i) except as otherwise provided in this subparagraph, the base amount for the taxable year,

''(ii) in the case of a taxable year with respect to which an election under subsection (c)(4) (relating to election of alternative incremental credit) is in effect, the average described in subsection (c)(1)(B) for the taxable year, and

''(iii) in the case of a taxable year with respect to which an election under subsection (c)(5) (relating to election of alternative simplified credit) is in effect, the average qualified research expenses for the 3 taxable years preceding the taxable year.''.

(c) CONFORMING AMENDMENT.—Subparagraph (D) of section 45C(b)(1) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

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

SEC. 222. INDIAN EMPLOYMENT CREDIT.

(a) IN GENERAL.—Subsection (f) of section 45A is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

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

SEC. 223. NEW MARKETS TAX CREDIT.

Subparagraph (D) of section 45D(f)(1) is amended by striking ''and 2008'' and inserting ''2008, and 2009''.

SEC. 224. RAILROAD TRACK MAINTENANCE.

(a) IN GENERAL.—Subsection (f) of section 45G is amended by striking ''January 1, 2008'' and inserting ''January 1, 2009''.

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

SEC. 225. FIFTEEN-YEAR STRAIGHT-LINE COST RECOVERY FOR QUALIFIED LEASEHOLD IMPROVEMENTS AND QUALIFIED RESTAURANT PROPERTY.

(a) IN GENERAL.—Clauses (iv) and (v) of section 168(e)(3)(E) are each amended by striking ''January 1, 2008'' and inserting ''January 1, 2009''.

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

SEC. 226. SEVEN-YEAR COST RECOVERY PERIOD FOR MOTORSPORTS RACING TRACK FACILITY.

(a) IN GENERAL.—Subparagraph (D) of section 168(i)(15) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

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

SEC. 227. ACCELERATED DEPRECIATION FOR BUSINESS PROPERTY ON INDIAN RESERVATION.

(a) IN GENERAL.—Paragraph (8) of section 168(j) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

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

SEC. 228. EXPENSING OF ENVIRONMENTAL REMEDIATION COSTS.

(a) IN GENERAL.—Subsection (h) of section 198 is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

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

SEC. 229. DEDUCTION ALLOWABLE WITH RESPECT TO INCOME ATTRIBUTABLE TO DOMESTIC PRODUCTION ACTIVITIES IN PUERTO RICO.

(a) IN GENERAL.—Subparagraph (C) of section 199(d)(8) is amended—

(1) by striking ''first 2 taxable years'' and inserting ''first 3 taxable years'', and

(2) by striking ''January 1, 2008'' and inserting ''January 1, 2009''.

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

SEC. 230. MODIFICATION OF TAX TREATMENT OF CERTAIN PAYMENTS TO CONTROLLING EXEMPT ORGANIZATIONS.

(a) IN GENERAL.—Clause (iv) of section 512(b)(13)(E) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

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

SEC. 231. QUALIFIED ZONE ACADEMY BONDS.

(a) IN GENERAL.—Subpart I of part IV of subchapter A of chapter 1, as amended by sections 106 and 141, is amended by adding at the end the following new section:

''SEC. 54D. QUALIFIED ZONE ACADEMY BONDS.

''(a) QUALIFIED ZONE ACADEMY BONDS.—For purposes of this subchapter, the term 'qualified zone academy bond' means any bond issued as part of an issue if—

''(1) 100 percent of the available project proceeds of such issue are to be used for a qualified purpose with respect to a qualified zone academy established by an eligible local education agency,

''(2) the bond is issued by a State or local government within the jurisdiction of which such academy is located, and

''(3) the issuer—

''(A) designates such bond for purposes of this section,

''(B) certifies that it has written assurances that the private business contribution requirement of subsection (b) will be met with respect to such academy, and

''(C) certifies that it has the written approval of the eligible local education agency for such bond issuance.

''(b) PRIVATE BUSINESS CONTRIBUTION REQUIREMENT.—For purposes of subsection (a), the private business contribution requirement of this subsection is met with respect to any issue if the eligible local education agency that established the qualified zone academy has written commitments from private entities to make qualified contributions having a present value (as of the date of issuance of the issue) of not less than 10 percent of the proceeds of the issue.

''(c) LIMITATION ON AMOUNT OF BONDS DESIGNATED.—

''(1) NATIONAL LIMITATION.—There is a national zone academy bond limitation for each calendar year. Such limitation is $400,000,000 for 2008, and, except as provided in paragraph (4), zero thereafter.

''(2) ALLOCATION OF LIMITATION.—The national zone academy bond limitation for a calendar year shall be allocated by the Secretary among the States on the basis of their respective populations of individuals below the poverty line (as defined by the Office of Management and Budget). The limitation amount allocated to a State under the preceding sentence shall be allocated by the State education agency to qualified zone academies within such State.

''(3) DESIGNATION SUBJECT TO LIMITATION AMOUNT.—The maximum aggregate face amount of bonds issued during any calendar year which may be designated under subsection (a) with respect to any qualified zone academy shall not exceed the limitation amount allocated to such academy under paragraph (2) for such calendar year.

''(4) CARRYOVER OF UNUSED LIMITATION.—

''(A) IN GENERAL.—If for any calendar year—

''(i) the limitation amount for any State, exceeds

''(ii) the amount of bonds issued during such year which are designated under subsection (a) with respect to qualified zone academies within such State,

the limitation amount for such State for the following calendar year shall be increased by the amount of such excess.

''(B) LIMITATION ON CARRYOVER.—Any carryforward of a limitation amount may be carried only to the first 2 years following the unused limitation year. For purposes of the preceding sentence, a limitation amount shall be treated as used on a first-in first-out basis.

''(C) COORDINATION WITH SECTION 1397E.—Any carryover determined under section 1397E(e)(4) (relating to carryover of unused limitation) with respect to any State to calendar year 2008 shall be treated for purposes of this section as a carryover with respect to such State for such calendar year under subparagraph (A), and the limitation of subparagraph (B) shall apply to such carryover taking into account the calendar years to which such carryover relates.

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

''(1) QUALIFIED ZONE ACADEMY.—The term 'qualified zone academy' means any public school (or academic program within a public school) which is established by and operated under the supervision of an eligible local education agency to provide education or training below the postsecondary level if—

''(A) such public school or program (as the case may be) is designed in cooperation with business to enhance the academic curriculum, increase graduation and employment rates, and better prepare students for the rigors of college and the increasingly complex workforce,

''(B) students in such public school or program (as the case may be) will be subject to the same academic standards and assessments as other students educated by the eligible local education agency,

''(C) the comprehensive education plan of such public school or program is approved by the eligible local education agency, and

''(D)(i) such public school is located in an empowerment zone or enterprise community (including any such zone or community designated after the date of the enactment of this section), or

''(ii) there is a reasonable expectation (as of the date of issuance of the bonds) that at least 35 percent of the students attending such school or participating in such program (as the case may be) will be eligible for free or reduced-cost lunches under the school lunch program established under the National School Lunch Act.

''(2) ELIGIBLE LOCAL EDUCATION AGENCY.—For purposes of this section, the term 'eligible local education agency' means any local educational agency as defined in section 9101 of the Elementary and Secondary Education Act of 1965.

''(3) QUALIFIED PURPOSE.—The term 'qualified purpose' means, with respect to any qualified zone academy—

''(A) rehabilitating or repairing the public school facility in which the academy is established,

''(B) providing equipment for use at such academy,

''(C) developing course materials for education to be provided at such academy, and

''(D) training teachers and other school personnel in such academy.

''(4) QUALIFIED CONTRIBUTIONS.—The term 'qualified contribution' means any contribution (of a type and quality acceptable to the eligible local education agency) of—

''(A) equipment for use in the qualified zone academy (including state-of-the-art technology and vocational equipment),

''(B) technical assistance in developing curriculum or in training teachers in order to promote appropriate market driven technology in the classroom,

''(C) services of employees as volunteer mentors,

''(D) internships, field trips, or other educational opportunities outside the academy for students, or

''(E) any other property or service specified by the eligible local education agency.''.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 54A(d), as amended by sections 106 and 141, is amended by striking ''or'' at the end of subparagraph (A), by inserting ''or'' at the end of subparagraph (B), and by inserting after subparagraph (B) the following new subparagraph:

''(C) a qualified zone academy bond,''.

(2) Subparagraph (C) of section 54A(d)(2), as amended by sections 106 and 141, is amended by striking ''and'' at the end of clause (i), by striking the period at the end of clause (ii) and inserting '', and'', and by adding at the end the following new clause:

''(iii) in the case of a qualified zone academy bond, a purpose specified in section 54D(a)(1).''.

(3) Section 1397E is amended by adding at the end the following new subsection:

''(m) TERMINATION.—This section shall not apply to any obligation issued after the date of the enactment of this Act.''.

(4) The table of sections for subpart I of part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

''Sec. 54D. Qualified zone academy bonds.''.

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

SEC. 232. TAX INCENTIVES FOR INVESTMENT IN THE DISTRICT OF COLUMBIA.

(a) DESIGNATION OF ZONE.—

(1) IN GENERAL.—Subsection (f) of section 1400 is amended by striking ''2007'' both places it appears and inserting ''2008''.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to periods beginning after December 31, 2007.

(b) TAX-EXEMPT ECONOMIC DEVELOPMENT BONDS.—

(1) IN GENERAL.—Subsection (b) of section 1400A is amended by striking ''2007'' and inserting ''2008''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to bonds issued after December 31, 2007.

(c) ZERO PERCENT CAPITAL GAINS RATE.—

(1) IN GENERAL.—Subsection (b) of section 1400B is amended by striking ''2008'' each place it appears and inserting ''2009''.

(2) CONFORMING AMENDMENTS.—

(A) Section 1400B(e)(2) is amended—

(i) by striking ''2012'' and inserting ''2013'', and

(ii) by striking ''2012'' in the heading thereof and inserting ''2013''.

(B) Section 1400B(g)(2) is amended by striking ''2012'' and inserting ''2013''.

(C) Section 1400F(d) is amended by striking ''2012'' and inserting ''2013''.

(3) EFFECTIVE DATES.—

(A) EXTENSION.—The amendments made by paragraph (1) shall apply to acquisitions after December 31, 2007.

(B) CONFORMING AMENDMENTS.—The amendments made by paragraph (2) shall take effect on the date of the enactment of this Act.

(d) FIRST-TIME HOMEBUYER CREDIT.—

(1) IN GENERAL.—Subsection (i) of section 1400C is amended by striking ''2008'' and inserting ''2009''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to property purchased after December 31, 2007.

SEC. 233. ECONOMIC DEVELOPMENT CREDIT FOR AMERICAN SAMOA.

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

(1) by striking ''first two taxable years'' and inserting ''first 3 taxable years'', and

(2) by striking ''January 1, 2008'' and inserting ''January 1, 2009''.

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

SEC. 234. ENHANCED CHARITABLE DEDUCTION FOR CONTRIBUTIONS OF FOOD INVENTORY.

(a) IN GENERAL.—Clause (iv) of section 170(e)(3)(C) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to contributions made after December 31, 2007.

SEC. 235. ENHANCED CHARITABLE DEDUCTION FOR CONTRIBUTIONS OF BOOK INVENTORY TO PUBLIC SCHOOLS.

(a) IN GENERAL.—Clause (iv) of section 170(e)(3)(D) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to contributions made after December 31, 2007.

SEC. 236. ENHANCED DEDUCTION FOR QUALIFIED COMPUTER CONTRIBUTIONS.

(a) IN GENERAL.—Subparagraph (G) of section 170(e)(6) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

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

SEC. 237. BASIS ADJUSTMENT TO STOCK OF S CORPORATIONS MAKING CHARITABLE CONTRIBUTIONS OF PROPERTY.

(a) IN GENERAL.—The last sentence of section 1367(a)(2) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

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

SEC. 238. WORK OPPORTUNITY TAX CREDIT FOR HURRICANE KATRINA EMPLOYEES.

(a) IN GENERAL.—Paragraph (1) of section 201(b) of the Katrina Emergency Tax Relief Act of 2005 is amended by striking ''2-year'' and inserting ''3-year''.

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

SEC. 239. SUBPART F EXCEPTION FOR ACTIVE FINANCING INCOME.

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

(1) by striking ''January 1, 2009'' and inserting ''January 1, 2010'', and

(2) by striking ''December 31, 2008'' and inserting ''December 31, 2009''.

(b) EXCEPTION TO TREATMENT AS FOREIGN PERSONAL HOLDING COMPANY INCOME.—Paragraph (9) of section 954(h) (relating to application) is amended by striking ''January 1, 2009'' and inserting ''January 1, 2010''.

SEC. 240. LOOK-THRU RULE FOR RELATED CONTROLLED FOREIGN CORPORATIONS.

(a) IN GENERAL.—Subparagraph (C) of section 954(c)(6) (relating to application) is amended by striking ''January 1, 2009'' and inserting ''January 1, 2010''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years of foreign corporations beginning after December 31, 2008, and to taxable years of United States shareholders with or within which such taxable years of foreign corporations end.

SEC. 241. EXPENSING FOR CERTAIN QUALIFIED FILM AND TELEVISION PRODUCTIONS.

(a) IN GENERAL.—Subsection (f) of section 181 is amended by striking ''December 31, 2008'' and inserting ''December 31, 2009''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to productions commencing after December 31, 2008.

Subtitle C—Other Extensions

SEC. 251. AUTHORITY TO DISCLOSE INFORMATION RELATED TO TERRORIST ACTIVITIES MADE PERMANENT.

(a) IN GENERAL.—Subparagraph (C) of section 6103(i)(3) is amended by striking clause (iv).

(b) DISCLOSURE ON REQUEST.—Paragraph (7) of section 6103(i) is amended by striking subparagraph (E).

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

SEC. 252. AUTHORITY FOR UNDERCOVER OPERATIONS MADE PERMANENT.

(a) IN GENERAL.—Subsection (c) of section 7608 is amended by striking paragraph (6).

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on January 1, 2008.

SEC. 253. AUTHORITY TO DISCLOSE RETURN INFORMATION FOR CERTAIN VETERANS PROGRAMS MADE PERMANENT.

(a) IN GENERAL.—Paragraph (7) of section 6103(l) is amended by striking the last sentence thereof.

(b) CONFORMING AMENDMENT.—Section 6103(l)(7)(D)(viii)(III) is amended by striking ''sections 1710(a)(1)(I), 1710(a)(2), 1710(b), and 1712(a)(2)(B)'' and inserting ''sections 1710(a)(2)(G), 1710(a)(3), and 1710(b)''.

(c) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to requests made after September 30, 2008.

SEC. 254. INCREASE IN LIMIT ON COVER OVER OF RUM EXCISE TAX TO PUERTO RICO AND THE VIRGIN ISLANDS.

(a) IN GENERAL.—Paragraph (1) of section 7652(f) is amended by striking ''January 1, 2008'' and inserting ''January 1, 2009''.

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

SEC. 255. PARITY IN THE APPLICATION OF CERTAIN LIMITS TO MENTAL HEALTH BENEFITS.

Subsection (f) of section 9812 is amended—

(1) by striking ''and'' at the end of paragraph (2), and

(2) by striking paragraph (3) and inserting the following new paragraphs:

''(3) on or after January 1, 2008, and before the date of the enactment of the Renewable Energy and Job Creation Act of 2008, and

''(4) after December 31, 2008.''.

TITLE III—ADDITIONAL TAX RELIEF

Subtitle A—Individual Tax Relief

SEC. 301. ADDITIONAL STANDARD DEDUCTION FOR REAL PROPERTY TAXES FOR NONITEMIZERS.

(a) IN GENERAL.—Section 63(c)(1) (defining standard deduction) is amended by striking ''and'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting '', and'', and by adding at the end the following new subparagraph:

''(C) in the case of any taxable year beginning in 2008, the real property tax deduction.''.

(b) DEFINITION.—Section 63(c) is amended by adding at the end the following new paragraph:

''(7) REAL PROPERTY TAX DEDUCTION.—For purposes of paragraph (1), the real property tax deduction is the lesser of—

''(A) the amount allowable as a deduction under this chapter for State and local taxes described in section 164(a)(1), or

''(B) $350 ($700 in the case of a joint return). Any taxes taken into account under section 62(a) shall not be taken into account under this paragraph.''.

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

SEC. 302. REFUNDABLE CHILD CREDIT.

(a) MODIFICATION OF THRESHOLD AMOUNT.—Clause (i) of section 24(d)(1)(B) is amended by inserting ''($8,500 in the case of taxable years beginning in 2008)'' after ''$10,000''.

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

SEC. 303. INCREASE OF AMT REFUNDABLE CREDIT AMOUNT FOR INDIVIDUALS WITH LONG-TERM UNUSED CREDITS FOR PRIOR YEAR MINIMUM TAX LIABILITY, ETC.

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

''(2) AMT REFUNDABLE CREDIT AMOUNT.—For purposes of paragraph (1), the term 'AMT refundable credit amount' means, with respect to any taxable year, the amount (not in excess of the long-term unused minimum tax credit for such taxable year) equal to the greater of—

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

''(B) the amount (if any) of the AMT refundable credit amount for the taxpayer's preceding taxable year (determined without regard to subsection (f)(2)).''.

(b) TREATMENT OF CERTAIN UNDERPAYMENTS, INTEREST, AND PENALTIES ATTRIBUTABLE TO THE TREATMENT OF INCENTIVE STOCK OPTIONS.—Section 53 is amended by adding at the end the following new subsection:

''(f) TREATMENT OF CERTAIN UNDERPAYMENTS, INTEREST, AND PENALTIES ATTRIBUTABLE TO THE TREATMENT OF INCENTIVE STOCK OPTIONS.—

''(1) ABATEMENT.—Any underpayment of tax outstanding on the date of the enactment of this subsection which is attributable to the application of section 56(b)(3) for any taxable year ending before January 1, 2008 (and any interest or penalty with respect to such underpayment which is outstanding on such date of enactment), is hereby abated. The amount determined under subsection (b)(1) shall not include any tax abated under the preceding sentence.

''(2) INCREASE IN CREDIT FOR CERTAIN INTEREST AND PENALTIES ALREADY PAID.—The AMT refundable credit amount, and the minimum tax credit determined under subsection (b), for the taxpayer's first 2 taxable years beginning after December 31, 2007, shall each be increased by 50 percent of the aggregate amount of the interest and penalties which were paid by the taxpayer before the date of the enactment of this subsection and which would (but for such payment) have been abated under paragraph (1).''.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendment made by this section shall apply to taxable years beginning after December 31, 2007.

(2) ABATEMENT.—Section 53(f)(1) of the Internal Revenue Code of 1986, as added by subsection (b), shall take effect on the date of the enactment of this Act.

Subtitle B—Business Related Provisions

SEC. 311. UNIFORM TREATMENT OF ATTORNEY-ADVANCED EXPENSES AND COURT COSTS IN CONTINGENCY FEE CASES.

(a) IN GENERAL.—Section 162 is amended by redesignating subsection (q) as subsection (r) and by inserting after subsection (p) the following new subsection:

''(q) ATTORNEY-ADVANCED EXPENSES AND COURT COSTS IN CONTINGENCY FEE CASES.—In the case of any expense or court cost which is paid or incurred in the course of the trade or business of practicing law and the repayment of which is contingent on a recovery by judgment or settlement in the action to which such expense or cost relates, the deduction under subsection (a) shall be determined as if such expense or cost was not subject to repayment.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to expenses and costs paid or incurred in taxable years beginning after the date of the enactment of this Act.

SEC. 312. PROVISIONS RELATED TO FILM AND TELEVISION PRODUCTIONS.

(a) MODIFICATION OF LIMITATION ON EXPENSING.—Subparagraph (A) of section 181(a)(2) is amended to read as follows:

''(A) IN GENERAL.—Paragraph (1) shall not apply to so much of the aggregate cost of any qualified film or television production as exceeds $15,000,000.''.

(b) MODIFICATIONS TO DEDUCTION FOR DOMESTIC ACTIVITIES.—

(1) DETERMINATION OF W-2 WAGES.—Paragraph (2) of section 199(b) is amended by adding at the end the following new subparagraph:

''(D) SPECIAL RULE FOR QUALIFIED FILM.—In the case of a qualified film, such term shall include compensation for services performed in the

United States by actors, production personnel, directors, and producers.''.

