

1 **SECTION 1. SHORT TITLE; AMENDMENT OF 1986 CODE;**

2 **TABLE OF CONTENTS.**

3 (a) **SHORT TITLE.**—This Act may be cited as the
4 “Hiring Incentives to Restore Employment Act”.

5 (b) **AMENDMENT OF 1986 CODE.**—Except as other-
6 wise expressly provided, whenever in this Act an amend-
7 ment or repeal is expressed in terms of an amendment
8 to, or repeal of, a section or other provision, the reference
9 shall be considered to be made to a section or other provi-
10 sion of the Internal Revenue Code of 1986.

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

Sec. 1. Short title; amendment of 1986 Code; table of contents.

**TITLE I—INCENTIVES FOR HIRING AND RETAINING
UNEMPLOYED WORKERS**

Sec. 101. Payroll tax forgiveness for hiring unemployed workers.

Sec. 102. Business credit for retention of certain newly hired individuals in
2010.

TITLE II—EXPENSING

Sec. 201. Increase in expensing of certain depreciable business assets.

TITLE III—QUALIFIED TAX CREDIT BONDS

Sec. 301. Issuer allowed refundable credit for certain qualified tax credit bonds.

**TITLE IV—EXTENSION OF CURRENT SURFACE TRANSPORTATION
PROGRAMS**

Sec. 401. Short title.

Subtitle A—Federal-aid Highways

Sec. 411. In general.

Sec. 412. Administrative expenses.

Sec. 413. Rescission of unobligated balances.

Sec. 414. Reconciliation of funds.

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Subtitle B—National Highway Traffic Safety Administration, Federal Motor Carrier Safety Administration, and Additional Programs

- Sec. 421. Extension of National Highway Traffic Safety Administration Highway Safety Programs.
 Sec. 422. Extension of Federal Motor Carrier Safety Administration Programs.
 Sec. 423. Additional programs.

Subtitle C—Public Transportation Programs

- Sec. 431. Allocation of funds for planning programs.
 Sec. 432. Special rule for urbanized area formula grants.
 Sec. 433. Allocating amounts for capital investment grants.
 Sec. 434. Apportionment of formula grants for other than urbanized areas.
 Sec. 435. Apportionment based on fixed guideway factors.
 Sec. 436. Authorizations for public transportation.
 Sec. 437. Amendments to SAFETEA-LU.

Subtitle D—Revenue Provisions

- Sec. 441. Repeal of provision prohibiting the crediting of interest to the Highway Trust Fund.
 Sec. 442. Restoration of certain foregone interest to Highway Trust Fund.
 Sec. 443. Treatment of certain amounts appropriated to Highway Trust Fund.
 Sec. 444. Termination of transfers from highway trust fund for certain repayments and credits.
 Sec. 445. Extension of authority for expenditures.
 Sec. 446. Level of obligation limitations.

TITLE V—EXTENSION OF EXPIRING PROVISIONS

Subtitle A—Energy

- Sec. 501. Alternative motor vehicle credit for new qualified hybrid motor vehicles other than passenger automobiles and light trucks.
 Sec. 502. Incentives for biodiesel and renewable diesel.
 Sec. 503. Credit for electricity produced at certain open-loop biomass facilities.
 Sec. 504. Credit for refined coal facilities.
 Sec. 505. Credit for production of low sulfur diesel fuel.
 Sec. 506. Credit for producing fuel from coke or coke gas.
 Sec. 507. New energy efficient home credit.
 Sec. 508. Excise tax credits and outlay payments for alternative fuel and alternative fuel mixtures.
 Sec. 509. Special rule for sales or dispositions to implement FERC or State electric restructuring policy for qualified electric utilities.
 Sec. 510. Suspension of limitation on percentage depletion for oil and gas from marginal wells.

Subtitle B—Individual Tax Relief

PART I—MISCELLANEOUS PROVISIONS

- Sec. 511. Deduction for certain expenses of elementary and secondary school teachers.
 Sec. 512. Additional standard deduction for State and local real property taxes.
 Sec. 513. Deduction of State and local sales taxes.
 Sec. 514. Contributions of capital gain real property made for conservation purposes.

- Sec. 515. Above-the-line deduction for qualified tuition and related expenses.
- Sec. 516. Tax-free distributions from individual retirement plans for charitable purposes.
- Sec. 517. Look-thru of certain regulated investment company stock in determining gross estate of nonresidents.

PART II—LOW-INCOME HOUSING CREDITS

- Sec. 521. Election for refundable low-income housing credit for 2010.