(2) DEFINITION OF QUALIFIED FILM.—Paragraph (6) of section 199(c) is amended by adding at the end the following: ''A qualified film shall include any copyrights, trademarks, or other intangibles with respect to such film. The methods and means of distributing a qualified film shall not affect the availability of the deduction under this section.''.

(3) PARTNERSHIPS.—Subparagraph (A) of section 199(d)(1) is amended by striking ''and'' at the end of clause (ii), by striking the period at the end of clause (iii) and inserting '', and'', and by adding at the end the following new clause:

''(iv) in the case of each partner of a partnership, or shareholder of an S corporation, who owns (directly or indirectly) at least 20 percent of the capital interests in such partnership or of the stock of such S corporation—

''(I) such partner or shareholder shall be treated as having engaged directly in any film produced by such partnership or S corporation, and

''(II) such partnership or S corporation shall be treated as having engaged directly in any film produced by such partner or shareholder.''.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to taxable years beginning after December 31, 2007.

(2) EXPENSING.—The amendments made by subsection (a) shall apply to qualified film and television productions commencing after December 31, 2007.

Subtitle C—Modification of Penalty on Understatement of Taxpayer's Liability by Tax Return Preparer

SEC. 321. MODIFICATION OF PENALTY ON UNDERSTATEMENT OF TAXPAYER'S LIABILITY BY TAX RETURN PREPARER.

(a) IN GENERAL.—Subsection (a) of section 6694 (relating to understatement due to unreasonable positions) is amended to read as follows:

''(a) UNDERSTATEMENT DUE TO UNREASONABLE POSITIONS.—

''(1) IN GENERAL.—If a tax return preparer—

''(A) prepares any return or claim of refund with respect to which any part of an understatement of liability is due to a position described in paragraph (2), and

''(B) knew (or reasonably should have known) of the position,

such tax return preparer shall pay a penalty with respect to each such return or claim in an amount equal to the greater of $1,000 or 50 percent of the income derived (or to be derived) by the tax return preparer with respect to the return or claim.

''(2) UNREASONABLE POSITION.—

''(A) IN GENERAL.—Except as otherwise provided in this paragraph, a position is described in this paragraph unless there is or was substantial authority for the position.

''(B) DISCLOSED POSITIONS.—If the position was disclosed as provided in section 6662(d)(2)(B)(ii)(I) and is not a position to which subparagraph (C) applies, the position is described in this paragraph unless there is a reasonable basis for the position.

''(C) TAX SHELTERS AND REPORTABLE TRANSACTIONS.—If the position is with respect to a tax shelter (as defined in section 6662(d)(2)(C)(ii)) or a reportable transaction to which section 6662A applies, the position is described in this paragraph unless it is reasonable to believe that the position would more likely than not be sustained on its merits.

''(3) REASONABLE CAUSE EXCEPTION.—No penalty shall be imposed under this subsection if it is shown that there is reasonable cause for the understatement and the tax return preparer acted in good faith.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply—

(1) in the case of a position other than a position described in subparagraph (C) of section 6694(a)(2) of the Internal Revenue Code of 1986 (as amended by this section), to returns prepared after May 25, 2007, and

(2) in the case of a position described in such subparagraph (C), to returns prepared for taxable years ending after the date of the enactment of this Act.

Subtitle D—Extension and Expansion of Certain GO Zone Incentives

SEC. 331. CERTAIN GO ZONE INCENTIVES.

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

(1) IN GENERAL.—Notwithstanding any other provision of the Internal Revenue Code of 1986, if a taxpayer claims a deduction for any taxable year with respect to a casualty loss to a principal residence (within the meaning of section 121 of such Code) resulting from Hurricane Katrina, Hurricane Rita, or Hurricane Wilma and in a subsequent taxable year receives a grant under Public Law 109–148, 109–234, or 110–116 as reimbursement for such loss, such taxpayer may elect to file an amended income tax return for the taxable year in which such deduction was allowed (and for any taxable year to which such deduction is carried) and reduce (but not below zero) the amount of such deduction by the amount of such reimbursement.

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

(A) the due date for filing the tax return for the taxable year in which the taxpayer receives such grant, or

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

(3) WAIVER OF PENALTIES AND INTEREST.—Any underpayment of tax resulting from the reduction under paragraph (1) of the amount otherwise allowable as a deduction shall not be subject to any penalty or interest under such Code if such tax is paid not later than 1 year after the filing of the amended return to which such reduction relates.

(b) WAIVER OF DEADLINE ON CONSTRUCTION OF GO ZONE PROPERTY ELIGIBLE FOR BONUS DEPRECIATION.—

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

''(B) without regard to 'and before January 1, 2009' in clause (i) thereof, and''.

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

(c) INCLUSION OF CERTAIN COUNTIES IN GULF OPPORTUNITY ZONE FOR PURPOSES OF TAX-EXEMPT BOND FINANCING.—

(1) IN GENERAL.—Subsection (a) of section 1400N is amended by adding at the end the following new paragraph:

''(8) INCLUSION OF CERTAIN COUNTIES.—For purposes of this subsection, the Gulf Opportunity Zone includes Colbert County, Alabama and Dallas County, Alabama.''.

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

TITLE IV—REVENUE PROVISIONS

SEC. 401. NONQUALIFIED DEFERRED COMPENSATION FROM CERTAIN TAX INDIFFERENT PARTIES.

(a) IN GENERAL.—Subpart B of part II of subchapter E of chapter 1 is amended by inserting after section 457 the following new section:

''SEC. 457A. NONQUALIFIED DEFERRED COMPENSATION FROM CERTAIN TAX INDIFFERENT PARTIES.

''(a) IN GENERAL.—Any compensation which is deferred under a nonqualified deferred compensation plan of a nonqualified entity shall be includible in gross income when there is no substantial risk of forfeiture of the rights to such compensation.

''(b) NONQUALIFIED ENTITY.—For purposes of this section, the term 'nonqualified entity' means—

''(1) any foreign corporation unless substantially all of its income is—

''(A) effectively connected with the conduct of a trade or business in the United States, or

''(B) subject to a comprehensive foreign income tax, and

''(2) any partnership unless substantially all of its income is allocated to persons other than—

''(A) foreign persons with respect to whom such income is not subject to a comprehensive foreign income tax, and

''(B) organizations which are exempt from tax under this title.

''(c) DETERMINABILITY OF AMOUNTS OF COMPENSATION.—

''(1) IN GENERAL.—If the amount of any compensation is not determinable at the time that such compensation is otherwise includible in gross income under subsection (a)—

''(A) such amount shall be so includible in gross income when determinable, and

''(B) the tax imposed under this chapter for the taxable year in which such compensation is includible in gross income shall be increased by the sum of—

''(i) the amount of interest determined under paragraph (2), and

''(ii) an amount equal to 20 percent of the amount of such compensation.

''(2) INTEREST.—For purposes of paragraph (1)(B)(i), the interest determined under this paragraph for any taxable year is the amount of interest at the underpayment rate under section 6621 plus 1 percentage point on the underpayments that would have occurred had the deferred compensation been includible in gross income for the taxable year in which first deferred or, if later, the first taxable year in which such deferred compensation is not subject to a substantial risk of forfeiture.

''(d) OTHER DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

''(1) SUBSTANTIAL RISK OF FORFEITURE.—

''(A) IN GENERAL.—The rights of a person to compensation shall be treated as subject to a substantial risk of forfeiture only if such person's rights to such compensation are conditioned upon the future performance of substantial services by any individual.

''(B) EXCEPTION FOR COMPENSATION BASED ON GAIN RECOGNIZED ON AN INVESTMENT ASSET.—

''(i) IN GENERAL.—To the extent provided in regulations prescribed by the Secretary, if compensation is determined solely by reference to the amount of gain recognized on the disposition of an investment asset, such compensation shall be treated as subject to a substantial risk of forfeiture until the date of such disposition.

''(ii) INVESTMENT ASSET.—For purposes of clause (i), the term 'investment asset' means any single asset (other than an investment fund or similar entity)—

''(I) acquired directly by an investment fund or similar entity,

''(II) with respect to which such entity does not (nor does any person related to such entity) participate in the active management of such asset (or if such asset is an interest in an entity, in the active management of the activities of such entity), and

''(III) substantially all of any gain on the disposition of which (other than such deferred compensation) is allocated to investors in such entity.

''(iii) COORDINATION WITH SPECIAL RULE.—Paragraph (3)(B) shall not apply to any compensation to which clause (i) applies.

''(2) COMPREHENSIVE FOREIGN INCOME TAX.—The term 'comprehensive foreign income tax' means, with respect to any foreign person, the income tax of a foreign country if—

''(A) such person is eligible for the benefits of a comprehensive income tax treaty between such foreign country and the United States, or

''(B) such person demonstrates to the satisfaction of the Secretary that such foreign country has a comprehensive income tax.

''(3) NONQUALIFIED DEFERRED COMPENSATION PLAN.—

''(A) IN GENERAL.—The term 'nonqualified deferred compensation plan' has the meaning given such term under section 409A(d), except that such term shall include any plan that provides a right to compensation based on the appreciation in value of a specified number of equity units of the service recipient.

''(B) EXCEPTION.—Compensation shall not be treated as deferred for purposes of this section if the service provider receives payment of such compensation not later than 12 months after the end of the taxable year of the service recipient during which the right to the payment of such compensation is no longer subject to a substantial risk of forfeiture.

''(4) EXCEPTION FOR CERTAIN COMPENSATION WITH RESPECT TO EFFECTIVELY CONNECTED INCOME.—In the case a foreign corporation with income which is taxable under section 882, this section shall not apply to compensation which, had such compensation had been paid in cash on the date that such compensation ceased to be subject to a substantial risk of forfeiture, would have been deductible by such foreign corporation against such income.

''(5) APPLICATION OF RULES.—Rules similar to the rules of paragraphs (5) and (6) of section 409A(d) shall apply.

''(e) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section, including regulations disregarding a substantial risk of forfeiture in cases where necessary to carry out the purposes of this section.''.

(b) CONFORMING AMENDMENT.—Section 26(b)(2) is amended by striking ''and'' at the end of subparagraph (U), by striking the period at the end of subparagraph (V) and inserting '', and'', and by adding at the end the following new subparagraph:

''(W) section 457A(c)(1)(B) (relating to determinability of amounts of compensation).''.

(c) CLERICAL AMENDMENT.—The table of sections of subpart B of part II of subchapter E of chapter 1 is amended by inserting after the item relating to section 457 the following new item:

''Sec. 457A. Nonqualified deferred compensation from certain tax indifferent parties.''.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to amounts deferred which are attributable to services performed after December 31, 2008.

(2) APPLICATION TO EXISTING DEFERRALS.—In the case of any amount deferred to which the amendments made by this section do not apply solely by reason of the fact that the amount is attributable to services performed before January 1, 2009, to the extent such amount is not includible in gross income in a taxable year beginning before 2018, such amounts shall be includible in gross income in the later of—

(A) the last taxable year beginning before 2018, or

(B) the taxable year in which there is no substantial risk of forfeiture of the rights to such compensation (determined in the same manner as determined for purposes of section 457A of the Internal Revenue Code of 1986, as added by this section).

(3) CHARITABLE CONTRIBUTIONS OF EXISTING DEFERRALS PERMITTED.—

(A) IN GENERAL.—Subsection (b) of section 170 of the Internal Revenue Code of 1986 shall not apply to (and subsections (b) and (d) of such section shall be applied without regard to) so much of the taxpayer's qualified contributions made during the taxpayer's last taxable year beginning before 2018 as does not exceed the taxpayer's qualified inclusion amount. For purposes of subsection (b) of section 170 of such Code, the taxpayer's contribution base for such last taxable year shall be reduced by the amount of the taxpayer's qualified contributions to which such subsection does not apply by reason the preceding sentence.

(B) QUALIFIED CONTRIBUTIONS.—For purposes of this paragraph, the term ''qualified contributions'' means the aggregate charitable contributions (as defined in section 170(c) of such Code) paid in cash by the taxpayer to organizations described in section 170(b)(1)(A) of such Code (other than any organization described in section 509(a)(3) of such Code or any fund or account described in section 4966(d)(2) of such Code).

(C) QUALIFIED INCLUSION AMOUNT.—For purposes of this paragraph, the term ''qualified inclusion amount'' means the amount includible in the taxpayer's gross income for the last taxable year beginning before 2018 by reason of paragraph (2).

(4) ACCELERATED PAYMENTS.—No later than 120 days after the date of the enactment of this Act, the Secretary shall issue guidance providing a limited period of time during which a nonqualified deferred compensation arrangement attributable to services performed on or before December 31, 2008, may, without violating the requirements of section 409A(a) of the Internal Revenue Code of 1986, be amended to conform the date of distribution to the date the amounts are required to be included in income.

(5) CERTAIN BACK-TO-BACK ARRANGEMENTS.—If the taxpayer is also a service recipient and maintains one or more nonqualified deferred compensation arrangements for its service providers under which any amount is attributable to services performed on or before December 31, 2008, the guidance issued under paragraph (4) shall permit such arrangements to be amended to conform the dates of distribution under such arrangement to the date amounts are required to be included in the income of such taxpayer under this subsection.

(6) ACCELERATED PAYMENT NOT TREATED AS MATERIAL MODIFICATION.—Any amendment to a nonqualified deferred compensation arrangement made pursuant to paragraph (4) or (5) shall not be treated as a material modification of the arrangement for purposes of section 409A of the Internal Revenue Code of 1986.

SEC. 402. DELAY IN APPLICATION OF WORLDWIDE ALLOCATION OF INTEREST.

(a) IN GENERAL.—Paragraphs (5)(D) and (6) of section 864(f) are each amended by striking ''December 31, 2008'' and inserting ''December 31, 2018''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2008.

SEC. 403. TIME FOR PAYMENT OF CORPORATE ESTIMATED TAXES.

(a) REPEAL OF ADJUSTMENT FOR 2012.—Subparagraph (B) of section 401(1) of the Tax Increase Prevention and Reconciliation Act of 2005 is amended by striking the percentage contained therein and inserting ''100 percent''.

(b) MODIFICATION OF ADJUSTMENT FOR 2013.—The percentage under subparagraph (C) of section 401(1) of the Tax Increase Prevention and Reconciliation Act of 2005 in effect on the date of the enactment of this Act is increased by 37.75 percentage points.

The SPEAKER pro tempore. The gentleman from New York (Mr. RANGEL) and the gentleman from Louisiana (Mr. MCCRERY) each will control 30 minutes.

The Chair recognizes the gentleman from New York.

Mr. RANGEL. Mr. Speaker, I yield myself such time as I may consume.

My friends and colleagues, we now have an opportunity to reverse the trend that this great Nation has bound itself to, and that is, the addiction to oil as well as the lack of will to do something about it.

This great country has faced up to many crises, and the oil shortage just happens to be one. The question is do we have the will to look and to research and to find alternative means in which to meet the needs of this great Nation.

Under the leadership of Speaker PELOSI, I think today is the day that all of us are going to be proud of the initiatives that we have taken, the opportunities that are going to be given, the jobs that are going to be created, and the excitement in being able to say that the United States need not look to any Nation because of their vast resources in oil because we have the ingenuity and the ability to find alternatives.

It is endless the possibilities that this will pursue in encouraging the production of electricity from renewable sources, using the wind, solar, biomass, geothermal, hydropower, landfill gas and solid waste.

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We even go as far as to have coal electricity plants.

It is a great opportunity for us and the world to explore these new areas that we just were too lazy or found no need to do, encouraging energy efficient products such as plug-in hybrid cars and incentives for conservation of energy in our buildings, whether they're residential or whether they're commercial. And I find it very exciting that we allow local government, that knows their communities better than we ever could, to issue tax credit bonds to further explore how we can conserve energy.

I think this is merely a beginning, but it is an historic beginning that defies party lines. I do hope that we thank the Speaker and the chairman of the committee, the staffs who came together after working years on this project, to come together with a bill that's the beginning of the one that could be a new day for America, a new day for the world as we release our addiction and dependency on fossil fuel.

There is another part of this bill that I come to you with mixed feelings and yet ask your support. It's called the extenders. What are the extenders, for the new Members? It's when people want bills passed, but they put expiration dates on them in order to hide the real cost of the bill.

I think that the ranking member of the Committee on Ways and Means and I agree that we have so much garbage in this bill that soon I hope someone would have the courage to take a look at the tax bill that we have and strip it of the preferential treatment and get down to making the bills that we want permanent, and those that should not be permanent, just to kick them out.

I think it's a disgrace that we have a stimulus package and we have to target the middle class in order to be given handouts because they don't have enough money under our tax system to put food on the table, to provide tuition for their kids and put clothes on their back. We target them as being people who cannot afford to save and plan for the future. I think it is a disgrace for the Congress to have a tax system that way.

But because we make commitments and because some of these laws are good and efficient and because we don't have the money at this point in time to make it permanent, we come to you and ask you to support the extenders. These extenders include research and development, standard deduction for property taxes for non-itemizers. We have provisions in here to help Katrina. Expanded child credits. We make it more equitable how attorneys can write off their investments before the end of a case. We also make it equitable for the moving picture industry to get the same benefits that other industries get as relates to job credit.

This is one heck of an opportunity, I think, for us to move this forward in a short way. It's only a 1-year extension, which means that the next administration hopefully will be more progressive in terms of cleaning up the code and making permanent what should be made permanent. It is not paid in controversial taxes. We remove preferences for income that is made overseas and avoid tax liability, as well as tax benefits yet to be received. So there is no pain there.

I ask unanimous consent at this time to yield the remainder of my time to the gentleman from Washington, Dr. MCDERMOTT, for purposes of managing the bill, and to thank him and so many others on the Ways and Means Committee for their leadership, their patience, and being able to bring this bill to the floor. I'm fairly confident that we will have very little problem in the Senate and have this passed into law.

So remember the date. It's historic in nature. And remember the role that you played in supporting this revolutionary approach to avoid the dependency on fossil fuel for our great Nation.

The SPEAKER pro tempore. Without objection, the gentleman from Washington will control the time.

There was no objection.

Mr. MCCRERY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in opposition to the legislation before us today and urge all of my colleagues to vote against it today.

Most critically, the bill claims to be a package of tax extenders, but fails to deal with the biggest and most pressing extender in the code, the AMT patch, the alternative minimum tax patch. This is a missed opportunity. We should have included that in this bill of other expiring provisions in the code.

The majority's failure to extend this patch for 2008 would mean an additional 21 million—mostly middle class—individuals and families would be ensnared by the alternative minimum tax. As a result, affected families will pay an additional $61.5 billion in taxes for this year. This oversight—this neglect, I think—is the single largest flaw in the bill.

The majority, I'm sure, will claim during today's debate, just as they did during committee markup, that they will address the AMT before adjourning this year, just not now. Surely our experience from 2007, when the AMT patch wasn't enacted until the day after Christmas, suggests that maybe we ought to begin acting on this now and not just run down the shot clock. Mr. Speaker, it simply does not make sense to vote to extend dozens of tax provisions, some for several years, without also dealing with the biggest and most far-reaching expiring provision, the AMT patch.

The bill also clings to the mistaken view that the House's PAYGO rules require us to raise taxes in order to prevent tax increases. I was pleased last year that, when the House finally did pass the AMT patch, we recognized the foolishness of applying PAYGO to expiring tax provisions, and I'm disappointed that that bipartisan approach is not being followed here today.

Simply put, we shouldn't have to pay to extend current law. This is not paying for a new tax cut in the main. Most of this bill is extending current law.

As we stare at the prospect of a more than $3.5 trillion tax increase baked into the budget by the majority's misguided PAYGO rules, I think it will become even more obvious in the years to come why Congress should not have to raise taxes to prevent a tax increase.

If the majority was ever willing to offset tax provisions with spending cuts, I might view this a little differently. But this bill shows once again that the only tool the majority has to meet its PAYGO requirements is the hammer of tax increases. It's little wonder, then, that to them every problem looks like a nail.

As I documented many times last year and during our committee markup last week, Washington doesn't have a revenue problem. We're getting enough revenues. We're already collecting more in taxes as a percent of our GDP than the historical average of revenues coming into Washington. That's not the problem. The problem is spending. So how many times have we had PAYGO rules be adopted and followed in this House using spending cuts to pay for extending current tax law? Zero.

Mr. Speaker, the continued use of tax increases to pay for extending current law is unacceptable to this ranking member of the Ways and Means Committee, and I hope will be objectionable to a majority of the Members of this House. In fact, this bill not only contains tax cuts, it actually does increase spending. There are items in this bill that score as spending—expanding refundable tax credits, the New York Liberty Zone project. Those score as spending. So we're increasing spending in this bill, and we're paying for that with tax increases.