Subtitle C—Business Tax Relief

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- Sec. 532. Indian employment tax credit.
- Sec. 533. New markets tax credit.
- Sec. 534. Railroad track maintenance credit.
- Sec. 535. Mine rescue team training credit.
- Sec. 536. Employer wage credit for employees who are active duty members of the uniformed services.
- Sec. 537. 5-year depreciation for farming business machinery and equipment.
- Sec. 538. 15-year straight-line cost recovery for qualified leasehold improvements, qualified restaurant buildings and improvements, and qualified retail improvements.
- Sec. 539. 7-year recovery period for motorsports entertainment complexes.
- Sec. 540. Accelerated depreciation for business property on an Indian reservation.
- Sec. 541. Enhanced charitable deduction for contributions of food inventory.
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- Sec. 543. Enhanced charitable deduction for corporate contributions of computer inventory for educational purposes.
- Sec. 544. Election to expense mine safety equipment.
- Sec. 545. Special expensing rules for certain film and television productions.
- Sec. 546. Expensing of environmental remediation costs.
- Sec. 547. Deduction allowable with respect to income attributable to domestic production activities in Puerto Rico.
- Sec. 548. Modification of tax treatment of certain payments to controlling exempt organizations.
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- Sec. 557. Empowerment zone tax incentives.
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- Sec. 581. Special depreciation allowance for nonresidential and residential real property.
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- Sec. 585. Special rules for use of retirement funds.
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- Sec. 611. Extension and improvement of premium assistance for COBRA benefits.
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- Sec. 617. Extension of geographic floor for work.
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- Sec. 619. Extension of outpatient hold harmless provision.
- Sec. 620. EHR Clarification.
- Sec. 621. Extension of reimbursement for all Medicare part B services furnished by certain indian hospitals and clinics.
- Sec. 622. Extension of certain payment rules for long-term care hospital services and of moratorium on the establishment of certain hospitals and facilities.
- Sec. 623. Extension of the Medicare rural hospital flexibility program.
- Sec. 624. Extension of section 508 hospital reclassifications.
- Sec. 625. Technical correction related to critical access hospital services.

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- Sec. 626. Extension for specialized MA plans for special needs individuals.
- Sec. 627. Extension of reasonable cost contracts.
- Sec. 628. Extension of particular waiver policy for employer group plans.
- Sec. 629. Technical correction to the national per capita Medicare Advantage growth percentage for 2011.
- Sec. 630. Extension of continuing care retirement community program.
- Sec. 631. Funding outreach and assistance for low-income programs.
- Sec. 632. Family-to-family health information centers.
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- Sec. 641. Extension of use of 2009 poverty guidelines.
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- Sec. 701. Extended period for single-employer defined benefit plans to amortize certain shortfall amortization bases.
- Sec. 702. Application of extended amortization period to plans subject to prior law funding rules.
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PART I—INCREASED DISCLOSURE OF BENEFICIAL OWNERS

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- Sec. 811. Disclosure of information with respect to foreign financial assets.
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- Sec. 821. Reporting of activities with respect to passive foreign investment companies.
- Sec. 822. Secretary permitted to require financial institutions to file certain returns related to withholding on foreign transfers electronically.

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PART IV—PROVISIONS RELATED TO FOREIGN TRUSTS

- Sec. 831. Clarifications with respect to foreign trusts which are treated as having a United States beneficiary.
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- Sec. 833. Uncompensated use of trust property.
- Sec. 834. Reporting requirement of United States owners of foreign trusts.
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PART V—SUBSTITUTE DIVIDENDS AND DIVIDEND EQUIVALENT PAYMENTS RECEIVED BY FOREIGN PERSONS TREATED AS DIVIDENDS

- Sec. 841. Substitute dividends and dividend equivalent payments received by foreign persons treated as dividends.

Subtitle B—Black Liquor

- Sec. 851. Exclusion of unprocessed fuels from the cellulosic biofuel producer credit.
- Sec. 852. Prohibition on alternative fuel credit and alternative fuel mixture credit for black liquor.

Subtitle C—Homebuyer Credit

- Sec. 861. Technical modifications to homebuyer credit.

Subtitle D—Economic Substance

- Sec. 871. Codification of economic substance doctrine; penalties.

Subtitle E—Additional Provisions

- Sec. 881. Revision to the Medicare Improvement Fund.
- Sec. 882. Authority for Secretarial coding intensity adjustment authority.

TITLE IX—SATELLITE TELEVISION EXTENSION

- Sec. 901. Short title.

Subtitle A—Statutory Licenses

- Sec. 901. Reference.
- Sec. 902. Modifications to statutory license for satellite carriers.
- Sec. 903. Modifications to statutory license for satellite carriers in local markets.
- Sec. 904. Modifications to cable system secondary transmission rights under section 111.
- Sec. 905. Certain waivers granted to providers of local-into-local service for all DMAs.
- Sec. 906. Copyright Office fees.
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Subtitle B—Communications Provisions

- Sec. 921. Reference.
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- Sec. 923. Significantly viewed stations.