In addition to those two provisions, the bill contains numerous other new temporary and permanent provisions, undermining the claim that the bill is merely extending current law. Some of the new provisions might be meritorious, but a few of those I think deserve closer examination.

For example, some of my colleagues may be surprised to know that there is a nearly $1.6 billion special tax break for trial lawyers in this bill. The provision overrides developing case law and lets lawyers using certain types of contingency fee arrangements to deduct sooner their expenses. CBO's Joint Tax Committee scores this as costing the taxpayers $1.6 billion over the next 10 years. Now, this provision was not the subject, that I'm aware of, of any hearings or examination by the committee, and yet it's in this bill today.

I would hope that before we make such a significant change in tax law costing taxpayers $1.6 billion, all going to one very narrow set of people in this country, trial lawyers, that we would want to have a hearing on that and flesh it out to see if maybe it could be crafted better, or whether, in fact, it's of any value at all to the country.

This bill also revisits the ''green pork'' tax credit bonds that were much discussed during the energy debate in 2007. These are the same bond proceeds, remember, that could be used for all sorts of dubious projects, maybe hybrid snowmobiles in Aspen, or maybe a new Wal-Mart with a couple of solar panels out front.

State and local governments using the bond proceeds don't even have to certify that the projects will reduce fossil fuel consumption or greenhouse gas emissions. Unfortunately, the majority rejected a sensible fix for this oversight when this was offered last year.

We know how this is all going to end. It will end with the passage of an AMT patch without offsets, like last year, and probably many extenders being approved without tax increases. More than 40 Senators have signed a letter pledging to oppose a package such as the one before the House today. And even if it somehow squeaks by the Senate, the President has indicated he would veto this bill.

Mr. Speaker, it's unfortunate that the majority has chosen against moving a bill on expiring provisions that could have had bipartisan support and instead have opted for the measure before us.

Given that its fate has already been sealed—it won't become law—I am comforted to know that we will have another chance to consider this legislation this year. I hope it's sooner rather than later so that we're not here in December once again scrambling to deal with these issues.

We can do better than what's before us today. Let's get rid of this, start over, and bring a good bill back.

Mr. Speaker, I reserve the balance of my time.

GENERAL LEAVE

Mr. MCDERMOTT. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on H.R. 6049.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. MCDERMOTT. Mr. Speaker, I yield 2 minutes to the gentleman from New Jersey (Mr. PASCRELL).

Mr. PASCRELL. Mr. Speaker, I have a great deal of affection and I have a great deal of respect for the ranking member on the other side, but you are dead wrong on this.

First of all, you talk about this side of the aisle not being able to pass AMT. We did pass legislation, and your side sunk it. The alternative minimum tax would be gone, it would be abolished, there would be nada there, but you decided, for whatever reason, that you didn't want to pay for it. That's the problem.

Now, my friends on the other side of the aisle are determined not to support this legislation. It should be noted that entities such as Goldman Sachs—I mean, these are not, most of the time, our friends—Bank of America, Caterpillar, Ford, Deere, and Prudential disagree with you, and they publicly support the legislation.

Connect the dots here. After all, a number of important provisions, such as the critical research and development credit, the election to deduct State and local general sales tax, the 15-year straight-line cost recovery for qualified leasehold improvements, and the election to expense brownfields environmental remediation costs have already expired. These provisions are so important to American businesses and consumers, and the time to renew them is now.

There are a wide array of important provisions here, from renewable energy incentives to middle class tax cuts. I want to add how grateful we should all be to Chairman RANGEL for his decision to include a 1-year extension on the active financing rules critical to global competitiveness of U.S. financial services and companies. Those companies in this country that export are at a tremendous disadvantage. We are not playing on a level playing field. Active financing rules provide American companies with the level playing field necessary to compete in the global marketplace. Most other countries don't try to extract any taxes on its companies' foreign-based operations.

The SPEAKER pro tempore (Mr. ROSS). The time of the gentleman from New Jersey has expired.

Mr. MCDERMOTT. I yield the gentleman an additional 10 seconds.

Mr. PASCRELL. Subjecting our businesses to both foreign and American corporate taxes puts them at a competitive disadvantage.

I would add this, in conclusion, these are the kind of actions that will help create fair trade in America. You cannot be against that, in all fairness.

Mr. MCCRERY. Mr. Speaker, in fact, I agree with much of what the gentleman just said. I'm happy to hear him endorse many provisions that we, I think wisely, put into the Jobs bill several years ago when we were in the majority. So it's not those provisions that I oppose, it's the tax increases in the bill to pay for just extending current law that I'm opposed to. And I want to make that clear. I like the provisions the gentleman mentioned.

□ 1415

At this time, Mr. Speaker, I would yield 2 minutes to the ranking member of the Trade Subcommittee of the Ways and Means Committee, the gentleman from California (Mr. HERGER).

Mr. HERGER. Mr. Speaker, like many of my colleagues, I want to express my support for the tax relief included in today's legislation, provisions such as the research and development tax credit and the active financing exception that help our employers stay competitive and the extension of the renewable energy tax incentives.

However, I cannot support this bill as written. First, it continues the negative trend the Democrat majority has followed by permanently increasing taxes to pay for temporary extensions of existing tax law. Given the wide-ranging tax relief that is set to expire in the coming years, the Democrats' PAYGO logic would require us to raise taxes by more than $3.5 trillion between now and 2018.

Secondly, the bill ''dodges'' extending the middle class alternative minimum tax patch, without which 24 million taxpayers will pay an average of $2,400 in AMT taxes in 2008 alone. We waited until the 11th hour to extend this relief in 2007. We cannot do so again.

Tragically, the House Democrats refuse to work on these issues on a bipartisan basis. Their tax increase approach has been tried and tried again, and for what we have seen in the other body and from what the White House has said, it will fail again. The longer we delay passing a realistic extenders bill, the longer American employers and taxpayers go without this critical tax relief.

Mr. Speaker, I urge a ''no'' vote on this legislation.

Mr. MCDERMOTT. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts (Mr. NEAL).

Mr. NEAL of Massachusetts. I thank the gentleman for yielding the time.

Mr. Speaker, this legislation is pro-environment, it's business friendly, and it's paid for.

I don't know how anybody on the other side can mention the words ''alternative minimum tax'' with a straight face. They had sufficient opportunity in the last session of the Congress to vote for a responsible alternative minimum tax repeal. I know. I authored the legislation. They all voted against it.

I want to thank CHARLIE RANGEL today for his hard work. There are a number of business and individual tax incentives that lapsed in January of this year. There was urgency to getting it done, and we did precisely that. In my home State of Massachusetts this means that 94,000 teachers will get a deduction for out-of-pocket expenses for classroom supplies. It means that a thousand businesses in Massachusetts will get some credit for the millions they spend on research here in the United States. Without this bill 121,000 families in Massachusetts cannot take deduction for college tuition expenses.

This bill provides significant and real tax relief to millions of families nationwide and for some very low income families it will provide a new benefit. There are 111,000 children in Massachusetts whose families will get a higher tax credit because of this bill.

There are an additional 32,000 children and families in Massachusetts who are currently shut out of the child tax credit because of the threshold for earnings that must exceed rises each year for inflation. They're simply too poor for the tax credit. This bill lowers the threshold so that these working families can benefit from the child tax credit just like other families.

These are well-crafted positions, and we don't have time to mention them all. But I want to tell you in the 20 years I have been in this House, this is one of the best pieces of legislation that I have been associated with. It provides tax relief, but at the same time it's pro-environment.

I hope that Members of this House on both sides will support this legislation.

Mr. MCCRERY. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Michigan (Mr. CAMP), the ranking member of the Health Subcommittee on the Ways and Means Committee.

Mr. CAMP of Michigan. I thank the gentleman for yielding.

Mr. Speaker, it's surprising how well the Democrat majority can turn good ideas like the extension of tax relief into bad legislation. Now, we have seen it before and it usually ends in gridlock. And, frankly, the American people are tired of the majority party's record of stalemate and zero accomplishment. But here we go again with another bill that is headed nowhere.

This bill could have easily passed the Ways and Means Committee and passed on the floor with an overwhelming bipartisan majority of votes. It failed to get a majority of Republican votes in committee and will likely fail to get a Republican majority here today on the floor.

Interestingly, a lot of what is in this package was written when Republicans were in the majority. The Republican bill was devoted to tax incentives; the

Democrat bill focuses on tax increase. This is a fundamental difference between our two parties.

It is a real missed opportunity not to deal with the alternative minimum tax, which means higher taxes for more and more Americans. That's why you're seeing key groups oppose this bill like the National Taxpayers Union, Citizens Against Government Waste, Americans for Tax Reform, Alliance for Worker Freedom, Americans for Prosperity, and Club for Growth.

So what the Democrats give with one hand they take with the other. They'll use words like ''PAYGO'' and ''revenue raisers,'' but the fact of the matter is those innocent-sounding words really mean tax increases. Permanently increasing taxes to pay for temporary tax incentives is a losing deal for the American people.

Congress will be confronted with many more expiring tax provisions in the coming years, and if the Democrats continue with this flawed logic, taxpayers will be hit with more than $3.5 trillion in tax increases between now and 2018 simply to maintain current law. With $3 and possibly $4 of gas and higher grocery bills, a sluggish economy, and a downturn in the housing market, the American public cannot afford higher taxes.

We don't need a fortune teller to tell us that, just like many of the other bills House Democrats have passed that included tax increases, this bill again is dead on arrival in the United States Senate. So we will be back here again at some point debating this bill again. So after we get through with today's exercise, hopefully we can get down to business and write a bill that will gain a majority of bipartisan support.

I urge my colleagues to reject increasing taxes and vote ''no'' on this legislation.

Mr. MCDERMOTT. Mr. Speaker, I understand from my distinguished colleague from Michigan that this bill is headed for nowhere.

Are you talking about the White House?

Mr. CAMP of Michigan. Will the gentleman yield?

Mr. MCDERMOTT. No, I'm going to let the gentleman from Michigan (Mr. LEVIN) have 2 minutes.

(Mr. LEVIN asked and was given permission to revise and extend his remarks.)

Mr. LEVIN. Mr. Speaker, this legislation has vital energy provisions. Vital. It has important tax provisions, including the R&D tax credit.

So here we hear the Republicans opposing it. They did not know how to govern effectively when they were in the majority, and they're showing today they don't know how to oppose effectively when they're in the minority.

They criticize PAYGO. Their creed is ''pay-no.'' They don't want to pay for anything. They oppose a tax provision to close a loophole, an egregious one, and they call that a tax increase. They say this is their principle: Don't pay for extending current tax law, even though the reason it meets its end is because they didn't want to extend it a few years ago and increase the deficit. What illogic.

They say do further with the extenders, but they don't want to pay for it. They say do more right now on the AMT but don't pay for it.

We're going to keep working on the AMT. We're going to keep trying to pay for it. The reason this may not succeed in the Senate is because of the minority Republicans and in the White House.

I think the public is tired of this blockade. We will keep moving ahead and I hope with success. It's time to act. I hope there will be some minority support for this bill.

Mr. MCCRERY. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. BRADY), a distinguished member of the Ways and Means Committee.

Mr. BRADY of Texas. Mr. Speaker, I don't know what's being sold around here today, but there is nothing revolutionary about this bill. There are some good things in it, no question. But it is dangerously incomplete and it is tainted.

It includes a last-minute special interest provision that no one in America has ever had a chance to look at or consider. It is not revolutionary because it includes extensions of what's already law in America today, the research and development tax credit, that's so important to innovation America. The State and local sales tax deduction, important for families to deduct what they pay in sales taxes from what they owe Uncle Sam because sales taxes really add up fast, especially for younger families. Energy provisions, which are important for us to do renewable alternative fuels. All that is very good. Everyone supports it.

This bill is dangerously incomplete because it does not address a huge looming tax increase on most of middle class America. The alternative minimum tax, the second tax, that families find when they do their taxes or do their software for taxes, and they're okay, they don't owe Uncle Sam anything. We catch them with a second tax. And we said over the years that we'll do away with that. Republicans did do away with that second tax. Unfortunately, President Clinton vetoed it, and we live with it today.

This bill does nothing to stop the alternative minimum tax, the second tax, on American families, and we need to act now, not later to do that.

It is tainted because it includes a provision, $1.6 billion, a new tax break, for one special interest group, plaintiffs' attorneys with contingency fees. The wealthiest 1 percent of attorneys in America will receive $1.5 billion more of your money.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. MCCRERY. I yield the gentleman an additional 30 seconds.

Mr. BRADY of Texas. Mr. Speaker, the wealthiest 1 percent of attorneys in America will receive a tax break courtesy of you, the taxpayers. Yet we won't do more to help the refundable child tax credit. Those are single parents who are usually raising one or two kids and working several jobs. We offered the amendment. Instead of helping a trial lawyer buy a second private jet, why don't we help a waitress who's trying to raise her kids? Wouldn't that be a fair use of help and dollars?

So I oppose this bill. I believe we ought to do these extensions, and I believe this bill does not deserve support.

Mr. MCDERMOTT. Mr. Speaker, I yield 2 minutes to the gentleman from North Dakota (Mr. POMEROY).

Mr. POMEROY. I thank the gentleman for yielding.

Mr. Speaker, I'm surprised to hear my Republican friends talk about their dismay that AMT is not in this package. AMT was not in the President's budget, not one nickel, not one cent. I never heard one word in the Ways and Means Committee, not a word that I can recall, of dismay from my Republicans that the President didn't address AMT.

This bill before us is to address a number of expiring provisions including energy. Good gosh, with oil approaching $130 a barrel, you would think we could bust out an energy portion and make an immediate response. The American people deserve no less.

Just take, for example, one provision: The wind production tax credit expires at the end of the year. But to be effective, a wind power plant has to be invested, constructed, and turning energy in order to qualify under the 2008 provision for the production tax credit. What that means in real terms is that already activity is being placed at risk. Financing packages are being denied for growing wind power in this country.

□ 1430

Our upside potential on harnessing power for wind is immense. But even the, I'd say paltry, 1-year extension under the bill, because this industry deserves much more than 1 year, is placed at risk now by Republican opposition.

Fundamentally, we believe if we are going to extend these tax provisions, we need to find revenue offsets so that we don't drive the deficit deeper. I think what this debate is really about is a very different vision. They're happy to just run up the debt even deeper by extending these provisions without the pay-fors. We refuse to do that. As important as these provisions are, we are not going to let our kids pay for them. We will pay for them right here and now by finding the appropriate offsets.

So for the interest of the people in this country in getting renewable energy sources, especially wind power, let's advance this legislation.

Mr. MCCRERY. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Indiana (Mr. BURTON).

Mr. BURTON of Indiana. I thank the gentleman for yielding.

I listened to my good friend, CHARLIE RANGEL, the Chairman of the Ways and Means Committee, from New York, a while ago, and he was talking about all these areas where we are going to get additional energy. There were some great ideas there. The problem is many of them are going to take a long, long time before we get the job done.

Right now, people in this country are paying close to $4 a gallon for gasoline, and the issue is we have a supply of oil in this country that will take care of most of the problem. We can drill in the ANWR and get a million to 2 million barrels of oil a day. That is three-and-a-half times the size of Texas, Alaska is, and we can't do it because they say it's environmentally dangerous. We can drill off the Continental Shelf and get a million to 2 million barrels of oil a day. They won't let us drill off the Continental Shelf, and yet Cuba is going to drill within 50 miles of the United States and give the oil to China.

They are using all these environmentally questionable issues to keep us from drilling for oil in this country to be energy independent. We have been talking about energy independence for 30, 40 years, and we haven't done a darn thing about it. The Speaker said here not long ago, about 2 years ago, they were going to do something about skyrocketing gas prices when it was $2.33 gallon. Now it's approaching $4 a gallon and we can't even drill for oil that's in our country to reduce the cost of gasoline.

The American people want solutions. They want Democrats and Republicans to come together and do what is necessary to help them with their energy problems. They want us to work together. We need to have some balance between environmental concerns and the cost that we need to deal with regarding this economy, and that means we need to lower the price of energy, especially gasoline, so people can get to and from work and deal with the problems they face on a daily basis. There's no question about that. Gasoline should not be $4 a gallon, and we can lower it if we drill for oil in our country.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. MCCRERY. Mr. Speaker, I yield the gentleman an additional 30 seconds.

Mr. BURTON of Indiana. While we are talking about the long-term problems of energy and dealing with new technologies, and we are all for that, we have to deal with the immediate problem, and the immediate problem is drill for oil in this country, build more refineries so we can get that oil to market and lower the gas prices like the Americans want it be to lowered back down to around $2 a gallon or less.

We can do it. But we will never do it unless we work together, Democrats and Republicans. All I hear from the other side of the aisle is, No; we have to worry about the environment. There has to be a balance between environment and economic concerns, and we are not doing it.

Mr. MCDERMOTT. Mr. Speaker, I yield myself such time as I may consume.

Today, we are going to approve a plan that will produce significant new energy resources for the American people. We have passed this bill four times. Mr. BRADY is right. There is nothing new here. We keep passing it and passing it and the oil companies keep killing it.

What you're hearing today, just the last speaker says, let's drill in the Arctic National Wildlife Refuge or go hat in hand to OPEC and say, Please produce more oil. Or let's have some more secret meetings down in the White House with the Vice President and design a new tax policy that will get our oil prices even higher. They met in the first months in the White House and decided how to drive up the oil prices for the oil companies.

We are going to implement a tax plan that uses the Tax Code to produce renewable energy to put us on a path to providing our children with an energy-independent future. The plan creates incentives for America to apply technology and use practices to use energy more efficiently than the way we are presently doing.

There was a time a long time ago when the United States led in alternative energy. But now Denmark, Japan and Germany are far ahead of us because of 8 years of this present administration and their attitudes toward alternative energy.

With this legislation, we'll take a big step toward regaining our leadership in the manufacture and deployment of renewable energy. This legislation will not only create jobs in what may be the world's largest emerging industry, but it will be a blueprint for the energy policy for the 21st century.

We need to end our addiction to oil, and that's what this bill is about. I urge my colleagues to support it this time.

I reserve the balance of my time.

Mr. MCCRERY. Mr. Speaker, I yield 3 minutes to the distinguished minority whip, the gentleman from Missouri (Mr. BLUNT).

Mr. BLUNT. I thank the gentleman for yielding me the time.

We are for extending these good tax policies on research and development, we are for extending these good tax policies on energy research particularly. As Republicans, as conservatives, as people who actually brought these tax policies to the table to start with, of course we are for them.

Now a 1-year extension is not the right amount of time. We can debate that. I hope we have time to because this is not the last day we are going to see this bill. If you're really serious about energy research, try to go to borrow money with a 1-year plan. You can't borrow money with a 1-year plan. You can't take a chance with a 1-year plan. You can't hire people with a 1-year plan. Surely, everybody here knows that.

If we were really serious about extending these policies, we would be sending signals that we are committed to these policies for a long time. But we are for the policies that we are talking about in current law. We are not nearly as excited about the new things that are added; the tax breaks for lawyers who have taken a case on contingency and now want taxpayers to subsidize their dealing with that case by these new ideas in the Tax Code. But we are for the continuation of good policies. But we are not for believing that to continue good tax policies, you have to pay for those by taxing other people.

If these tax policies are good enough for now, they are good enough to continue to be the policies of the future. This House decided last year on the alternative minimum tax that, well, we don't want more people to slip into that bad tax situation so we are going to move forward without having taxes that replace what would happen if we didn't try to maintain the current status of taxes.

That is what we are for, maintaining current policies, giving them as much life as possible, and not assuming that other taxpayers have to suffer in an economy that we need to be sending signs of growth and productivity to, not signs of more ideas for the Federal Government to increase taxes.

I hope we can come back to a bill that extends good policy, that does it for a longer period of time, and doesn't seem to feel it's necessary to tax other people to extend policies that are working in the Tax Code today.

Mr. MCDERMOTT. Mr. Speaker, I would remind the gentleman from Missouri that during the 6 years that the Bush administration had a rubber-stamp Congress up here, they put it out 1 year at a time. Now you want us to make it long. We will see.

I yield 2 minutes to the gentleman from Illinois (Mr. EMANUEL).

Mr. EMANUEL. The prior speaker said you can't have a plan for 1 year. What he didn't mention is that the Bush administration and the Republican Congress hadn't had a plan for 7 years, and look where it's gotten us.

The fact is a lot of people want to talk about you have to have a balanced approach. That's true. You do have to have some drilling. There are 9,300 permits owned by the oil companies here in the United States for drilling that they do not use. Close to 72 percent. They don't use. They are not drilling. Could alleviate today. They are waiting for the price to increase before they drill. Those permits have been issued. So that is part of a plan.

What we are talking about today is seizing future energy sources, be that wind, solar, biomass. In fact, today, the

Wall Street Journal, lead story, the Pentagon knows and it is launching, according to the headline, an alternative fuels strategy. The Pentagon knows that. Corporate America is investing in alternative energy sources. They know that. The American consumer knows you have got to have a different strategy than the one that depends only on oil. The only people that don't know that you need to have a diverse energy policy is the White House and sometimes I believe some of the Republican Members of Congress here.

We need an energy policy so it begins to invest in 21st century energy sources, like wind and solar, and stop subsidizing 20th century energy sources, which is only oil. This gives us an agenda, a strategy to look to the future, build new technologies, new industries that will employ hundreds of thousands of people, and invest and give America its energy independence.

Second, it does not cost the American taxpayer. This is a paid-for piece of legislation by closing offshore deferrals where a lot of people hide their income in offshore deferrals. In fact, Congressman MCCRERY and Senator GRASSLEY both acknowledge it is a decent way to pay for something. Whether they agree for this, they do agree it's a legitimate pay-for.

Third, there's a lot of talk about middle class and the suffering in the middle class. This legislation provides property tax relief for middle class families.

Remember that this is the first step toward energy independence and making sure that we build on the progress we have made, such as CAFE standards for cars.

Mr. MCCRERY. Mr. Speaker, I yield myself such time as I may consume.

I assure the gentleman from Illinois that despite the fact there might be 9,300 permits to drill out there that aren't being utilized, I am sure there are good reasons for not utilizing those permits. I can assure the gentleman that if we opened up ANWR, if we opened up the Continental Shelf and more parts of the Gulf of Mexico, we would have domestic oil companies taking advantage and drilling to produce.

Mr. EMANUEL. Will my colleague yield?

Mr. MCCRERY. I would be happy to yield.

Mr. EMANUEL. We can have a legitimate debate about Alaska. We have had 20 years of it. What I am suggesting, and you would agree that Alaska is 10 years down the road.

Mr. MCCRERY. I don't agree with that.

Mr. EMANUEL. Alaska is not today. There are 9,300 permits that have been issued today for onshore drilling not being exercised by the oil companies.

Mr. MCCRERY. Reclaiming my time, I don't quarrel that that may be correct. But it's beside the point. There may be legitimate reasons why those particular permits are not being utilized. But the fact is, by law our companies cannot drill in ANWR, they cannot drill in the Outer Continental Shelf beyond a few areas in the Gulf of Mexico. And that is wrong.

Look, my 14-year-old son this morning, I am driving him to school and the radio report came on that oil hit $130 a barrel, and my son says, Dad, why don't we just tell OPEC to produce more oil? Well, he's a pretty smart kid. That would help. But I said, Son, if we told OPEC to drill for more oil and then they turned it around and said, Well, why doesn't the United States drill for more oil.

Mr. EMANUEL. Would the gentleman yield?

Mr. MCCRERY. No, I've already given you some time.

The SPEAKER pro tempore. The gentleman from Louisiana controls the time.

Mr. MCCRERY. What if they told us, Why doesn't the United States drill for more oil, what would our answer be? We don't know, because Democrats for years have blocked every sensible environmentally sound plan to explore and develop known resources here in this country, and that is a shame. We ought to have a balanced energy policy. Yes, alternative sources that we Republicans put in legislation several years ago, passed the bill, I believe, in 2005, and began a lot of these credits that we are extending today. We agree with that.

Mr. EMANUEL. Will you yield for a second?

Mr. MCCRERY. Let us develop the resources we know we have, the proper fuel resources that can help immediately.

Mr. EMANUEL. Just one second.

The SPEAKER pro tempore. The gentleman from Louisiana controls the time.

Mr. MCCRERY. Thank you, Mr. Speaker.

I yield 2 minutes to the gentleman from Nebraska (Mr. TERRY).

□ 1445

Mr. TERRY. Mr. Speaker, I really believe that we need to have our own American-made energy, and we have the resources here. I have been a leading advocate in Energy and Commerce on alternative energies, on wind, solar, geothermal, closed-loop biomass and cellulosic ethanol, and these tax credits, I think, are important in that process. We need to have a complete portfolio that includes alternatives, these types of alternatives. But I have to say that I am disappointed greatly in the fact that we are extending these for 1 year.

I have sat down with the leading folks in especially wind energy. And, by the way, let's not confuse these sources that generate electricity with putting fuel in our cars. Most of these generate electricity, like wind. We need it. But they can't take their business plan to the bank on a 1-year tax credit. They said they need at least a 5-year, and prefer a 10-year.

If we are very serious about making alternatives part of our energy portfolio, we need a 5- to 10-year plan to extend these tax credits. Otherwise, we are just simply perpetrating a hoax upon the American public that is looking towards Congress to find a way to alleviate the pressures of high gas costs. It is about what they are paying when they pull up to the pumps. So if we are serious about it, let's do a long-term tax credit bill that is actually going to be usable by the folks that want to invest in these alternatives.

Yes, we do a little bit better job on solar. I am surprised that they pulled one out and treated that so specially, when all the others are just so meritorious. And, by the way, I am not sure we have gotten to the technology yet where we can have wind panels and solar panels operating our cars for us. They can generate electricity if we want to do a plug-in, but even that we are not doing a long-term plan for.

Mr. MCDERMOTT. Mr. Speaker, could I inquire how much time remains on both sides.

The SPEAKER pro tempore. The gentleman from Washington has 12½ minutes remaining. The gentleman from Louisiana has 4½ minutes remaining.

Mr. MCDERMOTT. Mr. Speaker, I yield 2 minutes to the gentleman from Connecticut (Mr. LARSON).

Mr. LARSON of Connecticut. Mr. Speaker, I thank the gentleman from Washington State.

I want to commend Mr. RANGEL and Mr. NEAL for an outstanding piece of legislation that they have put before us. I am particularly pleased with the extension of credits as it relates to fuel cell and geothermal technology, but wind and solar as well. To extend these credits in a manner that will allow us to become energy independent is something that is long overdue for this Nation. Let us hope that our colleagues on the other side are able to join us in making sure that we take a positive step forward for the future of energy independence.

What seems apparently is the stumbling block on the other side is that we are providing that we pay for this, and that we are doing so by, well, taxing a group of people who otherwise go untaxed and yet reap all the benefits of this great Nation. But those poor hedge fund guys who sequester their funds offshore and are making millions of dollars, to subjugate them to a tax, oh, just the thought of it sends a shudder up the spines of our dear friends on the other side. Imagine the people back home, the people that they talk about, that Mr. BURTON said need this relief immediately. But to do so by taxing offshore hedge funds? Well, we can't have a part of that.

It is time for this country to get serious about energy independence. It is time for us to step up to the plate and for Americans to understand that people who are making funds offshore paying no taxes ought to contribute to making sure that we are able to move

this Nation forward in the direction of energy independence.

I commend Chairman RANGEL and RICHARD NEAL for this fine proposal.

Mr. MCCRERY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, if my good friend Mr. LARSON's description of the tax increase in the bill were correct, I wouldn't have any quarrel with it. However, the provision affects more than just offshore hedge fund managers. It affects any employee working for a company based offshore in any business. So it is much broader than the gentleman described, and that is the main reason that I oppose that provision in its current form.

Mr. Speaker, I reserve the balance of my time.

Mr. MCDERMOTT. Mr. Speaker, I yield 2 minutes to the gentlewoman from Ohio (Mrs. JONES).

(Mrs. JONES of Ohio asked and was given permission to revise and extend her remarks.)

Mrs. JONES of Ohio. Mr. Speaker, I would like to thank our Chair, Mr. RANGEL; Mr. NEAL, our subcommittee Chair; Mr. MCDERMOTT; and all the members of this committee for this great piece of legislation around energy and tax extenders.

I know my colleagues have done a great job talking about the energy portion of the bill, so I am going to move straight to a couple of areas that are important specifically to people who reside in my congressional district.

In my role as the Chair of the Congressional Philanthropic Caucus, I am especially pleased to see the inclusion of the IRA rollover provision, which has become an important fund-raising and development tool in the philanthropic community. More and more today we are calling upon the philanthropic organizations to do the job that others have stepped away from.

In addition, the extension of the active finance exemption sends a message to corporate America that this Congress has their interests at heart because this provision, along with the subpart F look-through, allows them to remain competitive and keep jobs here and not abroad. The tenets of sound tax policy begin with the notion of equity, efficiency and simplicity. Relying on the traditional framework, I am certain that we are driving towards a rational consensus.

It is in this environment or within this context I am pleased to support this piece of legislation, and encourage my colleagues throughout the Congress to join us in passing this legislation that will impact energy and other extenders in the Tax Code.

THE PROCTER & GAMBLE COMPANY,
Cincinnati, OH, May 20, 2008.

Hon. STEPHANIE TUBBS-JONES,
U.S. Representative, Longworth House Office Building, Washington, DC.

DEAR REPRESENTATIVE TUBBS-JONES: I want to take this opportunity to thank you for your leadership in the Ways & Means Committee's consideration of H.R. 6049, the Renewable Energy and Job Creation Act. House passage of H.R. 6049, including the so-called CFC Look-through rule, is very important for us to remain competitive in markets around the world.

Your efforts to include the extension, the so-called CFC Look-through rule in H.R. 6049, were critical to the ability of P&G, and many other American companies, to serve our customers and consumers around the world. We look forward to working with you as this legislation moves through the House of Representatives.

Sincerely,

ROBERT A. MCDONALD,
Chief Operating Officer.

Mr. MCCRERY. Mr. Speaker, since the majority has so much more time left than the minority, I would reserve the balance of my time.

Mr. MCDERMOTT. Mr. Speaker, I yield 2 minutes to the gentleman from Oregon (Mr. BLUMENAUER).

Mr. BLUMENAUER. I appreciate the gentleman's courtesy.

There have been some stark differences in the debate here today, but there is one thing that is clear: There is a clear record of failed fiscal discipline on the part of our friends on the Republican side of the aisle; 12 years of failure to deal with the alternative minimum tax, including 6 years of that time when they controlled the entire process, their failure to cut spending while they borrowed money on our children's credit card to give tax benefits to those who need it the least, and for 12 years they refused to fix the AMT.

There is going to be a new era in Washington in 242 days where we will be able to deal comprehensively with tax reform, and I look forward to it. But, in the meantime, it is critical to give Americans more energy choices, and this legislation does precisely that.

In particular, it would extend the investment tax credit that deals with renewable energy. When the PTC for wind energy expired at the end of 2003, the installation of new wind capacity dropped 77 percent in the next year. A recent analysis by our friends in the wind and solar industries suggest that we are looking at $19 billion of lost investment and 116,000 lost job opportunities if we fail to act on the extension. This will set us back not just in terms of the challenge of wind and solar energy today, but we are going to lose ground to our competitors overseas.

I strongly urge that we focus on the need to provide more energy choices for Americans today. Extending these credits is a way to make a difference this year. Failure to do so is going to cause unnecessary disruption, not just in terms of energy, but economically as well.

I would hope that this is one area where we ought to be able to work together, agree with these responsible provisions, and enact it into law.

Mr. MCCRERY. Mr. Speaker, I reserve the balance of my time.

Mr. MCDERMOTT. Mr. Speaker, I yield 1 minute to the Speaker, the gentlewoman from California (Ms. PELOSI).

Ms. PELOSI. Mr. Speaker, I proudly rise in support of the Renewable Energy and Job Creation Act. I am enthusiastic about it because it will cut taxes for millions of middle-income families and grow the U.S. economy, it will invest in renewable energy technologies to create high-paying green jobs, it will make us more energy independent, and it will remove incentives in the Tax Code that encourage shipping jobs and investments overseas.

I would like to acknowledge the extraordinary leadership of the chairman of the Ways and Means Committee, Mr. CHARLIE RANGEL. He has brought a bill to the floor that makes key investments in our families and our future. And I thank the gentleman from Washington State, Mr. MCDERMOTT, for his leadership and for yielding me time.

This is how the bill will cut taxes. Here are seven reasons why everybody in this Congress should vote for this bill. Any one of them should be enough.

First, it provides 30 million homeowners with property tax relief.

Secondly, it helps 13 million children by expanding the child tax credit.

Third, it benefits 11 million families through the State and local sales tax deduction.

Fourth, it helps 4.5 million families better afford college with tuition deductions.

Next, it saves 3.4 million teachers money with a deduction for classroom expenses. Imagine now when our teachers go into classrooms that are not fully equipped. They have to pay for that equipment themselves. This at least says if you do that, you will get a tax deduction.

It provides more than 22,000 military families with tax relief under the earned income tax credit.

And it ensures U.S. competitiveness by expanding the research and development tax credit.

That is how it cuts taxes. There are seven reasons right there, any one of which I think is sufficient to vote for this bill.

When it comes to gas prices, Mr. Speaker, as we debate this legislation American families are paying record prices at the pump. Yesterday the cost of a barrel of oil passed $129 for the first time in history. Today I believe it went past $130. This legislation invests in the future and the ingenuity of the American people to create and deploy cutting-edge renewable technologies that will reduce our dependence on foreign oil, and this is how it does that.

It strengthens and extends the production tax credit which will spur the deployment of wind, biomass, geothermal, hydropower, tidal and landfill gas.

Next, it transitions biofuel beyond corn by creating a new tax credit to promote the production of cellulosic biofuels.

Next, it expands and extends the solar and fuel cell investment tax credit and offers tax incentives for residential, solar, wind and geothermal technologies. It provides tax incentives for coal electricity plants that capture and

sequester carbon dioxide. It includes incentives to encourage energy efficient products, such as plug-in hybrid cars and incentives for energy conservation, both in commercial buildings and residential structures. And it creates a new category of tax credit bonds to fund local initiatives to promote the deployment of green technologies.

This is a comprehensive approach, the missing part of the energy bill that we passed last year because it did not have the tax credits. Now we do. This industry can take off. We can have private sector initiatives to grow our economy, create good-paying jobs here at home, green jobs, and have the green economic revolution that is so important to our future.

And this is all being done in a fiscally sound way. No new deficit spending. It is paid for. This forward-looking legislation invests in renewable energy, creates hundreds of thousands of good-paying green jobs, spurs American innovation, and cuts taxes, cuts taxes, for millions of Americans. And it does so, as I mentioned, in a fiscally responsible way.

To invest in our future, this bill closes loopholes allowing corporations and executives to avoid paying certain taxes by shipping jobs and investments overseas. The New Direction Congress thinks we should focus tax benefits on creating jobs and encouraging investments here at home.

Despite the strong case for rescinding taxpayer subsidies for big oil companies making record profits, opposition by the Senate Republicans to these offsets makes their inclusion untenable for the bill being debated today. But we will come back to that.

□ 1500

Today's bill represents a concerted effort to enact a bill into law promptly, and thus relies on revenue offsets that enjoy strong bipartisan support.

I urge my colleagues to join Mr. RANGEL and members of the Ways and Means Committee and Members of our House on both sides of the aisle who care about an energy future for America that reduces our dependence on foreign oil. It is a national security issue, it is an economic issue, it is an environmental and health issue, it is an energy issue, it is a moral issue for us to preserve God's beautiful creation, this planet, and to pass it on to the next generation in a responsible way.

I urge my colleagues to support the Renewable Energy and Job Creation Act.

Mr. MCCRERY. May I inquire as to the remaining time.

The SPEAKER pro tempore. The gentleman from Louisiana has 4 minutes remaining. The gentleman from Washington has 6 minutes remaining.

Mr. MCDERMOTT. Mr. Speaker, I would like to enter into the RECORD a letter from the managing director of Credit Suisse that says, ''I am writing in support of H.R. 6049. We fully support your efforts to use the revised deferred compensation measure as a revenue raiser.''

CREDIT SUISSE SECURITIES (USA) LLC,
New York, NY, May 15, 2008.

Chairman CHARLES RANGEL,
Committee on Ways and Means, House of Representatives, Washington, DC.

DEAR CHAIRMAN RANGEL: On behalf of Credit Suisse, I am writing to express our support for H.R. 6049 the Energy and Tax Extenders Act of 2008. The bill's deferred compensation provision is of particular interest to us and we very much appreciate the efforts of you and your staff to ensure that this measure does not create any unintended consequences.

We are aware that issues have been raised regarding the need to offset the bill and with the deferred compensation provision specifically. As you are aware,'we are generally cautious as it pertains to revenue raisers and always look to work with the Committee to guard against unintended consequences. However, in this instance we fully support your efforts to use the revised deferred compensation measure as a revenue raiser in H.R. 60491 Given the House rules on pay-go, we recognize that without offsets the bill is not likely to be enacted this year, thereby causing a series of tax provisions to expire which in our opinion would not be a good overall outcome.

I reiterate our support for the measure and thank you again for your willingness to work with us on the deferred compensation provision. I look forward to working with you again in the future and please let us know if we can be of any assistance.

Sincerely,

THOMAS PREVOST,
Managing Director.

I yield 1 minute to the gentlelady from Nevada (Ms. BERKLEY).

Ms. BERKLEY. Mr. Speaker, I would like to thank Chairman RANGEL and Congressman NEAL for bringing forward this wonderful piece of legislation, which I proudly support. And I support this bill to provide incentives for clean domestic renewable energy production. It will improve our energy security, extend vital tax provisions, and provide tax relief to parents and teachers, college students, homeowners, small businesses, and millions of other middle-income Americans. Closer to home, this legislation is needed to ensure that Nevada residents, who do not pay a State income tax, will be able to deduct State and local sales taxes from their Federal income taxes.

Currently, some families who could benefit the most from the $1,000 refund and for a child tax credit actually make too little to qualify. This bill ensures that more hardworking parents will be able to benefit from this credit.

The bill extends the investment tax credit for solar energy property for 6 years, while doubling the annual credit cap for residential properties to $4,000.

The SPEAKER pro tempore. The time of the gentlewoman from Nevada has expired.

Mr. MCDERMOTT. I yield the gentlewoman 15 seconds.

Ms. BERKLEY. This important provision not only increases clean energy production, but it will also create new green collar jobs in Nevada.

While I strongly believe the alternative minimum tax should be eliminated and I remain committed to protecting the 130,000 Nevadans who will be hit by this tax, this bill is paid for. I recommend everyone support it.

Mr. MCCRERY. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Texas (Mr. HENSARLING).

Mr. HENSARLING. I thank the gentleman for yielding.

I listened to the Speaker of the House who spoke so eloquently about the pain Americans are feeling at the gas pump. She and her party should know a lot about it. They helped cause it.

Since the Democrats have been in control here for almost a year and a half, we have seen prices at the pump go up about $1.50 a gallon. A barrel of oil is at the highest price we have ever seen. They have tried to sue their way into lower gas prices. Now they are trying to tax their way into lower gas prices. Yet they never think about producing American energy in America.

So now we have the so-called tax extender bills, Mr. Speaker. Well, isn't that an interesting concept. Why is it that spending is forever and grows exponentially, and yet tax relief to hardworking middle-income families is somehow temporary? It just kind of disappears. But the Speaker of the House tells us that this is somehow fiscally responsible.

If you read the front page of USA Today 2 days ago, it tells you that under the Democrats' watch we have an extra $2.7 trillion of unfunded obligations that are put upon our children.

Apparently the majority leader thinks that is a laughing matter. As the father of a 6-year-old and the father of a 4-year-old, I don't find it too funny.

What we have here is we are going to preserve tax relief for some by increasing taxes for others. Again, what an interesting concept. The bottom line is the job creation mechanism of America is taxed, taxed again when people's paychecks are shrinking. This isn't fair.

Now some people say, well, these particular provisions need reform. I am happy to reform the Tax Code. I have cosponsored the Taxpayer Choice Act of 2008. I invite my Democrat colleagues to cosponsor it so that we can present a two-tier flat tax system to the American people. But the bottom line is Washington is spending too much, and we don't need another tax increase bill.

Mr. MCDERMOTT. Mr. Speaker, I yield 1 minute to the gentleman from Maryland (Mr. VAN HOLLEN).