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 Sec. 927. Nondiscrimination in carriage of high definition digital signals of
 noncommercial educational television stations.
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- Sec. 931. Definition.
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 Sec. 936. Savings provision regarding use of negotiated licenses.

Subtitle D—Severability

- Sec. 941. Severability.

TITLE X—EMERGENCY DESIGNATION

- Sec. 1001. Emergency designation.

1 **TITLE I—INCENTIVES FOR HIR-**
 2 **ING AND RETAINING UNEM-**
 3 **EMPLOYED WORKERS**

4 **SEC. 101. PAYROLL TAX FORGIVENESS FOR HIRING UNEM-**
 5 **EMPLOYED WORKERS.**

6 (a) IN GENERAL.—Section 3111 is amended by add-
 7 ing at the end the following new subsection:

8 “(d) SPECIAL EXEMPTION FOR CERTAIN INDIVID-
 9 UALS HIRED IN 2010.—

10 “(1) IN GENERAL.—Subsection (a) shall not
 11 apply to wages paid by a qualified employer with re-
 12 spect to employment during the period beginning on
 13 the day after the date of the enactment of this sub-

1 section and ending on December 31, 2010, of any
2 qualified individual for services performed—

3 “(A) in a trade or business of such quali-
4 fied employer, or

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

10 “(2) QUALIFIED EMPLOYER.—For purposes of
11 this subsection—

12 “(A) IN GENERAL.—The term ‘qualified
13 employer’ means any employer other than the
14 United States, any State, or any political sub-
15 division thereof, or any instrumentality of the
16 foregoing.

17 “(B) TREATMENT OF EMPLOYEES OF
18 POST-SECONDARY EDUCATIONAL INSTITU-
19 TIONS.—Notwithstanding subparagraph (A),
20 the term ‘qualified employer’ includes any em-
21 ployer which is a public institution of higher
22 education (as defined in section 101(b) of the
23 Higher Education Act of 1965).

1 “(3) QUALIFIED INDIVIDUAL.—For purposes of
2 this subsection, the term ‘qualified individual’ means
3 any individual who—

4 “(A) begins employment with a qualified
5 employer after February 3, 2010, and before
6 January 1, 2011,

7 “(B) certifies by signed affidavit, under
8 penalties of perjury, that such individual has
9 not been employed for more than 40 hours dur-
10 ing the 60-day period ending on the date such
11 individual begins such employment,

12 “(C) is not employed by the qualified em-
13 ployer to replace another employee of such em-
14 ployer unless such other employee separated
15 from employment voluntarily or for cause, and

16 “(D) is not an individual described in sec-
17 tion 51(i)(1) (applied by substituting ‘qualified
18 employer’ for ‘taxpayer’ each place it appears).

19 “(4) ELECTION.—A qualified employer may
20 elect to have this subsection not apply. Such election
21 shall be made in such manner as the Secretary may
22 require.”.

23 (b) COORDINATION WITH WORK OPPORTUNITY
24 CREDIT.—Section 51(c) is amended by adding at the end
25 the following new paragraph:

1 “(5) COORDINATION WITH PAYROLL TAX FOR-
2 GIVENESS.—The term ‘wages’ shall not include any
3 amount paid or incurred to a qualified individual (as
4 defined in section 3111(d)(3)) during the 1-year pe-
5 riod beginning on the hiring date of such individual
6 by a qualified employer (as defined in section
7 3111(d)) unless such qualified employer makes an
8 election not to have section 3111(d) apply.”.

9 (c) TRANSFERS TO FEDERAL OLD-AGE AND SUR-
10 VIVORS INSURANCE TRUST FUND.—There are hereby ap-
11 propriated to the Federal Old-Age and Survivors Trust
12 Fund and the Federal Disability Insurance Trust Fund
13 established under section 201 of the Social Security Act
14 (42 U.S.C. 401) amounts equal to the reduction in reve-
15 nues to the Treasury by reason of the amendments made
16 by subsection (a). Amounts appropriated by the preceding
17 sentence shall be transferred from the general fund at
18 such times and in such manner as to replicate to the ex-
19 tent possible the transfers which would have occurred to
20 such Trust Fund had such amendments not been enacted.

21 (d) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to wages paid after the date of
23 the enactment of this Act.