Mr. VAN HOLLEN. I thank the gentleman.

This bill continues the new Congress' steadfast commitment to driving a clean energy revolution in our country and stimulating near-term growth in our struggling economy.

Gas prices are up around $4 a gallon. Climate change is a clear and present

danger. We need to wean ourselves off of largely imported foreign sources of fossil fuel. This bill charts that new course, the right course. It provides critical incentives for accelerated energy production from wind, geothermal, and hydropower sources. It includes investment tax credits for solar and fuel cell properties and a number of other factors.

To give our economy a boost, the legislation extends pro-growth policies like the R&D tax credit, and cuts taxes for millions of middle class families through a host of provisions including the expanded child tax credit. Mr. Speaker, this is a pro-growth, pro-environment, forward-looking and fully paid for package that helps move our country in a new direction.

Our colleagues on the other side of the aisle continue to resist change. They had a monopoly on power in Washington for 6 years and did nothing. Now they have become the party of ''no,'' veto, and the status quo. Let's move in a new direction.

Mr. MCCRERY. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Georgia, Dr. PRICE.

Mr. PRICE of Georgia. Mr. Speaker, I include at this point in the RECORD excerpts of a memo written to Bill Dauster of the Senate Finance Committee from Ed Kleinbard, Chief of Staff at the Senate Joint Committee on Taxation.

CONCLUSION

While we recognize that colorable arguments can be made in support of the contrary conclusion, we believe that Rule XLIV's disclosure requirement for limited tax benefits is applicable to Section 301.

Mr. Speaker, this new majority is all politics all the time.

Now, the Speaker gave seven reasons to vote for this bill. Funny, she didn't include the tax boondoggle for trial lawyers. That is right, a tax break for trial lawyers.

The bill allows plaintiffs' trial lawyers to take deductions for the payment of contingency fees. I ask you, under current economic conditions, should we be using the Tax Code to give the plaintiffs bar possible financial incentives to bring more and costlier lawsuits against American business?

Second, by definition, in the rules of this House this bill contains earmarks and pork. The restructuring of the New York Liberty Zone tax credits provide pork, a limited tax benefit of over $1 billion to New York City.

Pork for powerful Members of Congress. Pork for trial lawyers. Mr. Speaker, two good reasons to vote ''no'' on this bill.

Mr. MCDERMOTT. Mr. Speaker, I yield 1 minute to the gentlewoman from Pennsylvania (Ms. SCHWARTZ).

Ms. SCHWARTZ. Mr. Speaker, as a member of the Ways and Means Committee, I rise in strong support of this legislation.

This package encourages the innovation and entrepreneurship needed to advance America's energy independence. It promotes economic growth, enhances the ability of American businesses to compete internationally, and provides much needed relief to American families. This proposal extends the research and development credit that encourages innovation and creates new green jobs; the higher education expense deduction that enables Americans to afford to go to college and to be able to compete in the new technology jobs. And the provisions that are included encourage renewable energy development and conservation, including a provision that I championed which incentivizes more energy efficient commercial buildings.

This is not the first time that we have passed these energy provisions in this House. Past efforts have been opposed by the Republicans and by the President both on substance and on how it is paid for. But this bill passed the committee with a bipartisan vote.

With a strong bipartisan vote today, we can send a strong message that we are ready for a new energy policy in this country and should be passed this afternoon with bipartisan effort.

Mr. MCCRERY. Mr. Speaker, I have no further requests for time, and I would reserve the balance of my time to close on our side.

Mr. MCDERMOTT. Mr. Speaker, I yield 1 minute to the gentleman from Alabama (Mr. DAVIS).

Mr. DAVIS of Alabama. Mr. Speaker, let me address the contingency fee provision that has come up several times.

Mr. MCCRERY, I agree with you that contingency fee lawyers are a very, very narrow class of people. They are the only major business in America that gets paid solely based on how effective they are. If they earn nothing for their client, they get nothing in the way of compensation.

Another fact for my friends on the minority: Contingency fee lawyers are small business owners who run up expenses, like every other small business in America. Simple tax fairness says they ought to be able to take the expenses when the expenses occur. That is how we grow businesses in America, we give people a chance to use the Tax Code to grow. And if every other business in America can take a deduction for expenses in the year in which you incur the expense, how dare we single out one class of small business owners and treat them differently.

This provision is a simple clear matter of tax equity.

Mr. MCDERMOTT. Mr. Speaker, I would reserve the balance of my time to close, using the majority leader.

Mr. MCCRERY. Mr. Speaker, let me close today by simply saying that we don't object to the main body of the bill, the extensions of the expiring provisions of the Tax Code. After all, those were provisions that we put in the Tax Code when we were in the majority. That is not the point.

The point is that if we follow the PAYGO rules that require these existing provisions of law to be paid for if they are extended just amounts to a built-in tax increase. If we are already bringing in to the Federal Government more money as a percent of GDP than we historically have with all these provisions in place, what sense does it make to raise taxes just to keep them in place? It doesn't make sense, unless you simply want to raise more revenue for the central government in this country, grow the government even more.

So, Mr. Speaker, with all due respect to those who have spoken so eloquently on the merits of the expiring tax provisions, I agree with that. But to hold to the PAYGO provisions that require the offsets in this bill would lead us to a huge tax increase over the next 10 years.

Mr. MCDERMOTT. Mr. Speaker, I yield the remainder of my time to the gentleman from Maryland, the majority leader to close the debate.

Mr. HOYER. I thank the gentleman for yielding.

Again, I want to say how much respect I have for Mr. MCCRERY. I think he is one of the most positive Members of this body. I think he has worked productively with Chairman RANGEL, and I have great respect for my colleague. He will be leaving, and that will be a loss for the Congress. I wanted to say that before I begin.

Let me say that we have disagreements. However, and on the overall issue that he raised in closing about paying for this, he is accurate. Now, some of these extenders even pre-date the time when the Republicans were in the majority in 1995 and through 2006. But I think there is consensus on extending them. The difference is, should we pay for them? There are only a number of options, a few options available to us. We can pay for them, or our children can pay for them. Somebody will pay for them. There is not a free lunch.

My view is this supply side economics pretends there is somewhere out there where the tooth fairy is going to deliver the money. There is not a tooth fairy. It is the parent who delivers the money under the pillow when the tooth is lost. But we are the parents, and we need to act as adults. We need to pay for what we buy. And if what we buy is giving somebody a tax incentive because we believe that they will do something good that will advantage our community and our country, then that is fine. I am supportive of that. But we ought to pay for it, because that is our decision.

□ 1515

One of the gentlemen spoke about his two children. I have three children. I have three grandchildren, and I have one great-granddaughter. I'm equally concerned. I'm concerned about the $4 trillion in debt that we've added over the last 6-plus years, and now some $400 billion this year alone. But that is the general philosophy.

The specific philosophy here is we need to be energy independent. We need to be sure that our policies that we pursue do not continue to make us hostage to those who have petroleum products.

Mr. Speaker, I first want to commend Chairman CHARLIE RANGEL and all of the members of the Ways and Means Committee for their hard work on this very important, farsighted legislation, the Renewable Energy and Job Creation Act.

This week the American people are paying, on average, $3.79 per gallon for gasoline. Mr. HENSARLING observed that I was laughing when he said the Democrats have been in charge and look what's happened to gas prices. I was laughing because the absurdity is rejected by the American public, that somehow policies that we've adopted over the last year, when the President vetoes anything he doesn't want, has affected those gasoline prices to me is patently absurd and clearly rejected by the American people. It was, I thought then and think now, a laughable proposition to make.

Motorists are paying $4 per gallon, more than $2.50 per gallon more than they were paying when the current administration took office.

To show you the difference, when Bill Clinton was President from 1993 to 2001, gas prices rose from $1.06 to $1.46, 40 cents, or a nickel a year, a nickel a year during those 8 years. During this President's administration, prices are rising a nickel a week.

There is no doubt that this explosion in gasoline prices is squeezing hardworking families who live in every one of our districts who also are coping with the rising costs of food and groceries, health care and education.

This legislation is not a panacea to those immediate concerns. Would that we had one. But it does represent an important step in our continuing effort to reduce our dependence on foreign oil.

Among other things, the bill will establish a new tax credit of $1.01 per gallon for cellulosic biofuel production from now through 2015, so that we can rely on the Middle West and perhaps other parts of our country, rather than the Middle East. It will extend this $1 per gallon biodiesel tax credit, and makes it available to all potential sources of diesel that can be made without petroleum. And it allows jet fuel produced from biomass to qualify for the credit as well.

Furthermore, this legislation will reduce our dependence on imported fuel for our electricity sector by extending and expanding tax incentive for sources of renewable energy including wind, solar and biomass.

It also will encourage the use of plug-in hybrid cars and provide incentives for energy conservation in residential homes, commercial buildings and appliances; all of which, I think, the American public applauds.

Additionally, this bill will help create hundreds of thousands of ''green jobs.'' It will spur American innovation and business investment, which will strengthen our economy today and in the future. And it will provide tax relief for millions of Americans, expanding the child tax credit for the families of 13 million children, helping 4.5 million families better afford college through a tuition deduction, and saving 3.4 million teachers money with a deduction for classroom expenses, so when they buy something for their classroom, like a business expense, they'll be able to deduct it.

Now, many on the Republican side object to this bill because the Democratic majority, in keeping with our commitment to fiscal responsibility and pay as you go budget rules, insists that this legislation be paid for and not add to the national debt.

That's a fundamental difference between our two sides. One believes that tax cuts somehow pay for themselves. Mr. Bernanke doesn't believe that, Mr. Greenspan doesn't believe that, but our Republican colleagues clearly believe it, and they've pursued that policy, which has, as I said, put us over $3 trillion in additional debt over the last 82 months.

To them I simply say: It is long past time that the Members here insist that our Nation pay for the things it buys. To not do so takes the discipline out of the democratic process, because if we can simply charge that which we buy, there will be no discipline on the part of the electorate to say no, we don't want to be taxed to buy that. And I guarantee the system would stop buying it. But if there is no discipline, if we're not paying, my grandchildren will not be able to vote and exercise that discipline.

History, I suggest to my colleagues, is littered with the stories of formerly great nations that began their demise through fiscal profligacy. It is within our power to ensure that the United States of America is never added to that list.

The method by which Chairman RANGEL and the committee have paid for the cost of this bill is laudable. Important. This legislation closes loopholes that allow corporations and executives to avoid U.S. taxes by shipping jobs and investments overseas. And because our obligations do not stop, average working Americans, therefore, must pay more if the wealthiest among us who can seek tax havens do not pay their fair share.

This legislation is the right thing to do. Mr. Speaker, this is an excellent bill that will help reduce our dependence on foreign oil and protect our environment, create thousands of jobs and strengthen our economy, and provide tax relief to millions of hardworking Americans.

I commend Mr. RANGEL, Mr. MCDERMOTT, the members of the committee, and I commend Mr. MCCRERY for his responsible stewardship as the ranking member and his working to try to bring consensus. We have not reached it in this instance, but I do commend him for his efforts.

And I urge my colleagues, support this important legislation which moves us towards energy independence and a fair and equitable tax system.

Mr. CARSON of Indiana. Mr. Speaker, I rise today in strong support of H.R. 6049, The Renewable Energy and Job Creation Act of 2008. This is a fiscally responsible and progressive piece of legislation. H.R. 6049 responds to the concerns we consistently hear from our constituents about energy prices, property taxes and the needs of our brave men and women in uniform.

H.R. 6049 recognizes that the need for renewable energy is greater than ever. Oil companies reap higher and higher profits but consumers are struggling to keep up the rising cost of gas. Our dependence on foreign oil continues to pose a serious risk to our national security. Further, we know our current energy sources are contributing heavily to global climate change. I applaud H.R. 6049 for including a $20 billion dollar investment in renewable energy research and production to find environmentally sound alternate energy supplies.

In my home state of Indiana, families are struggling to keep up with sky-high property taxes. My colleague BARON HILL has worked to bring about relief for homeowners and introduced H.R. 3726 the Property Tax Relief Act of 2007, a bill I am proud cosponsor. I was pleased to note the bill we are discussing today provides an additional standard deduction for State and local real property taxes paid for 2008, a provision very similar to H.R. 3726.

This bill also provides assistance to our veterans and active duty service men and women. H.R. 6049 includes provisions allowing members of the armed services to include combat pay in order to qualify for the earned income tax credit and rules to allow veterans to qualify for mortgage revenue bonds. These programs offer critical assistance to lower income individuals.

H.R. 6049 helps American families by extending the deduction for qualified tuition and related education expenses and increasing the eligibility for the refundable child tax credit for 2008. Further, it rejects President Bush's attempts to cut down Medicare and Medicaid benefits, the budget for the Centers for Disease Control and Prevention, the Environmental Protection Agency and several key law enforcement programs. Having spent my career in law enforcement, I was especially concerned to hear that the President proposed eliminating the Byrne Memorial Justice Assistance Grants and cops. I am pleased this bill continues to support these important programs.

I commend Chairman RANGEL for his leadership on this important bill.

Mr. UDALL of Colorado. Mr. Speaker, I strongly support this legislation that will extend critical tax credits for renewable energy and for American families while not adding to the federal deficit.

As co-chair of the Renewable Energy and Energy Efficiency Caucus, I am especially pleased to see the House take action on needed tax credits for renewable energy. The Production Tax Credit (PTC) in particular has been instrumental in promoting the creation of a renewable energy industry. An extended

PTC will provide more market certainty and we must have an extension of this key tax credit before the current credit expires at the end of 2008.

I must add that, while I am pleased that the bill provides a 3-year extension of the PTC for most renewable energy sources, I am concerned that it only provides a 1-year extension for wind energy. Wind is a very promising renewable energy source and a 1-year extension will not be as helpful for the industry. I will continue to lead the fight to extend the PTC for more than 1 year.

The bill also extends the Investment Tax Credit (ITC) for solar energy, qualified fuel cells, and microturbines through the end of 2014. The ITC will help companies with initial investment costs in expanding these renewable energy sources across the country.

The bill also authorizes $2 billion of new clean renewable energy bonds (CREBS) for public power providers and electric cooperatives. This is a critical tool, especially for Colorado's rural co-ops and municipal utilities.

This bill would also benefit families who want to invest in renewable energy. It would extend the credit for residential solar property for 6 years and increase the annual credit cap, currently capped at $2,000, to $4,000. And it would expand the definition to include residential small wind equipment and geothermal heat pumps so that consumers have more options.

Rising gas prices are forcing many Coloradans to dip into their savings just to make ends meet. This bill will help families reduce their fuel bills by providing $3000 in tax credits toward the purchase of fuel-efficient, plug-in hybrid vehicles. It will also help address long-term fuel cost concerns by expanding production of homegrown fuels, including creating a new production tax credit for cellulosic biofuels besides ethanol, as well as an extension of the tax credits for biodiesel and renewable diesel.

I supported the energy bill that the House passed last year which included many of these important tax provisions, as well as the Renewable Energy and Energy Conservation Tax Act of 2008 that the House passed earlier this year. But, for the lack of support in the Senate, these provisions have not yet made it to the President's desk to be signed into law.

And this bill will also help Colorado businesses stay competitive by extending the research and development tax credit for 1 year. While again I would like to see this key tax credit extended for more than 1 year, this is a step in the right direction.

To help with the hard economic times that Coloradans are facing, this bill includes several other key tax credits, including expanding the child tax credit for some of our neediest families, allowing teachers to take a deduction for purchasing classroom supplies out of their own pockets, and providing additional support for families paying for college education.

I hope today we can move this bill forward and promote positive change that will benefit our families and rural communities, save consumers money, reduce air pollution, and increase reliability and energy security.

I strongly encourage my colleagues in the House to vote for this needed legislation, and also encourage quick action in the Senate so that we may move it to the President's desk.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I rise today in strong support of H.R. 6049, Renewable Energy and Job Creation Act of 2008. I would like to thank my colleague the Chairman of Ways and Means, Congressman CHARLES RANGEL for bringing this energy legislation forward .

The bill extends dozens of expired or expiring tax provisions, and extends and creates new energy-related tax incentives for the production of wind and other renewable energy and for homeowners' investment in solar and fuel cell equipment.

Texas has invested in the production of wind and is looking to come up with more ways to aid us in energy conservation and harnessing our natural resources in a way that does not damage the environment.

There is an undeniable consensus on the importance of America achieving energy independence in the 21st century. It is critical that we terminate our dependence on foreign sources of oil, the majority of which are located in regions of the world which are unstable and in most circumstances, opposed to our interests. Accordingly, there is no issue more essential to our economic and national security than energy independence.

By investing in renewable energy and increasing access to potential sources of energy, I believe we can be partners with responsible members of America's energy producing community in our collective goal of reaching energy independence.

Houston, Texas, is the energy capital of the world, for the past 12 years I have been the Chair of the Energy Braintrust of the Congressional Black Caucus. During this time, I have hosted a variety of Energy Braintrusts designed to bring in all of the relevant players ranging from environmentalists to producers of energy from a variety of sectors including coal, electric, natural gas, nuclear, oil, and alternative energy sources as well as energy producers from West Africa.

My Energy Braintrusts were designed to be a call of action to all of the sectors that comprise the American and international energy industry, to the African American community, and to the nation as a whole.

Energy is the lifeblood of every economy, especially ours. Producing more of it leads to more good jobs, cheaper goods, lower fuel prices, and greater economic and national security. Bringing together thoughtful yet distinct voices to engage each other on the issue of energy independence has resulted in the beginning of a transformative dialectic which can ultimately result in reforming our energy industry to the extent that we as a nation achieve energy security and energy independence.

Because I represent the city of Houston, the energy capital of the world, I realize that many oil and gas companies provide many jobs for many of my constituents and serve a valuable need. The energy industry in Houston exemplifies the stakeholders who must be instrumental in devising a pragmatic strategy for resolving our national energy crisis.

Mr. Speaker, this legislation will aid Americans as we seek to wean ourselves from our foreign oil dependence. I urge my colleagues to support H.R. 6049.

Mr. CONYERS. Mr. Speaker, I rise today in support of this common sense piece of legislation offered by my dear friend, Representative CHARLIE RANGEL, the Chairman of the Ways and Means Committee. If enacted, his bill will marshal the tremendous economic power of our Nation's physical and human capital and direct it towards solving the twin challenges of energy dependence and global warming. Through $20 billion investment in renewable energy tax incentives, carbon mitigation provisions, transportation efficiency tax credits, and energy efficiency incentives, this bill offers a comprehensive strategy that empowers both individual citizens and the private sector.

The bill empowers everyday Americans by providing tax credits to green citizens who add energy-efficient improvements to their homes and businesses and purchase plug-in electric cars. The bill helps the private sector push the limits of research and development by encouraging the building of carbon capture and sequestration demonstration projects. The bill also creates incentives for the energy production sector to invest in nontraditional cutting edge energy production methods. I am particularly excited that this bill will, for the first time, incentivize investment in technologies that will harness the power of the waves and tides found in our Nation's Great Lakes and oceans.

I am also proud of this body's recent efforts to address the global climate change crisis. This bill is a logical and important next step toward this end. For too long, our country lagged behind the rest of the industrialized world in recognizing and taking action to address the climate change crisis. Global warming endangers all of us, but threatens to have the most devastating impact on the poorest and the most vulnerable. By encouraging our Nation's citizens and businesses to act in a carbon-conscious way, we protect not only ourselves, but show compassion for our brothers and sisters around the world. At a time when global public opinion regarding our Nation is at an all-time low, the important positive impact this bill will have on our country's public diplomacy efforts should not be downplayed.

Lastly, I believe that this bill serves as a powerful example of the tax policy differences between the 110th Congress and past Congresses. Instead of using the tax code to promote inequality and corporate largess, the American people now know that the tax code can be used to promote personal responsibility, national security, compassion, and global sustainability. I am proud to join with my colleagues here today as we continue to establish a progressive tax policy for the 21st century.

Mr. ETHERIDGE. Mr. Speaker, I rise in support of H.R. 6049, Renewable Energy and Job Creation Act of 2008. This bill provides tax relief for millions of Americans while spurring business investment and innovation in renewable energy.