1 **SEC. 102. BUSINESS CREDIT FOR RETENTION OF CERTAIN**
2 **NEWLY HIRED INDIVIDUALS IN 2010.**

3 (a) IN GENERAL.—In the case of any taxable year
4 ending after the date of the enactment of this Act, the
5 current year business credit determined under section
6 38(b) of the Internal Revenue Code of 1986 for such tax-
7 able year shall be increased by an amount equal to the
8 product of—

9 (1) \$1,000, and

10 (2) the number of retained workers with respect
11 to which subsection (b)(2) is first satisfied during
12 such taxable year.

13 (b) RETAINED WORKER.—For purposes of this sec-
14 tion, the term “retained worker” means any qualified indi-
15 vidual (as defined in section 3111(d)(3) of the Internal
16 Revenue Code of 1986)—

17 (1) who was employed by the taxpayer on any
18 date during the taxable year,

19 (2) who was so employed by the taxpayer for a
20 period of not less than 52 consecutive weeks, and

21 (3) whose wages for such employment during
22 the last 26 weeks of such period equaled at least 80
23 percent of such wages for the first 26 weeks of such
24 period.

25 (c) LIMITATION ON CARRYBACKS.—No portion of the
26 unused business credit under section 38 of the Internal

1 Revenue Code of 1986 for any taxable year which is attrib-
2 utable to the increase in the current year business credit
3 under this section may be carried to a taxable year begin-
4 ning before the date of the enactment of this section.

5 **TITLE II—EXPENSING**

6 **SEC. 201. INCREASE IN EXPENSING OF CERTAIN DEPREE-** 7 **CIABLE BUSINESS ASSETS.**

8 (a) IN GENERAL.—Subsection (b) of section 179 is
9 amended—

10 (1) by striking “(\$125,000 in the case of tax-
11 able years beginning after 2006 and before 2011)”
12 in paragraph (1) and inserting “(\$250,000 in the
13 case of taxable years beginning after 2007 and be-
14 fore 2011)”,

15 (2) by striking “(\$500,000 in the case of tax-
16 able years beginning after 2006 and before 2011)”
17 in paragraph (2) and inserting “(\$800,000 in the
18 case of taxable years beginning after 2007 and be-
19 fore 2011)”,

20 (3) by striking paragraphs (5) and (7), and

21 (4) by redesignating paragraph (6) as para-
22 graph (5).

23 (b) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to taxable years beginning after
25 December 31, 2009.

1 **TITLE III—QUALIFIED TAX**
2 **CREDIT BONDS**

3 **SEC. 301. ISSUER ALLOWED REFUNDABLE CREDIT FOR**
4 **CERTAIN QUALIFIED TAX CREDIT BONDS.**

5 (a) CREDIT ALLOWED.—Section 6431 is amended by
6 adding at the end the following new subsection:

7 “(f) APPLICATION OF SECTION TO CERTAIN QUALI-
8 FIED TAX CREDIT BONDS.—

9 “(1) IN GENERAL.—In the case of any specified
10 tax credit bond—

11 “(A) such bond shall be treated as a quali-
12 fied bond for purposes of this section,

13 “(B) subsection (a) shall be applied with-
14 out regard to the requirement that the qualified
15 bond be issued before January 1, 2011,

16 “(C) the amount of the payment deter-
17 mined under subsection (b) with respect to any
18 interest payment date under such bond shall
19 be—

20 “(i) in the case of a bond issued by a
21 qualified small issuer, 65 percent of the
22 amount of interest payable on such bond
23 by such issuer with respect to such date,
24 and

1 “(ii) in the case of a bond issued by
2 any other person, 45 percent of the
3 amount of interest payable on such bond
4 by such issuer with respect to such date,

5 “(D) interest on any such bond shall be in-
6 cludible in gross income for purposes of this
7 title,

8 “(E) no credit shall be allowed under sec-
9 tion 54A with respect to such bond,

10 “(F) any payment made under subsection
11 (b) shall not be includible as income for pur-
12 poses of this title, and

13 “(G) the deduction otherwise allowed
14 under this title to the issuer of such bond with
15 respect to interest paid under such bond shall
16 be reduced by the amount of the payment made
17 under this section with respect to such interest.

18 “(2) DEFINITIONS.—For purposes of this sub-
19 section—

20 “(A) SPECIFIED TAX CREDIT BOND.—The
21 term ‘specified tax credit bond’ means any
22 qualified tax credit bond (as defined in section
23 54A(d)) if—

24 “(i) such bond is—

1 “(I) a new clean renewable en-
2 ergy bond (as defined in section 54C),

3 “(II) a qualified energy conserva-
4 tion bond (as defined in section 54D),

5 “(III) a qualified zone academy
6 bond (as defined in section 54E), or

7 “(IV) a qualified school construc-
8 tion bond (as defined in section 54F),

9 and

10 “(ii) the issuer of such bond makes an
11 irrevocable election to have this subsection
12 apply

13 “(B) QUALIFIED SMALL ISSUER.—The
14 term ‘qualified small issuer’ means, with respect
15 to any calendar year, any issuer who is not rea-
16 sonably expected to issue tax-exempt bonds
17 (other than private activity bonds) and specified
18 tax credit bonds (determined without regard to
19 whether an election is made under this sub-
20 section) during such calendar year in an aggre-
21 gate face amount exceeding \$30,000,000.”.

22 (b) TECHNICAL CORRECTIONS RELATING TO QUALI-
23 FIED SCHOOL CONSTRUCTION BONDS.—

24 (1) The second sentence of section 54F(d)(1) is
25 amended by striking “by the State” and inserting

1 “by the State education agency (or such other agen-
2 cy as is authorized under State law to make such al-
3 location)”.

4 (2) The second sentence of section 54F(e) is
5 amended by striking “subsection (d)(4)” and insert-
6 ing “paragraphs (2) and (4) of subsection (d)”.

7 (c) EFFECTIVE DATES.—

8 (1) IN GENERAL.—The amendment made by
9 subsection (a) shall apply to bonds issued after the
10 date of the enactment of this Act.

11 (2) TECHNICAL CORRECTIONS.—The amend-
12 ments made by subsection (b) shall take effect as if
13 included in section 1521 of the American Recovery
14 and Reinvestment Tax Act of 2009.

15 **TITLE IV—EXTENSION OF CUR-**
16 **RENT SURFACE TRANSPOR-**
17 **TATION PROGRAMS**

18 **SEC. 401. SHORT TITLE.**

19 This title may be cited as the “Surface Transpor-
20 tation Extension Act of 2010”

21 **Subtitle A—Federal-aid Highways**

22 **SEC. 411. IN GENERAL.**

23 (a) IN GENERAL.—Except as provided in this Act,
24 requirements, authorities, conditions, eligibilities, limita-
25 tions, and other provisions authorized under titles I, V,

1 and VI of the SAFETEA-LU (119 Stat. 1144), the
2 SAFETEA-LU Technical Corrections Act of 2008 (122
3 Stat. 1572), titles I and VI of the Intermodal Surface
4 Transportation Act of 1991 (105 Stat. 1914), titles I and
5 V of the Transportation Equity Act for the 21st Century
6 (112 Stat. 107), and title 23, United States Code (exclud-
7 ing chapter 4 of that title), which would otherwise expire
8 on or cease to apply after September 30, 2009, or the date
9 specified in section 106(3) of the Continuing Appropria-
10 tions Resolution, 2010 (Public Law 111-68), are incor-
11 porated by reference and shall continue in effect until De-
12 cember 31, 2010.

13 (b) AUTHORIZATION OF APPROPRIATIONS.—Except
14 as provided in section 412, there are authorized to be ap-
15 propriated out of the Highway Trust Fund (other than
16 the Mass Transit Account)—

17 (1) for fiscal year 2010, a sum equal to the
18 total amount authorized to be appropriated out of
19 the Highway Trust Fund for programs, projects,
20 and activities for fiscal year 2009 under titles I, V,
21 and VI of the SAFETEA-LU (119 Stat. 1144), and
22 title 23, United States Code (excluding chapter 4 of
23 that title); and

24 (2) for the period beginning on October 1,
25 2010, and ending on December 31, 2010, a sum

1 equal to 1/4 of the total amount authorized to be
2 appropriated out of the Highway Trust Fund for
3 programs, projects, and activities for fiscal year
4 2009 under titles I, V, and VI of the SAFETEA-
5 LU (119 Stat. 1144), and title 23, United States
6 Code (excluding chapter 4 of that title).

7 (c) USE OF FUNDS.—

8 (1) FISCAL YEAR 2010.—Except as otherwise
9 expressly provided in this Act, funds authorized to
10 be appropriated under subsection (b)(1) for fiscal
11 year 2010 shall be distributed, administered, limited,
12 and made available for obligation in the same man-
13 ner and at the same level as funds authorized to be
14 appropriated out of the Highway Trust Fund for fis-
15 cal year 2009 to carry out programs, projects, activi-
16 ties, eligibilities, and requirements under the
17 SAFETEA-LU (119 Stat. 1144), the SAFETEA-
18 LU Technical Corrections Act of 2008 (122 Stat.
19 1572), titles I and VI of the Intermodal Surface
20 Transportation Act of 1991 (105 Stat. 1914), titles
21 I and V of the Transportation Equity Act for the
22 21st Century (112 Stat. 107), and title 23, United
23 States Code (excluding chapter 4 of that title).