I am pleased to note that H.R. 6049 will benefit the families of millions of children by expanding the child tax credit to those earning $8,500 a year. This bill will also provide tax relief by extending the State and local sales tax deduction, provide property tax relief for 30 million homeowners, and help families afford college with the tuition deduction. As the only former school superintendent serving in Congress, I am especially pleased to note that this bill is supported by the National Education Association because it includes an extension of the tax deduction for educators who help supply their classrooms, and an extension of the Quality Zone Academy Bonds school modernization program that helps school districts address renovation and repair needs.

H.R. 6049 includes important tax relief provisions for businesses as well as individuals

and families. This bill extends the Research and Development Tax Credit for over 27,000 businesses, the 15–year straight-line cost recovery for leasehold improvements and qualified restaurant improvements, and the tax credit for the environmental remediation of brownfields areas. We need to strengthen our economy by helping to spur American innovation with investment in American businesses.

Developing alternative energy sources and ending our dependence on foreign oil is one of the most critical challenges facing our nation. H.R. 6049 includes several provisions that will spur innovation in this area such as an extension of investment and production tax credits for solar energy, wind energy, and energy derived from biomass, geothermal, hydropower, and solid waste. In addition, H.R. 6049 includes incentives that promote the production of homegrown renewable fuels, like biodiesel, for the installation of more E–85 pumps, and a $3,000 tax credit for the purchase of fuel-efficient plug-in hybrid vehicles. These provisions will create and preserve thousands of ''green collar jobs'' as well as provide relief for Americans who continue to see gas prices rise to historic records across the country.

I support the passage of H.R. 6049, Renewable Energy and Job Creation Act of 2008, and I urge my colleagues to join me.

Mr. MARKEY. Mr. Speaker, for nearly eight years, this Administration's backwards energy policy has lined the pockets of oil company executives while hurting American consumers, the economy, and the planet. This bill encourages production of clean alternative fuels and renewable energy while creating jobs. It transfers Oil Executive Power to Blue Collar Renewable Power.

Last week the House passed legislation on the Strategic Petroleum Reserve to give hurting Americans an immediate break at the pump. But the energy crisis demands long term action, breaking our addiction to oil and transitioning our economy to clean renewable energy sources once and for all.

Last week immediate relief with SPR, this week we put our nation on a path to a clean renewable future.

President Bush and Senate Republicans have been given opportunity after opportunity to pass tax credit extensions for renewable energy. They have sided with Big Oil each time, even as oil prices have blown past $100 a barrel and many Americans are now paying $4 per gallon for gas. This morning oil reached $130 a barrel.

This bill finds alternative revenue raisers which I do support. But let's not forget what this Administration fought to protect. ExxonMobil had $40 billion in profit last year. Do you know how the largest corporate profit in history was used in 2007?

It repurchased $31.8 billion worth of stock.

It increased compensation for top executives by 170 percent since 2001.

It financed a $100 million public relations campaign to try to deflect blame from angry consumers.

It invested around $10 million in renewable energy alternatives. That is less than one tenth of one percent of their profits.

These and other findings are being released today in a report by the Select Committee that analyzes where Big Oil's profits are going. Let's hope President Bush's love for the oil industry doesn't extend to hedge fund managers and corporate CEOs using offshore tax havens.

Today, because of this Administration's misguided policies, the renewable energy industry has its back against the wall. Solar and wind companies are delaying projects because of investment uncertainty. There is no more time to delay.

The other side likes to tell America that wind and solar and biomass cannot be real solutions to our energy challenge. They tell us that drilling in our most pristine natural areas and building nuclear power plants with taxpayer support are the only things that can solve this problem.

No. Last year the United States installed 5,244 megawatts of wind power, 30 percent of all the new capacity installed nationwide in 2007. Solar photovoltaic installations in the U.S. also grew an incredible 80 percent. This was the start of the renewable energy revolution.

Last week, the Department of Energy produced a study detailing what it would take for America to meet 20 percent of its electricity needs with wind power in 2030. The way the industry has grown over the last decade—about 30 percent a year—we can meet this target ahead of time.

This bill also provides valuable incentives for carbon capture and sequestration, plug-in hybrid cars, and renewable fuels. The American entrepreneur will rise to the energy and climate challenge if Congress puts the right incentives in place.

Passing H.R. 6049 will give renewable energy the support it needs, drive economic expansion and job growth in this country and put America on a greener path towards realizing long-term solutions to global warming. I urge an ''aye'' vote on the rule and on the underlying bill.

Mr. KIND. Mr. Speaker, I rise today in support of H.R. 6049, the Renewable Energy and Job Creation Act of 2008. As a member of the Ways & Means Committee, I am proud to have helped craft this very important tax bill that will give much needed relief to millions of American taxpayers while also moving forward on our agenda to reduce greenhouse gas emissions and stimulate our economy.

Unfortunately, over the last several years we have seen tax bills pushed through Congress and signed by the President under the guise of ''relief' for the middle class and the poorest in the country. I think many in this chamber have now come to recognize that many of these measures presented as tax relief for the middle class were in fact more tax breaks for the richest in society. Today we finally have before us a bill that will give real relief to millions of taxpayers, many of whom are hardworking middle class families struggling with rising energy and food bills.

First, H.R. 6049 addresses the need for more clean energy production in our country by providing long-term extensions of the renewable energy production tax credit and the solar energy and fuel cell investment tax credit, while amending them to increase accessibility. These long-term extensions will give utilities and investors the predictability they need to move forward with new generation projects in the years to come. The bill also addresses energy use and carbon emissions by extending multiple energy-efficient credits for homes and businesses, creating incentives for carbon capture and sequestration demonstration projects, and calling for carbon audit of the tax code to determine what policies are encouraging wasteful energy use and unnecessary carbon emissions. The Act also addresses our dependence on dirty foreign oil by extending and improving tax credits for the production of cellulosic biofuels and plug-in electric vehicles.

Most exciting of all, however, are the innovative qualified energy conservation bonds this bill creates. The qualified energy conservation bonds give states and local governments the resources needed to invest in green programs designed to reduce greenhouse gas emissions. Giving local authorities the power to choose what green energies to implement in their backyard is good public policy, because I know the energy needs of western Wisconsin are vastly different than those of Queens. By not picking the winners and losers in Washington, we are allowing exciting technological changes, advancements, and the market—not Congress—drive the green energy revolution.

In the area of tax relief, H.R. 6049 extends several popular expiring tax provisions. In particular, the bill will provide property tax relief for 30 million Americans, help for more than 12 million children through an expanded child tax credit, tax relief for more than 11 million families through state and local sales tax deduction, help for more than 4.5 million families to cover the cost of education through the tuition deduction, and relief for more than 3.5 million teachers who will be reimbursed for out-of-pocket expenses for their classrooms.

Finally, this bill is fully offset and complies with pay-go rules. Under the leadership of Chairman RANGEL and Speaker PELOSI, we are demonstrating that we can provide tax relief without sending the debt on to our children. After years of fiscal recklessness—deficit-financed tax cuts for the wealthy and out-of-control government spending—this bill sets a precedent of fiscally responsible tax reform.

Again, .Mr. Speaker, I am happy to support this sensible and fair tax bill before us today. Offering some tax relief in uncertain economic times and meeting the challenge of climate change with innovative and constructive solutions are exactly the issues this Congress should be focused on. I urge my colleagues to support H.R. 6049.

Ms. MCCOLLUM of Minnesota. Mr. Speaker, I rise in support of the Renewable Energy and Job Creation Act and congratulate Speaker PELOSI and Chairman RANGEL for putting forward legislation that will make a real difference for American families.

H.R. 6049 extends and expands tax incentives for renewable energy and encourages energy efficiency. At a time when families are facing record-breaking gas prices, this bill will help to reduce our dependence on foreign oil and lower energy bills. These tax incentives will also create and preserve good-paying ''green collar'' jobs such as those in the wind and solar industries.

The Renewable Energy and Job Creation Act also furthers our nation's innovation efforts by extending the research and development tax credit for 27,000 companies. It is critical for our global competitiveness that we encourage and support entrepeneurs and new ideas.

For families struggling to make ends meet in this difficult economy, this bill provides 30 million homeowners with property tax relief, expands the child tax credit, and extends the state and local sales tax deduction. It also helps students afford higher education with a tuition deduction and provides our teachers a tax deduction for classroom expenses. Finally,

this legislation provides additional tax relief under the Earned Income Tax Credit for 22,000 troops in combat.

Mr. Speaker, to ensure that our children and grandchildren are not burdened with additional debt, this bill is fully paid for by closing a tax loophole for offshore companies and delaying a tax break for U.S. multinational companies. These changes not only ensure this bill follows pay-go, they also improve the fairness of our tax code.

H.R. 6049 is critical to our long term energy policy and to family budgets. I urge my colleagues to join me in supporting this important bill.

Mrs. BOYDA of Kansas. Mr. Speaker, this past fall, this House passed H.R. 3997, which included a provision to permanently extend the military eligibility for the earned income tax credit (EITC). However, we are back here again while our men and women in uniform still wait for a permanent solution. We provided a 1-year extension, but our military deserve a permanent fix.

Without action today, hundreds of thousands of troops could find their EITC eligibility slashed. It would be a tax borne solely by our soldiers and our military families. We call it a soldier tax.

Our military continues to serve our country with honor and distinction. The last thing we need is for our soldiers and their families to have to worry about paying higher taxes next year. That is why I authored the Tax Relief for Armed Combat Families Act for 2007. It will permanently end the soldier tax. Our military families should not have to worry from year to year what funds are going to be available to take care of their families.

I thank Chairman RANGEL for working my language into today's legislation, and I call on my colleagues to pass this important legislation. Let's permanently end the soldier tax.

The SPEAKER pro tempore. All time for debate has expired.

Pursuant to House Resolution 1212, the previous question is ordered on the bill, as amended.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. MCCRERY

Mr. MCCRERY. Mr. Speaker, I have a motion to recommit at the desk.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. MCCRERY. I am in its current form.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. McCrery moves to recommit the bill H.R. 6049 to the Committee on Ways and Means with instructions to report the same back to the House promptly with the following amendment:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; AMENDMENT OF 1986 CODE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Alternative Minimum Tax and Extenders Tax Relief Act of 2008''.

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

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

TITLE I—ALTERNATIVE MINIMUM TAX RELIEF

SEC. 101. EXTENSION OF ALTERNATIVE MINIMUM TAX RELIEF FOR NONREFUNDABLE PERSONAL CREDITS.

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

(1) by striking ''or 2007'' and inserting ''2007, or 2008'', and

(2) by striking ''2007'' in the heading thereof and inserting ''2008''.

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

SEC. 102. EXTENSION OF INCREASED ALTERNATIVE MINIMUM TAX EXEMPTION AMOUNT.

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

(1) by striking ''($66,250 in the case of taxable years beginning in 2007)'' in subparagraph (A) and inserting ''($69,950 in the case of taxable years beginning in 2008)'', and

(2) by striking ''($44,350 in the case of taxable years beginning in 2007)'' in subparagraph (B) and inserting ''($46,200 in the case of taxable years beginning in 2008)''.

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

TITLE II—INDIVIDUAL TAX PROVISIONS

SEC. 201. ELECTION TO INCLUDE COMBAT PAY AS EARNED INCOME FOR PURPOSES OF THE EARNED INCOME CREDIT.

(a) IN GENERAL.—Subclause (II) of section 32(c)(2)(B)(vi) (defining earned income) is amended by striking ''January 1, 2008'' and inserting ''January 1, 2014''.

(b) CONFORMING AMENDMENT.—Paragraph (4) of section 6428, as amended by the Economic Stimulus Act of 2008, is amended to read as follows:

''(4) EARNED INCOME.—The term 'earned income' has the meaning set forth in section 32(c)(2) except that such term shall not include net earnings from self-employment which are not taken into account in computing taxable income.''.

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

SEC. 202. DISTRIBUTIONS FROM RETIREMENT PLANS TO INDIVIDUALS CALLED TO ACTIVE DUTY.

(a) IN GENERAL.—Clause (iv) of section 72(t)(2)(G) is amended by striking ''December 31, 2007'' and inserting ''January 1, 2014''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to individuals ordered or called to active duty on or after December 31, 2007.

SEC. 203. DEDUCTION FOR STATE AND LOCAL SALES TAXES.

(a) IN GENERAL.—Subparagraph (I) of section 164(b)(5) is amended by striking ''January 1, 2008'' and inserting ''January 1, 2014''.

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

SEC. 204. DEDUCTION OF QUALIFIED TUITION AND RELATED EXPENSES.

(a) IN GENERAL.—Subsection (e) of section 222 (relating to termination) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2013''.

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

SEC. 205. DEDUCTION FOR CERTAIN EXPENSES OF ELEMENTARY AND SECONDARY SCHOOL TEACHERS.

(a) IN GENERAL.—Subparagraph (D) of section 62(a)(2) (relating to certain expenses of elementary and secondary school teachers) is amended by striking ''or 2007'' and inserting ''2007, 2008, 2009, 2010, 2011, 2012, or 2013''.

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

SEC. 206. MODIFICATION OF MORTGAGE REVENUE BONDS FOR VETERANS.

(a) QUALIFIED MORTGAGE BONDS USED TO FINANCE RESIDENCES FOR VETERANS WITHOUT REGARD TO FIRST-TIME HOMEBUYER REQUIREMENT.—Subparagraph (D) of section 143(d)(2) (relating to exceptions) is amended by inserting ''and after the date of the enactment of the Alternative Minimum Tax and Extenders Tax Relief Act of 2008 and before January 1, 2014'' after ''January 1, 2008''.

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

SEC. 207. TAX-FREE DISTRIBUTIONS FROM INDIVIDUAL RETIREMENT PLANS FOR CHARITABLE PURPOSES.

(a) IN GENERAL.—Subparagraph (F) of section 408(d)(8) (relating to termination) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2013''.

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

SEC. 208. TREATMENT OF CERTAIN DIVIDENDS OF REGULATED INVESTMENT COMPANIES.

(a) INTEREST-RELATED DIVIDENDS.—Subparagraph (C) of section 871(k)(1) (defining interest-related dividend) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2013''.

(b) SHORT-TERM CAPITAL GAIN DIVIDENDS.—Subparagraph (C) of section 871(k)(2) (defining short-term capital gain dividend) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2013''.

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

SEC. 209. STOCK IN RIC FOR PURPOSES OF DETERMINING ESTATES OF NONRESIDENTS NOT CITIZENS.

(a) IN GENERAL.—Paragraph (3) of section 2105(d) (relating to stock in a RIC) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2013''.

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

SEC. 210. QUALIFIED INVESTMENT ENTITIES.

(a) IN GENERAL.—Clause (ii) of section 897(h)(4)(A) (relating to termination) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2013''.

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

SEC. 211. QUALIFIED CONSERVATION CONTRIBUTIONS.

(a) IN GENERAL.—Clause (vi) of section 170(b)(1)(E) (relating to termination) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2013''.

(b) CONTRIBUTIONS BY CORPORATE FARMERS AND RANCHERS.—Clause (iii) of section 170(b)(2)(B) (relating to termination) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2013''.

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

TITLE III—BUSINESS TAX PROVISIONS

SEC. 301. EXTENSION OF RESEARCH CREDIT.

(a) EXTENSION.—Subparagraph (B) of section 41(h)(1) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2013''.

(b) CONFORMING AMENDMENT.—Subparagraph (D) of section 45C(b)(1) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2013''.

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

SEC. 302. NEW MARKETS TAX CREDIT.

Subparagraph (D) of section 45D(f)(1) (relating to national limitation on amount of investments designated) is amended by striking ''and 2008'' and inserting ''2008, 2009, 2010, 2011, 2012, and 2013''.

SEC. 303. SUBPART F EXCEPTION FOR ACTIVE FINANCING INCOME.

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

(1) by striking ''January 1, 2009'' and inserting ''January 1, 2014'', and

(2) by striking ''December 31, 2008'' and inserting ''December 31, 2013''.

(b) EXCEPTION TO TREATMENT AS FOREIGN PERSONAL HOLDING COMPANY INCOME.—Paragraph (9) of section 954(h) (relating to application) is amended by striking ''January 1, 2009'' and inserting ''January 1, 2014''.

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

(a) IN GENERAL.—Subparagraph (B) of section 954(c)(6) (relating to application) is amended by striking ''January 1, 2009'' and inserting ''January 1, 2014''.

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

SEC. 305. EXTENSION OF 15-YEAR STRAIGHT-LINE COST RECOVERY FOR QUALIFIED LEASEHOLD IMPROVEMENTS AND QUALIFIED RESTAURANT IMPROVEMENTS.

(a) IN GENERAL.—Clauses (iv) and (v) of section 168(e)(3)(E) (relating to 15-year property) are each amended by striking ''January 1, 2008'' and inserting ''January 1, 2014''.

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

SEC. 306. ENHANCED CHARITABLE DEDUCTION FOR CONTRIBUTIONS OF FOOD INVENTORY.

(a) IN GENERAL.—Clause (iv) of section 170(e)(3)(C) (relating to termination) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2013''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to contributions made after December 31, 2007.

SEC. 307. EXTENSION OF ENHANCED CHARITABLE DEDUCTION FOR CONTRIBUTIONS OF BOOK INVENTORY.

(a) EXTENSION.—Clause (iv) of section 170(e)(3)(D) (relating to termination) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2013''.

(b) CLERICAL AMENDMENT.—Clause (iii) of section 170(e)(3)(D) (relating to certification by donee) is amended by inserting ''of books'' after ''to any contribution''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions made after December 31, 2007.

SEC. 308. MODIFICATION OF TAX TREATMENT OF CERTAIN PAYMENTS TO CONTROLLING EXEMPT ORGANIZATIONS.

(a) IN GENERAL.—Clause (iv) of section 512(b)(13)(E) (relating to termination) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2013''.

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

SEC. 309. BASIS ADJUSTMENT TO STOCK OF S CORPORATIONS MAKING CHARITABLE CONTRIBUTIONS OF PROPERTY.

(a) IN GENERAL.—The last sentence of section 1367(a)(2) (relating to decreases in basis) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2013''.

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

SEC. 310. INCREASE IN LIMIT ON COVER OVER OF RUM EXCISE TAX TO PUERTO RICO AND THE VIRGIN ISLANDS.

(a) IN GENERAL.—Paragraph (1) of section 7652(f) is amended by striking ''January 1, 2008'' and inserting ''January 1, 2014''.

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

SEC. 311. PARITY IN THE APPLICATION OF CERTAIN LIMITS TO MENTAL HEALTH BENEFITS.

(a) IN GENERAL.—Subsection (f) of section 9812 (relating to application of section) is amended—

(1) by striking ''and'' at the end of paragraph (2),

(2) by striking the period at the end of paragraph (3) and inserting '', and before the date of the enactment of the Alternative

Minimum Tax and Extenders Tax Relief Act of 2008, and'', and

(3) by adding at the end the following new paragraph:

''(4) after December 31, 2013.''.

(b) AMENDMENT TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—Section 712(f) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1185a(f)) is amended by inserting '', and before the date of the enactment of the Alternative Minimum Tax and Extenders Tax Relief Act of 2008, and after December 31, 2013'' after ''December 31, 2007''.

(c) AMENDMENT TO THE PUBLIC HEALTH SERVICE ACT.—Section 2705(f) of the Public Health Service Act (42 U.S.C. 300gg–5(f)) is amended by inserting '', and before the date of the enactment of the Alternative Minimum Tax and Extenders Tax Relief Act of 2008, and after December 31, 2013'' after ''December 31, 2007''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to benefits for services furnished on or after the date of the enactment of this Act.

SEC. 312. EXTENSION OF ECONOMIC DEVELOPMENT CREDIT FOR AMERICAN SAMOA.

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

(1) by striking ''first two taxable years'' and inserting ''first 8 taxable years'', and

(2) by striking ''January 1, 2008'' and inserting ''January 1, 2014''.

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

SEC. 313. EXTENSION OF MINE RESCUE TEAM TRAINING CREDIT.

Section 45N(e) (relating to termination) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2013''.

SEC. 314. EXTENSION OF ELECTION TO EXPENSE ADVANCED MINE SAFETY EQUIPMENT.

Section 179E(g) (relating to termination) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2013''.

SEC. 315. EXTENSION OF EXPENSING RULES FOR QUALIFIED FILM AND TELEVISION PRODUCTIONS.

Section 181(f) (relating to termination) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2013''.

SEC. 316. DEDUCTION ALLOWABLE WITH RESPECT TO INCOME ATTRIBUTABLE TO DOMESTIC PRODUCTION ACTIVITIES IN PUERTO RICO.