24 (2) FISCAL YEAR 2011.—Except as otherwise
25 expressly provided in this Act, funds authorized to

1 be appropriated under subsection (b)(2) for the pe-
2 riod beginning on October 1, 2010, and ending on
3 December 31, 2010, shall be distributed, adminis-
4 tered, limited, and made available for obligation in
5 the same manner and at the same level as $\frac{1}{4}$ of
6 the total amount of funds authorized to be appro-
7 priated out of the Highway Trust Fund for fiscal
8 year 2009 to carry out programs, projects, activities,
9 eligibilities, and requirements under the SAFETEA-
10 LU (119 Stat. 1144), the SAFETEA-LU Technical
11 Corrections Act of 2008 (122 Stat. 1572), titles I
12 and VI of the Intermodal Surface Transportation
13 Act of 1991 (105 Stat. 1914), titles I and V of the
14 Transportation Equity Act for the 21st Century
15 (112 Stat. 107), and title 23, United States Code
16 (excluding chapter 4 of that title).

17 (3) CALCULATION.—The amounts authorized to
18 be appropriated under subsection (b) shall be cal-
19 culated without regard to any rescission or cancella-
20 tion of funds or contract authority for fiscal year
21 2009 under the SAFETEA-LU (119 Stat. 1144) or
22 any other law.

23 (4) CONTRACT AUTHORITY.—

24 (A) IN GENERAL.—Except as provided in
25 subparagraph (B), funds authorized to be ap-

1 appropriated under this section shall be available
2 for obligation and shall be administered in the
3 same manner as if such funds were apportioned
4 under chapter 1 of title 23, United States Code,
5 and—

6 (i) for fiscal year 2010, shall be sub-
7 ject to a limitation on obligations for Fed-
8 eral-aid highways and highway safety con-
9 struction programs included in an Act
10 making appropriations for fiscal year 2010
11 or a portion of that fiscal year; and

12 (ii) for the period beginning on Octo-
13 ber 1, 2010, and ending on December 31,
14 2010, shall be subject to a limitation on
15 obligations included in an Act making ap-
16 propriations for fiscal year 2011 or a por-
17 tion of that fiscal year, except that during
18 such period obligations subject to such lim-
19 itation shall not exceed $\frac{1}{4}$ of the limita-
20 tion on obligations included in an Act mak-
21 ing appropriations for fiscal year 2011.

22 (B) EXCEPTIONS.—A limitation on obliga-
23 tions described in clause (i) or (ii) of subpara-
24 graph (A) shall not apply to any obligation
25 under—

21

1 (i) section 125 of title 23, United
2 States Code; or

3 (ii) section 105 of title 23, United
4 States Code—

5 (I) for fiscal year 2010, only in
6 an amount equal to \$639,000,000;
7 and

8 (II) for the period beginning on
9 October 1, 2010, and ending on De-
10 cember 31, 2010, only in an amount
11 equal to \$159,750,000.

12 (5) CALCULATIONS FOR DISTRIBUTION OF OB-
13 LIGATION LIMITATION.—Upon enactment of an Act
14 making appropriations for the Department of Trans-
15 portation for fiscal year 2011 (other than an Act or
16 resolution making continuing appropriations), the
17 Secretary shall—

18 (A) as necessary for purposes of making
19 the calculations for the distribution of any obli-
20 gation limitation under such Act, annualize the
21 amount of contract authority provided under
22 this Act for Federal-aid highways and highway
23 safety construction programs; and

1 (B) multiply the resulting distribution of
2 any obligation limitation under such Act by $\frac{1}{4}$.
3

4 (d) EXTENSION AND FLEXIBILITY FOR CERTAIN AL-
5 LOCATED PROGRAMS.—

6 (1) FISCAL YEAR 2010.—Notwithstanding any
7 other provision of law, for fiscal year 2010, the por-
8 tion of the share of funds of a State under sub-
9 section (b)(1) determined by the amount that the
10 State received or was authorized to receive for fiscal
11 year 2009 to carry out sections 1301, 1302, 1307,
12 1702, and 1934 of the SAFETEA-LU (119 Stat.
13 1198, 1204, 1217, 1256, and 1485), and section
14 144(f)(1) of title 23, United States Code, shall be—

15 (A) made available to the State for pro-
16 grams apportioned under sections 104(b) and
17 144 of title 23, United States Code, and in the
18 same proportion for each such program that—

19 (i) the amount apportioned to the
20 State for that program for fiscal year
21 2009; bears to

22 (ii) the amount apportioned to the
23 State for fiscal year 2009 for all programs
24 apportioned under such sections of such
25 Code; and

1 (B) administered in the same manner and
2 with the same period of availability as such
3 funding is administered under programs identi-
4 fied in subparagraph (A), except that no funds
5 may be used to carry out the project described
6 in section 1307(d)(1) of the SAFETEA-LU
7 (119 Stat. 1217; 122 Stat. 1577).