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

(1) by striking ''first 2 taxable years'' and inserting ''first 8 taxable years'', and

(2) by striking ''January 1, 2008'' and inserting ''January 1, 2014''.

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

SEC. 317. EXTENSION OF QUALIFIED ZONE ACADEMY BONDS.

(a) IN GENERAL.—Paragraph (1) of section 1397E(e) is amended by striking ''and 2007'' and inserting ''2007, 2008, 2009, 2010, 2011, 2012, and 2013''.

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

SEC. 318. INDIAN EMPLOYMENT CREDIT.

(a) IN GENERAL.—Subsection (f) of section 45A (relating to termination) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2013''.

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

SEC. 319. ACCELERATED DEPRECIATION FOR BUSINESS PROPERTY ON INDIAN RESERVATION.

(a) IN GENERAL.—Paragraph (8) of section 168(j) (relating to termination) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2013''.

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

SEC. 320. RAILROAD TRACK MAINTENANCE.

(a) IN GENERAL.—Subsection (f) of section 45G (relating to application of section) is amended by striking ''January 1, 2008'' and inserting ''January 1, 2014''.

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

SEC. 321. SEVEN-YEAR COST RECOVERY PERIOD FOR MOTORSPORTS RACING TRACK FACILITY.

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

''(D) APPLICATION OF PARAGRAPH.—Such term shall apply to property placed in service after the date of the enactment of the Alternative Minimum Tax and Extenders Tax Relief Act of 2008 and before January 1, 2014.''.

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

SEC. 322. EXPENSING OF ENVIRONMENTAL REMEDIATION COSTS.

(a) IN GENERAL.—Subsection (h) of section 198 (relating to termination) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2013''.

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

SEC. 323. EXTENSION OF WORK OPPORTUNITY TAX CREDIT FOR HURRICANE KATRINA EMPLOYEES.

(a) IN GENERAL.—Paragraph (1) of section 201(b) of the Katrina Emergency Tax Relief Act of 2005 is amended by striking ''2-year'' and inserting ''8-year''.

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

SEC. 324. ENHANCED DEDUCTION FOR QUALIFIED COMPUTER CONTRIBUTIONS.

(a) IN GENERAL.—Subparagraph (G) of section 170(e)(6) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2013''.

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

SEC. 325. TAX INCENTIVES FOR INVESTMENT IN THE DISTRICT OF COLUMBIA.

(a) DESIGNATION OF ZONE.—

(1) IN GENERAL.—Subsection (f) of section 1400 is amended by striking ''2007'' both places it appears and inserting ''2013''.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to periods beginning after December 31, 2007.

(b) TAX-EXEMPT ECONOMIC DEVELOPMENT BONDS.—

(1) IN GENERAL.—Subsection (b) of section 1400A is amended by striking ''2007'' and inserting ''2013''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to bonds issued after December 31, 2007.

(c) ZERO PERCENT CAPITAL GAINS RATE.—

(1) IN GENERAL.—Subsection (b) of section 1400B is amended by striking ''2008'' each place it appears and inserting ''2014''.

(2) CONFORMING AMENDMENTS.—

(A) Section 1400B(e)(2) is amended—

(i) by striking ''2012'' and inserting ''2018'', and

(ii) by striking ''2012'' in the heading thereof and inserting ''2018''.

(B) Section 1400B(g)(2) is amended by striking ''2012'' and inserting ''2018''.

(C) Section 1400F(d) is amended by striking ''2012'' and inserting ''2018''.

(3) EFFECTIVE DATES.—

(A) EXTENSION.—The amendments made by paragraph (1) shall apply to acquisitions after December 31, 2007.

(B) CONFORMING AMENDMENTS.—The amendments made by paragraph (2) shall take effect on the date of the enactment of this Act.

(d) FIRST-TIME HOMEBUYER CREDIT.—

(1) IN GENERAL.—Subsection (i) of section 1400C is amended by striking ''2008'' and inserting ''2013''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to property purchased after December 31, 2007.

TITLE IV—EXTENSIONS OF ENERGY PROVISIONS

SEC. 401. EXTENSION OF CREDIT FOR ENERGY EFFICIENT APPLIANCES.

(a) IN GENERAL.—Subsection (b) of section 45M (relating to applicable amount) is amended by striking ''calendar year 2006 or 2007'' each place it appears in paragraphs (1)(A)(i), (1)(B)(i), (1)(C)(ii)(I), and (1)(C)(iii)(I), and inserting ''calendar year 2006, 2007, 2008, 2009, 2010, 2011, 2012, or 2013''.

(b) RESTART OF CREDIT LIMITATION.—Paragraph (1) of section 45M(e) (relating to aggregate credit amount allowed) is amended by inserting ''beginning after December 31, 2007'' after ''for all prior taxable years''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to appliances produced after December 31, 2007.

SEC. 402. EXTENSION OF CREDIT FOR NONBUSINESS ENERGY PROPERTY.

(a) IN GENERAL.—Section 25C(g) (relating to termination) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2013''.

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

SEC. 403. EXTENSION OF CREDIT FOR RESIDENTIAL ENERGY EFFICIENT PROPERTY.

Section 25D(g) (relating to termination) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2013''.

SEC. 404. EXTENSION OF RENEWABLE ELECTRICITY, REFINED COAL, AND INDIAN COAL PRODUCTION CREDIT.

Section 45(d) (relating to qualified facilities) is amended by striking ''January 1, 2009'' each place it appears in paragraphs (1), (2), (3), (4), (5), (6), (7), (8), (9), and (10) and inserting ''January 1, 2014''.

SEC. 405. EXTENSION OF NEW ENERGY EFFICIENT HOME CREDIT.

Subsection (g) of section 45L (relating to termination) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2013''.

SEC. 406. EXTENSION OF ENERGY CREDIT.

(a) SOLAR ENERGY PROPERTY.—Paragraphs (2)(A)(i)(II) and (3)(A)(ii) of section 48(a) (relating to energy credit) are each amended by striking ''January 1, 2009'' and inserting ''January 1, 2014''.

(b) FUEL CELL PROPERTY.—Subparagraph (E) of section 48(c)(1) (relating to qualified fuel cell property) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2013''.

(c) MICROTURBINE PROPERTY.—Subparagraph (E) of section 48(c)(2) (relating to qualified microturbine property) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2013''.

SEC. 407. EXTENSION AND MODIFICATION OF CREDIT FOR CLEAN RENEWABLE ENERGY BONDS.

(a) EXTENSION.—Section 54(m) (relating to termination) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2013''.

(b) INCREASE IN NATIONAL LIMITATION.—Section 54(f) (relating to limitation on amount of bonds designated) is amended—

(1) by striking ''$1,200,000,000'' in paragraph (1) and inserting ''$1,600,000,000'', and

(2) by striking ''$750,000,000'' in paragraph (2) and inserting ''$1,000,000,000''.

(c) MODIFICATION OF RATABLE PRINCIPAL AMORTIZATION REQUIREMENT.—

(1) IN GENERAL.—Paragraph (5) of section 54(l) is amended to read as follows:

''(5) RATABLE PRINCIPAL AMORTIZATION REQUIRED.—A bond shall not be treated as a clean renewable energy bond unless it is part of an issue which provides for an equal amount of principal to be paid by the qualified issuer during each 12-month period that the issue is outstanding (other than the first 12-month period).''.

(2) TECHNICAL AMENDMENT.—The third sentence of section 54(e)(2) is amended by striking ''subsection (l)(6)'' and inserting ''subsection (l)(5)''.

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

SEC. 408. EXTENSION OF ENERGY EFFICIENT COMMERCIAL BUILDINGS DEDUCTION.

Section 179D(h) (relating to termination) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2013''.

SEC. 409. EXTENSION OF SPECIAL RULE TO IMPLEMENT FERC AND STATE ELECTRIC RESTRUCTURING POLICY.

(a) IN GENERAL.—Paragraph (3) of section 451(i) is amended by striking ''January 1, 2008'' and inserting ''January 1, 2014''.

(b) EXTENSION OF PERIOD FOR TRANSFER OF OPERATIONAL CONTROL AUTHORIZED BY FERC.—Clause (ii) of section 451(i)(4)(B) is amended by striking ''December 31, 2007'' and inserting ''the date which is 4 years after the close of the taxable year in which the transaction occurs''.

(c) EFFECTIVE DATES.—

(1) EXTENSION.—The amendments made by subsection (a) shall apply to transactions after December 31, 2007.

(2) TRANSFERS OF OPERATIONAL CONTROL.—The amendment made by subsection (b) shall take effect as if included in section 909 of the American Jobs Creation Act of 2004.

SEC. 410. SUSPENSION OF TAXABLE INCOME LIMIT WITH RESPECT TO MARGINAL PRODUCTION.

(a) IN GENERAL.—Subparagraph (H) of section 613A(c)(6) is amended by striking ''January 1, 2008'' and inserting ''January 1, 2014''.

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

SEC. 411. EXTENSION OF CREDITS FOR BIODIESEL AND RENEWABLE DIESEL.

(a) IN GENERAL.—Sections 40A(g), 6426(c)(6), and 6427(e)(5)(B) are each amended by striking ''December 31, 2008'' and inserting ''December 31, 2013''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to fuel produced, and sold or used, after December 31, 2008.

TITLE V—TAX ADMINISTRATION

SEC. 501. PERMANENT AUTHORITY FOR UNDERCOVER OPERATIONS.

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

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

SEC. 502. PERMANENT DISCLOSURES OF CERTAIN TAX RETURN INFORMATION.

(a) DISCLOSURES TO FACILITATE COMBINED EMPLOYMENT TAX REPORTING.—

(1) IN GENERAL.—Section 6103(d)(5) (relating to disclosure for combined employment tax reporting) is amended—

(A) by striking ''REPORTING'' in the heading thereof and all that follows through ''The Secretary'' in subparagraph (A) and inserting ''REPORTING.—The Secretary'', and

(B) by striking subparagraph (B).

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

(b) DISCLOSURES RELATING TO CERTAIN PROGRAMS ADMINISTERED BY THE DEPARTMENT OF VETERANS AFFAIRS.—

(1) IN GENERAL.—Section 6103(l)(7)(D) (relating to programs to which rule applies) is amended by striking the last sentence.

(2) TECHNICAL AMENDMENT.—Section 6103(l)(7)(D)(viii)(III) is amended by striking ''sections 1710(a)(1)(I), 1710(a)(2), 1710(b), and 1712(a)(2)(B)'' and inserting ''sections 1710(a)(2)(G), 1710(a)(3), and 1710(b)''.

SEC. 503. DISCLOSURE OF INFORMATION RELATING TO TERRORIST ACTIVITIES.

(a) DISCLOSURE OF RETURN INFORMATION TO APPRISE APPROPRIATE OFFICIALS OF TERRORIST ACTIVITIES.—Clause (iv) of section 6103(i)(3)(C) (relating to termination) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2013''.

(b) DISCLOSURE UPON REQUEST OF INFORMATION RELATING TO TERRORIST ACTIVITIES.—Subparagraph (E) of section 6103(i)(7) (relating to termination) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2013''.

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

Mr. MCCRERY (during the reading). Mr. Speaker, I ask unanimous consent to dispense with the reading of the motion.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Louisiana is recognized for 5 minutes in support of his motion.

Mr. MCCRERY. Mr. Speaker, this is a straightforward motion that offers Members of this House a simple choice. Are you in favor of long-term extensions of these expiring tax provisions and extending the all-important AMT patch, without raising taxes?

As we have discussed at length here today, the majority's bill unwisely adheres to their ill-advised PAYGO rules. Thus, they have once again found themselves boxed in a corner, scouring the Tax Code for ways to fuel their agenda. Whether that agenda involves additional spending, new tax incentives, or even just extensions of the low-tax policies that Republicans originally enacted during our time in the majority, the Democrat solution seems to always be the same: tax, tax, tax.

Today's bill is no different. While there is virtually no disagreement in this House that the expiring tax reductions contained in the underlying legislation need to be renewed, the two parties seem to have a major disagreement about whether revenue-raisers should be necessary to pay for them. The majority's bill represents a clear choice in favor of higher taxes. Our motion to recommit, on the other hand, represents a clear choice in favor of extending current tax relief, without offsetting tax increases.

Unlike the bill brought forward today by the majority, Mr. Speaker, which contains $55.5 billion in revenue-raisers, our motion contains no—repeat, no—tax increases. Democrats were wrong to propose these sorts of offsetting tax hikes last year, and they're wrong again today. If they stick with their misguided PAYGO rules, they'll be wrong again in 2010 as well, when a huge number of critically important tax policies, ranging from the expanded $1,000 child credit to the lower rates on dividends and capital gains and lower individual rates will expire. And the majority's PAYGO logic will then require more than a $3.5 trillion tax increase simply to maintain current law. But that's where PAYGO will take us.

This motion to recommit offers us a different path, Mr. Speaker. Not only does our motion reject the majority's tax hikes, it extends the bill's positive provisions for considerably longer than the underlying bill does. Indeed, our motion extends the package of expiring provisions, including all the expiring energy tax provisions, through 2013.

So if you support the deduction for State and local sales taxes, here's your chance to extend it for 6 years, not just 1. If you support the research and development tax credit, here's your chance to extend it for 6 years, not just 1.

In short, if you want to extend all of the important low-tax policies that expired last year—as well as the energy extenders that are set to expire just months from now—on a long-term basis, here's your chance.

This motion also gives Members the opportunity to extend one final crucial provision that has gone completely unaddressed by the majority: the AMT patch. As we've highlighted throughout today's debate, the majority's legislation is deafeningly silent on the urgently needed AMT patch. Their bill's failure to patch the AMT for 2008 means that more than 25 million middle class individuals and families are in line for a $61.5 billion tax hike next April, an average tax increase for those families of more than $2,400 per taxpayer.

Our motion does what everyone knows must be done. It patches the AMT for 2008, and it does so early in the year to help ensure that we avoid a repeat performance of the legislative meltdown engineered by the majority last year, which prevented the 2007 patch from being enacted until the day after Christmas. We need to patch the AMT and we need to patch it now. This motion gives us that opportunity.

I will close, Mr. Speaker, with just a word about process. I suspect that we'll hear from our friends on the other side that this motion will kill the bill. Well, Mr. Speaker, I would submit to you that you can't kill a bill that's already dead. This bill is dead on arrival in the other body, Mr. Speaker. Forty-one Senators signed a letter last month pledging to oppose tax bills that contain revenue-raising offsets.

On the very same day that our committee, the Ways and Means Committee, reported out this bill last week, our colleagues across the Capitol passed a motion on the Senate floor instructing Senate conferees on the budget resolution to reject the House's plan to raise $110 billion in taxes in order to pay for the extension of expiring provisions, including the AMT patch.

And, Mr. Speaker, even if this legislation somehow got through the Senate, the President has indicated he would veto the bill.

You can't kill a bill that's already dead, Mr. Speaker. So let's use this motion to recommit to revive this bill, send it back to committee so that we can do our work in a bipartisan way, and get a bill passed and to the President that he will sign.

Mr. RANGEL. Mr. Speaker, I rise in outrageous opposition to the motion to recommit that has been offered to this House.

The SPEAKER pro tempore. The gentleman from New York is recognized for 5 minutes.

Mr. RANGEL. One, the outrage concerns my love for the Congress and the Constitution. And to think that this great House and the committee which I'm proud to chair would even have to consider what they're thinking, if they're thinking at all on the other side, to decide what we're going to legislate outrages me.

□ 1530

Two, whatever the President says he's going to do or may do—we understand that he's addicted to veto, but that shouldn't stop us from doing the right thing.

And why do I think basically it's the right thing? Well, it has to be if you want to extend it for 5 years. So your vote on this, after the motion to recommit dies on this floor, is going to be very interesting as to if you want it for 5, why wouldn't you want to extend it at least for 1?

Lastly, I wish that I had some time to share with my friend, whom I've enjoyed working with as the ranking member of the Ways and Means Committee, to ask him how much money do you think they have in Japan and China to loan us? There must be some limit to their capacity.

Our bill costs about $125 billion altogether, I think. $54 billion for the energy provisions as well as for this. So I assume that you want to add another $200 billion to that. And I don't remember you using the creative language that you used when you and the Senate—that you and the other body, whatever they call themselves—decided that you don't have to pay for the alternative minimum tax.

First of all, if I understood that, I'll take it home to my wife and explain that there are ways that you can lose revenue and not renew it and still not change your lifestyle. And if it works at home, I will come here, and at least for the next Congress, ask Mr. MCCRERY, if he can't stay over there, come on our side and explain how, if the President puts in the budget that we should be expecting money from these 25 million hostages that shouldn't have to pay the tax, that we don't have to make up for the money.

So I assume that you have now extended this to cover the extenders. And I hope really that you would stick around a little while so that you will be able to work with me and the next President, not to explain why in the last 8 years we haven't reformed this doggone tax system. Most of this stuff shouldn't be in the Tax Code. You know it and I know it. And the things that should be in the Tax Code should be made permanent. The stuff that shouldn't be in there should be taken out.

So in 8 years, the President is now talking about vetoing. Why didn't he take enough time to say, Let's straighten out the code, let's attempt to balance the budget, let's do the right thing for energy and whatever has to be in an extender that expires, help us to get rid of it without being charged with raising taxes. Any extender that expires, we would say that it raises taxes.

I know and Secretary Paulson knows, and we'll be hearing more from him probably after he leaves the administration, that this House has the responsibility of having a Tax Code that is simple, that is economically inspiring, and is something that can be confident and things shouldn't expire. If they expire, they shouldn't be in there in the first place. If it is good, it should stay in the Tax Code so there's reliability.

And if you're going to say that we're not going to get revenues as a result of extending this, we say for 1 year, we will raise the money, we will do it the right way, we will be proud of it, and in a small way attempt to stop this deficit.

But be kind to the people in Japan. Be kind to the people in China. They can't forever support everything that the Republicans want.

We're going to have to make sacrifices if we want to make changes. So this war is one against ignorance and not having the research and development. It's one in trying to have research and development for our corporations, but, more importantly, to find alternatives to this addiction that we have.

So you have been there for 8 years. Please don't try to change the things in 10 minutes here. Join with us. Let's work together in a bipartisan way, and let's mark down this day that is a day that House Democrats and Republicans said, stop the addiction, move to the alternatives, and dedicate ourselves to having a reformed Tax Code, if not this year then certainly next year.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Members are reminded to address their remarks to the Chair.

Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. MCCRERY. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

Pursuant to clause 8 and clause 9 of rule XX, this 15-minute vote on the motion to recommit will be followed by 5-minute votes on passage of H.R. 6049 and motions to suspend the rules on H.R. 1771 and H.R. 4841.

The vote was taken by electronic device, and there were—yeas 201, nays 220, not voting 13, as follows:

[Roll No. 343]

YEAS—201

Aderholt
Akin
Alexander
Bachmann
Bachus
Barrett (SC)
Bartlett (MD)
Barton (TX)
Bean
Biggert
Bilbray
Bilirakis
Bishop (UT)
Blackburn
Blunt
Boehner
Bonner
Bono Mack
Boozman
Boustany
Brady (TX)
Broun (GA)
Brown (SC)
Brown-Waite, Ginny
Buchanan
Burgess
Burton (IN)
Buyer
Calvert
Camp (MI)
Campbell (CA)
Cannon
Cantor
Capito
Castle
Chabot
Cole (OK)
Conaway
Cubin
Culberson
Davis (KY)
Davis, David
Davis, Tom
Deal (GA)
Dent
Diaz-Balart, L.
Diaz-Balart, M.
Donnelly
Doolittle
Drake
Dreier
Duncan
Ehlers
Ellsworth
Emerson
English (PA)
Everett
Fallin
Feeney
Ferguson
Flake
Forbes
Fortenberry
Fossella
Foxx
Franks (AZ)
Frelinghuysen
Gallegly
Garrett (NJ)
Gerlach
Gilchrest
Gingrey
Gohmert
Goode
Goodlatte
Granger
Graves
Hall (TX)
Hastings (WA)
Hayes
Heller
Hensarling
Herger
Hobson
Hoekstra
Hulshof
Hunter
Inglis (SC)
Issa
Johnson (IL)
Johnson, Sam
Jones (NC)
Jordan
Keller
King (IA)
King (NY)
Kingston
Kirk
Kline (MN)
Knollenberg
Kuhl (NY)
LaHood
Lamborn
Lampson
Latham
LaTourette
Latta
Lewis (CA)
Lewis (KY)
Linder
LoBiondo
Lucas
Lungren, Daniel E.
Mack
Manzullo
Marchant
McCarthy (CA)
McCaul (TX)
McCotter
McCrery
McHenry
McHugh
McIntyre
McKeon
McMorris Rodgers
McNerney
Mica
Miller (FL)
Miller (MI)
Miller, Gary
Mitchell
Moran (KS)
Murphy, Tim
Musgrave
Myrick
Neugebauer
Nunes
Paul

Pearce
Pence
Peterson (PA)
Petri
Pickering
Pitts
Platts
Poe
Porter
Price (GA)
Pryce (OH)
Putnam
Radanovich
Ramstad
Regula
Rehberg
Reichert
Renzi
Reynolds
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Roskam
Royce
Ryan (WI)
Sali
Saxton
Scalise
Schmidt
Sessions
Shadegg
Shays
Shimkus
Shuster
Simpson
Smith (NE)
Smith (NJ)
Smith (TX)
Souder
Stearns
Sullivan
Tancredo
Terry
Thornberry
Tiberi
Turner
Upton
Walberg
Walden (OR)
Walsh (NY)
Wamp
Weldon (FL)
Weller
Westmoreland
Whitfield (KY)
Wilson (NM)
Wilson (SC)
Wittman (VA)
Wolf
Young (AK)
Young (FL)

NAYS—220

Abercrombie
Ackerman
Allen
Altmire
Andrews
Arcuri
Baca
Baird
Baldwin
Barrow
Becerra
Berkley
Berman
Berry
Bishop (GA)
Bishop (NY)
Blumenauer
Boren
Boswell
Boucher
Boyd (FL)
Boyda (KS)
Brady (PA)
Braley (IA)
Butterfield
Capps
Capuano
Cardoza
Carnahan
Carney
Carson
Cazayoux
Chandler
Childers
Clarke
Clay
Cleaver
Clyburn
Cohen
Conyers
Cooper
Costello
Courtney
Cramer
Crowley
Cuellar
Cummings
Davis (AL)
Davis (CA)
Davis (IL)
Davis, Lincoln
DeFazio
DeGette
Delahunt
DeLauro
Dicks
Dingell
Doggett
Doyle
Edwards
Ellison
Emanuel
Engel
Eshoo
Etheridge
Farr
Fattah
Filner
Foster
Frank (MA)
Giffords
Gonzalez
Gordon
Green, Al
Green, Gene
Grijalva
Gutierrez
Hall (NY)
Hare
Harman
Hastings (FL)
Herseth Sandlin
Higgins
Hill
Hinchey
Hinojosa
Hirono
Hodes
Holden
Holt
Honda
Hooley
Hoyer
Inslee
Israel
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson (GA)
Johnson, E. B.
Jones (OH)
Kagen
Kanjorski
Kaptur
Kildee
Kilpatrick
Kind
Klein (FL)
Kucinich
Langevin
Larsen (WA)
Larson (CT)
Lee
Levin
Lewis (GA)
Lipinski
Loebsack
Lofgren, Zoe
Lowey
Lynch
Mahoney (FL)
Maloney (NY)
Markey
Marshall
Matheson
Matsui
McCarthy (NY)
McCollum (MN)
McDermott
McGovern
McNulty
Meek (FL)
Meeks (NY)
Melancon
Michaud
Miller (NC)
Miller, George
Mollohan
Moore (KS)
Moore (WI)
Moran (VA)
Murphy (CT)
Murphy, Patrick
Murtha
Nadler
Napolitano
Neal (MA)
Oberstar
Obey
Olver
Ortiz
Pallone
Pascrell
Pastor
Payne
Perlmutter
Peterson (MN)
Pomeroy
Price (NC)
Rahall
Rangel
Reyes
Richardson
Rodriguez
Ross
Rothman
Roybal-Allard
Ruppersberger
Ryan (OH)
Salazar
Sánchez, Linda T.
Sanchez, Loretta
Sarbanes
Schakowsky
Schiff
Schwartz
Scott (GA)
Scott (VA)
Serrano
Sestak
Shea-Porter
Sherman
Shuler
Sires
Skelton
Slaughter
Smith (WA)
Snyder
Solis
Space
Speier
Spratt
Stark
Stupak
Sutton
Tanner
Tauscher
Taylor
Thompson (CA)
Thompson (MS)
Tierney
Towns
Tsongas
Udall (CO)
Udall (NM)
Van Hollen
Velázquez
Visclosky
Walz (MN)
Wasserman Schultz
Waters
Watson
Watt
Waxman
Weiner
Welch (VT)
Wilson (OH)
Woolsey
Wu
Yarmuth

NOT VOTING—13

Brown, Corrine
Carter
Castor
Coble
Costa
Crenshaw
Gillibrand
Kennedy
Rush
Sensenbrenner
Tiahrt
Wexler
Wynn

□ 1600

Messrs. BERRY, KUCINICH, SPRATT, BUTTERFIELD, KLEIN of Florida, ALTMIRE, DICKS, LANGEVIN, OLVER, GEORGE MILLER of California, RUPPERSBERGER, REYES and SHERMAN changed their vote from ''yea'' to ''nay.''

Messrs. McKEON, WALSH of New York, BURGESS, McINTYRE and MITCHELL changed their vote from ''nay'' to ''yea.''

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

Stated for:

Mr. COBLE. Mr. Speaker, on rollcall No. 343, I was attending the graduation ceremony at the United States Coast Guard Academy. Had I been present, I would have voted "yea."

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. HERGER. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 263, noes 160, not voting 12, as follows:

[Roll No. 344]

AYES—263

Abercrombie
Ackerman
Allen
Altmire
Andrews
Arcuri
Baca
Baird
Baldwin
Barrow
Bean
Becerra
Berkley
Berman
Berry
Bishop (GA)
Bishop (NY)
Blumenauer
Boren
Boswell
Boucher
Boyd (FL)
Boyda (KS)
Brady (PA)
Braley (IA)
Brown-Waite, Ginny
Buchanan
Butterfield
Capito
Capps
Capuano
Cardoza
Carnahan
Carney
Carson
Castle
Cazayoux
Chandler
Childers
Clarke
Clay
Cleaver
Clyburn
Cohen
Conyers
Cooper
Costa
Costello
Courtney
Cramer
Crowley
Cuellar
Cummings
Davis (AL)
Davis (CA)
Davis (IL)
Davis, Lincoln
DeFazio
DeGette
Delahunt
DeLauro
Dent
Diaz-Balart, L.
Diaz-Balart, M.
Dicks
Dingell
Doggett
Donnelly
Doyle
Duncan
Edwards
Ehlers
Ellison
Ellsworth
Emanuel
Engel
English (PA)
Eshoo
Etheridge
Farr
Fattah
Filner
Foster
Frank (MA)
Gerlach
Giffords
Gilchrest
Gonzalez
Gordon
Green, Al
Green, Gene
Grijalva
Gutierrez
Hall (NY)
Hare
Harman
Hastings (FL)
Hayes
Herseth Sandlin
Higgins
Hill
Hinchey
Hinojosa
Hirono
Hobson
Hodes
Holden
Holt
Honda
Hooley
Hoyer
Inslee
Israel
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson (GA)
Johnson, E. B.
Johnson, Sam
Jones (NC)
Jones (OH)
Kagen
Kanjorski
Kaptur
Kildee
Kilpatrick
Kind
Klein (FL)
Kucinich
LaHood
Langevin
Larsen (WA)
Larson (CT)
Latham
LaTourette
Lee
Levin
Lewis (GA)
Lipinski
LoBiondo
Loebsack
Lofgren, Zoe
Lowey
Lynch
Mahoney (FL)
Maloney (NY)
Markey
Marshall
Matheson
Matsui
McCarthy (NY)
McCollum (MN)
McDermott
McGovern
McHugh
McIntyre
McNerney
McNulty
Meek (FL)
Meeks (NY)
Melancon
Michaud
Miller (MI)
Miller (NC)
Miller, George
Mitchell
Mollohan
Moore (KS)
Moore (WI)
Moran (KS)
Moran (VA)
Murphy (CT)
Murphy, Patrick
Murphy, Tim
Murtha
Nadler
Napolitano
Neal (MA)
Oberstar
Obey
Olver
Ortiz
Pallone
Pascrell
Pastor
Payne
Pelosi
Perlmutter
Peterson (MN)
Platts
Pomeroy
Porter
Price (NC)
Pryce (OH)
Rahall
Rangel
Regula
Reyes
Richardson
Rodriguez
Rogers (AL)
Ros-Lehtinen
Ross
Rothman
Roybal-Allard
Ruppersberger
Ryan (OH)
Salazar
Sánchez, Linda T.
Sanchez, Loretta
Sarbanes
Schakowsky
Schiff
Schwartz
Scott (GA)
Scott (VA)
Serrano
Sestak
Shays
Shea-Porter
Sherman
Shuler
Sires
Skelton
Slaughter
Smith (NJ)
Smith (WA)
Snyder
Solis
Souder
Space
Speier
Spratt
Stark
Stupak
Sutton
Tanner
Tauscher
Taylor
Thompson (CA)
Thompson (MS)
Tiberi
Tierney
Towns
Tsongas
Udall (CO)
Udall (NM)
Upton
Van Hollen
Velázquez
Visclosky
Walz (MN)
Wasserman Schultz
Waters
Watson
Watt
Waxman
Weiner
Welch (VT)
Wilson (OH)
Woolsey
Wu
Yarmuth

NOES—160

Aderholt
Akin
Alexander
Bachmann
Bachus
Barrett (SC)
Bartlett (MD)
Barton (TX)
Biggert
Bilbray
Bilirakis
Bishop (UT)
Blackburn
Blunt
Boehner
Bonner
Bono Mack
Boozman
Boustany
Brady (TX)
Broun (GA)
Brown (SC)
Burgess
Burton (IN)
Buyer
Calvert
Camp (MI)
Campbell (CA)
Cannon
Cantor
Chabot
Cole (OK)
Conaway
Cubin
Culberson
Davis (KY)
Davis, David
Davis, Tom
Deal (GA)
Doolittle
Drake
Dreier
Emerson
Everett
Fallin
Feeney
Ferguson
Flake
Forbes
Fortenberry
Fossella
Foxx
Franks (AZ)
Frelinghuysen
Gallegly
Garrett (NJ)
Gingrey
Gohmert
Goode
Goodlatte
Granger
Graves
Hall (TX)
Hastings (WA)
Heller
Hensarling
Herger
Hoekstra
Hulshof
Hunter
Inglis (SC)
Issa
Johnson (IL)
Jordan
Keller
King (IA)
King (NY)
Kingston
Kirk
Kline (MN)
Knollenberg
Kuhl (NY)
Lamborn
Lampson
Latta
Lewis (CA)
Lewis (KY)
Linder
Lucas
Lungren, Daniel E.
Mack
Manzullo
Marchant
McCarthy (CA)
McCaul (TX)
McCotter
McCrery
McHenry
McKeon
McMorris Rodgers
Mica
Miller (FL)
Miller, Gary
Musgrave
Myrick
Neugebauer
Nunes
Paul
Pearce
Pence
Peterson (PA)
Petri
Pickering
Pitts
Poe
Price (GA)
Putnam
Radanovich
Ramstad
Rehberg
Reichert
Renzi
Reynolds
Rogers (KY)
Rogers (MI)
Rohrabacher
Roskam
Royce
Ryan (WI)
Sali
Saxton
Scalise
Schmidt
Sessions
Shadegg
Shimkus
Shuster
Simpson
Smith (NE)
Smith (TX)
Stearns
Sullivan
Tancredo
Terry
Thornberry
Turner
Walberg
Walden (OR)
Walsh (NY)
Wamp
Weldon (FL)

Weller	Wilson (NM)	Wolf
Westmoreland	Wilson (SC)	Young (AK)
Whitfield (KY)	Wittman (VA)	Young (FL)

NOT VOTING—12

Brown, Corrine	Crenshaw	Sensenbrenner
Carter	Gillibrand	Tiahrt
Castor	Kennedy	Wexler
Coble	Rush	Wynn

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (during the vote). Members are reminded there are 2 minutes remaining on this vote.

□ 1608

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated against:

Mr. COBLE. Mr. Speaker, on rollcall No. 344, I was attending the graduation ceremony at the United States Coast Guard Academy. Had I been present, I would have voted ''no.''

CRANE CONSERVATION ACT OF 2008

The SPEAKER pro tempore (Mr. WEINER). The unfinished business is the question on suspending the rules and passing the bill, H.R. 1771, as amended.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentlewoman from Guam (Ms. BORDALLO) that the House suspend the rules and pass the bill, H.R. 1771, as amended.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds being in the affirmative, the ayes have it.

RECORDED VOTE

Mr. WALDEN of Oregon. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 304, noes 118, not voting 12, as follows:

[Roll No. 345]

AYES—304

Abercrombie	Brady (PA)	Cramer
Ackerman	Braley (IA)	Crowley
Allen	Brown-Waite, Ginny	Cuellar
Altmire	Buchanan	Cummings
Andrews	Butterfield	Davis (AL)
Arcuri	Capito	Davis (CA)
Baca	Capps	Davis (IL)
Bachus	Capuano	Davis (KY)
Baird	Cardoza	Davis, Lincoln
Baldwin	Carnahan	Davis, Tom
Barrow	Carney	DeFazio
Bartlett (MD)	Carson	DeGette
Bean	Castle	Delahunt
Becerra	Cazayoux	DeLauro
Berkley	Chabot	Dent
Berman	Chandler	Diaz-Balart, L.
Berry	Childers	Diaz-Balart, M.
Biggert	Clarke	Dicks
Bilirakis	Clay	Dingell
Bishop (GA)	Cleaver	Doggett
Bishop (NY)	Clyburn	Donnelly
Blumenauer	Cohen	Doyle
Bono Mack	Cole (OK)	Edwards
Boren	Conyers	Ehlers
Boswell	Cooper	Ellison
Boucher	Costa	Ellsworth
Boustany	Costello	Emanuel
Boyd (FL)	Courtney	Engel
Boyda (KS)	Cramer	English (PA)
Eshoo	Lofgren, Zoe	Rothman
Etheridge	Lowey	Roybal-Allard
Farr	Lynch	Ruppersberger
Fattah	Mahoney (FL)	Ryan (OH)
Ferguson	Maloney (NY)	Ryan (WI)
Filner	Markey	Salazar
Fortenberry	Marshall	Sánchez, Linda T.
Foster	Matheson	Sanchez, Loretta
Frank (MA)	Matsui	Sarbanes
Frelinghuysen	McCarthy (NY)	Saxton
Gerlach	McCollum (MN)	Schakowsky
Giffords	McCotter	Schiff
Gilchrest	McCrery	Schmidt
Gonzalez	McDermott	Schwartz
Goodlatte	McGovern	Scott (GA)
Gordon	McHugh	Scott (VA)
Green, Al	McIntyre	Serrano
Green, Gene	McMorris Rodgers	Sestak
Grijalva	McNerney	Shays
Gutierrez	McNulty	Shea-Porter
Hall (NY)	Meek (FL)	Sherman
Hare	Meeks (NY)	Shuler
Harman	Melancon	Simpson
Hastings (FL)	Michaud	Sires
Hayes	Miller (MI)	Skelton
Heller	Miller (NC)	Slaughter
Herseth Sandlin	Miller, George	Smith (NE)
Higgins	Mitchell	Smith (NJ)
Hill	Mollohan	Smith (TX)
Hinchey	Moore (KS)	Smith (WA)
Hinojosa	Moore (WI)	Snyder
Hirono	Moran (KS)	Solis
Hobson	Moran (VA)	Space
Hodes	Murphy (CT)	Speier
Holden	Murphy, Patrick	Spratt
Holt	Murphy, Tim	Stark
Honda	Murtha	Stupak
Hooley	Nadler	Sutton
Hoyer	Napolitano	Tanner
Inslee	Neal (MA)	Tauscher
Israel	Oberstar	Taylor
Jackson (IL)	Obey	Terry
Jackson-Lee (TX)	Olver	Thompson (CA)
Jefferson	Ortiz	Thompson (MS)
Johnson (GA)	Pallone	Tierney
Johnson (IL)	Pascrell	Towns
Johnson, E. B.	Pastor	Tsongas
Jones (NC)	Payne	Turner
Jones (OH)	Pearce	Udall (CO)
Kagen	Perlmutter	Udall (NM)
Kanjorski	Peterson (MN)	Upton
Kaptur	Peterson (PA)	Van Hollen
Keller	Petri	Velázquez
Kildee	Platts	Visclosky
Kilpatrick	Pomeroy	Walsh (NY)
Kind	Porter	Walz (MN)
Kirk	Price (NC)	Wasserman Schultz
Klein (FL)	Pryce (OH)	Waters
Knollenberg	Putnam	Watson
Kucinich	Rahall	Watt
Kuhl (NY)	Ramstad	Waxman
Lampson	Rangel	Weiner
Langevin	Regula	Welch (VT)
Larsen (WA)	Rehberg	Weller
Larson (CT)	Reichert	Whitfield (KY)
Latham	Renzi	Wilson (NM)
LaTourette	Reyes	Wilson (OH)
Lee	Reynolds	Wolf
Levin	Richardson	Woolsey
Lewis (GA)	Rodriguez	Wu
Lipinski	Rogers (AL)	Yarmuth
LoBiondo	Ros-Lehtinen	Young (FL)
Loebsack	Ross	

NOES—118

Aderholt	Cantor	Goode
Akin	Conaway	Granger
Alexander	Cubin	Graves
Bachmann	Culberson	Hall (TX)
Barrett (SC)	Davis, David	Hastings (WA)
Barton (TX)	Deal (GA)	Hensarling
Bilbray	Doolittle	Herger
Bishop (UT)	Drake	Hoekstra
Blackburn	Dreier	Hulshof
Blunt	Duncan	Hunter
Boehner	Emerson	Inglis (SC)
Bonner	Everett	Issa
Boozman	Fallin	Johnson, Sam
Brady (TX)	Feeney	Jordan
Broun (GA)	Flake	King (IA)
Brown (SC)	Forbes	King (NY)
Burgess	Fossella	Kingston
Burton (IN)	Foxx	Kline (MN)
Buyer	Franks (AZ)	LaHood
Calvert	Gallegly	Lamborn
Camp (MI)	Garrett (NJ)	Latta
Campbell (CA)	Gingrey	Lewis (CA)
Cannon	Gohmert	Lewis (KY)
Linder	Nunes	Shimkus
Lucas	Paul	Shuster
Lungren, Daniel E.	Pence	Souder
Mack	Pickering	Stearns
Manzullo	Pitts	Sullivan
Marchant	Poe	Tancredo
McCarthy (CA)	Price (GA)	Thornberry
McCaul (TX)	Radanovich	Tiberi
McHenry	Rogers (KY)	Walberg
McKeon	Rogers (MI)	Walden (OR)
Mica	Rohrabacher	Wamp
Miller (FL)	Roskam	Weldon (FL)
Miller, Gary	Royce	Westmoreland
Musgrave	Sali	Wilson (SC)
Myrick	Scalise	Wittman (VA)
Neugebauer	Sessions	Young (AK)
	Shadegg	

NOT VOTING—12

Brown, Corrine	Crenshaw	Sensenbrenner
Carter	Gillibrand	Tiahrt
Castor	Kennedy	Wexler
Coble	Rush	Wynn

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (during the vote). Members are reminded there are 2 minutes remaining in this vote.

□ 1616

Mr. MORAN of Kansas changed his vote from ''aye'' to ''no.''

So (two-thirds being in the affirmative) the rules were suspended and the bill, as amended, was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Mr. COBLE. Mr. Speaker, on rollcall No. 345, I was attending the graduation ceremony at the United States Coast Guard Academy. Had I been present, I would have voted ''aye.''

Mr. HERGER. Mr. Speaker, I inadvertently missed rollcall No. 345. Had I been present, I would have voted ''aye.''

SOBOBA BAND OF LUISENO INDIANS SETTLEMENT ACT

The SPEAKER pro tempore. The unfinished business is the question on suspending the rules and passing the bill, H.R. 4841, as amended.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentlewoman from Guam (Ms. BORDALLO) that the House suspend the rules and pass the bill, H.R. 4841, as amended.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 6041

Mr. SAM JOHNSON of Texas. Mr. Speaker, I ask unanimous consent that my name be removed as a cosponsor from H.R. 6041.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.