8 (2) FISCAL YEAR 2011.—Notwithstanding any
9 other provision of law, for the period beginning on
10 October 1, 2010, and ending on December 31, 2010,
11 the portion of the share of funds of a State under
12 subsection (b)(2) determined by $\frac{1}{4}$ of the amount
13 that the State received or was authorized to receive
14 for fiscal year 2009 to carry out sections 1301,
15 1302, 1307, 1702, and 1934 of the SAFETEA-LU
16 (119 Stat. 1198, 1204, 1217, 1256, and 1485) and
17 section 144(f)(1) of title 23, United States Code,
18 shall be—

19 (A) made available to the State for pro-
20 grams apportioned under sections 104(b) and
21 144 of title 23, United States Code, and in the
22 same proportion for each such program that—

23 (i) the amount apportioned to the
24 State for that program for fiscal year
25 2009; bears to

1 under section 215 of title 23, United
2 States Code; and

3 (ii) for Puerto Rico, made available
4 and administered in the same manner as
5 funding is made available and administered
6 under section 165 of title 23, United
7 States Code.

8 (B) FISCAL YEAR 2011.—Notwithstanding
9 any other provision of law, for the period begin-
10 ning on October 1, 2010, and ending on De-
11 cember 31, 2010, the portion of the share of
12 funds of a territory or Puerto Rico under para-
13 graph (b)(2) determined by $\frac{1}{4}$ of the amount
14 that the territory or Puerto Rico received or
15 was authorized to receive for fiscal year 2009 to
16 carry out section 1934 of SAFETEA-LU (119
17 Stat. 1485), shall be—

18 (i) for a territory, made available and
19 administered in the same manner as fund-
20 ing is made available and administered
21 under section 215 of title 23, United
22 States Code; and

23 (ii) for Puerto Rico, made available
24 and administered in the same manner as
25 funding is made available and administered

1 under section 165 of title 23, United
2 States Code.

3 (C) TERRITORY DEFINED.—In this para-
4 graph, the term “territory” means any of the
5 following territories of the United States: Amer-
6 ican Samoa, the Commonwealth of the North-
7 ern Mariana Islands, Guam, or the United
8 States Virgin Islands.

9 (4) ADDITIONAL FUNDS.—

10 (A) IN GENERAL.—No additional funds
11 shall be provided for any project or activity
12 under subsection (c), or paragraph (1) or (2) of
13 this subsection, that the Secretary of Transpor-
14 tation determines was sufficiently funded before
15 or during fiscal year 2009 to achieve the au-
16 thorized purpose of the project or activity.

17 (B) RESERVATION AND REDISTRIBUTION
18 OF FUNDS.—Funds made available in accord-
19 ance with paragraph (1) or (2) of subsection (c)
20 or paragraph (1) or (2) of this subsection for
21 a project or activity described in subparagraph
22 (A) shall be—

23 (i) reserved by the Secretary of
24 Transportation; and

1 (ii) distributed to each State in ac-
2 cordance with paragraph (1) or (2) of sub-
3 section (c), or paragraph (1) or (2) of this
4 subsection, as appropriate, for use in car-
5 rying out other highway projects and ac-
6 tivities extended by subsection (c) or this
7 subsection, in the proportion that—

8 (I) the total amount of funds
9 made available for fiscal year 2009 for
10 projects and activities described in
11 subparagraph (A) in the State; bears
12 to

13 (II) the total amount of funds
14 made available for fiscal year 2009 for
15 those projects and activities in all
16 States.

17 (e) EXTENSION OF AUTHORIZATIONS UNDER TITLE
18 V OF SAFETEA-LU.—

19 (1) IN GENERAL.—The programs authorized
20 under paragraphs (1) through (5) of section 5101(a)
21 of the SAFETEA-LU (119 Stat. 1779) shall be
22 continued—

23 (A) for fiscal year 2010, at the funding
24 levels authorized for those programs for fiscal
25 year 2009; and

1 (B) for the period beginning on October 1,
2 2010, and ending on December 31, 2010, at \1/
3 4\ the funding levels authorized for those pro-
4 grams for fiscal year 2009.

5 (2) DISTRIBUTION OF FUNDS.—Funds for pro-
6 grams continued under paragraph (1) shall be dis-
7 tributed to major program areas under those pro-
8 grams in the same proportions as funds were allo-
9 cated for those program areas for fiscal year 2009,
10 except that designations for specific activities shall
11 not be required to be continued for—

12 (A) fiscal year 2010; or

13 (B) the period beginning on October 1,
14 2010, and ending on December 31, 2010.

15 (3) ADDITIONAL FUNDS.—

16 (A) IN GENERAL.—No additional funds
17 shall be provided for any project or activity
18 under this subsection that the Secretary of
19 Transportation determines was sufficiently
20 funded before or during fiscal year 2009 to
21 achieve the authorized purpose of the project or
22 activity.

23 (B) DISTRIBUTION.—Funds that would
24 have been made available under paragraph (1)
25 for a project or activity but for the prohibition

1 under subparagraph (A) shall be distributed in
2 accordance with paragraph (2).

3 **SEC. 412. ADMINISTRATIVE EXPENSES.**

4 (a) AUTHORIZATION OF CONTRACT AUTHORITY.—

5 Notwithstanding any other provision of this Act or any
6 other law, there are authorized to be appropriated from
7 the Highway Trust Fund (other than the Mass Transit
8 Account), from amounts provided under section 411, for
9 administrative expenses of the Federal-aid highway pro-
10 gram—

11 (1) \$422,425,000 for fiscal year 2010; and

12 (2) \$105,606,250 for the period beginning on
13 October 1, 2010, and ending on December 31, 2010.

14 (b) CONTRACT AUTHORITY.—Funds authorized to be
15 appropriated by this section shall be—

16 (1) available for obligation, and shall be admin-
17 istered, in the same manner as if such funds were
18 apportioned under chapter 1 of title 23, United
19 States Code; and

20 (2) subject to a limitation on obligations for
21 Federal-aid highways and highway safety construc-
22 tion programs, except that such funds shall remain
23 available until expended.

1 **SEC. 413. RESCISSION OF UNOBLIGATED BALANCES.**

2 (a) IN GENERAL.—The Secretary of Transportation
3 shall restore funds rescinded pursuant to section 10212
4 of the SAFETEA-LU (Public Law 109-59; 119 Stat.
5 1937) to the States and to the programs from which the
6 funds were rescinded.

7 (b) ADMINISTRATION OF FUNDS.—The restored
8 amounts shall be administered in the same manner as the
9 funds originally rescinded, except those funds may only
10 be used with an obligation limitation provided in an Act
11 making appropriations for Federal-aid highways and high-
12 way safety construction programs enacted after implemen-
13 tation of the rescission under section 10212 of the
14 SAFETEA-LU (Public Law 109-59; 119 Stat. 1937).

15 (c) FUNDING.—

16 (1) IN GENERAL.—There is authorized to be
17 appropriated from the Highway Trust Fund (other
18 than the Mass Transit Account) for fiscal year 2010
19 to carry out this section an amount equal to the
20 amount of funds rescinded under section 10212 of
21 the SAFETEA-LU (Public Law 109-59; 119 Stat.
22 1937).

23 (2) AVAILABILITY FOR OBLIGATION.—Funds
24 authorized to be appropriated by this section shall
25 be—

1 (A) made available under this section and
2 available for obligation in the same manner as
3 if the funds were apportioned under chapter 1
4 of title 23, United States Code, except that the
5 funds shall retain the characteristics of the
6 funds originally rescinded; and

7 (B) subject to a limitation on obligations
8 for Federal-aid highways and highway safety
9 construction programs included in an Act mak-
10 ing appropriations for fiscal year 2010 or a por-
11 tion of the fiscal year.

12 (d) LIMITATION.—No funds authorized to be restored
13 under this section shall be restored after the end of fiscal
14 year 2010.

15 **SEC. 414. RECONCILIATION OF FUNDS.**

16 The Secretary shall reduce the amount apportioned
17 or allocated for a program, project, or activity under this
18 title by amounts apportioned or allocated pursuant to the
19 Continuing Appropriations Resolution, 2010 (Public Law
20 111–68).

1 **Subtitle B—National Highway Traf-**
2 **fic Safety Administration, Fed-**
3 **eral Motor Carrier Safety Ad-**
4 **ministration, and Additional**
5 **Programs**

6 **SEC. 421. EXTENSION OF NATIONAL HIGHWAY TRAFFIC**
7 **SAFETY ADMINISTRATION HIGHWAY SAFETY**
8 **PROGRAMS.**

9 (a) CHAPTER 4 HIGHWAY SAFETY PROGRAMS.—Sec-
10 tion 2001(a)(1) of the SAFETEA-LU (119 Stat. 1519)
11 is amended—

12 (1) by striking “and”; and

13 (2) by striking “2009.” and inserting “2009,
14 \$235,000,000 for fiscal year 2010, and \$58,750,000
15 for the period beginning on October 1, 2010, and
16 ending on December 31, 2010.”.

17 (b) HIGHWAY SAFETY RESEARCH AND DEVELOP-
18 MENT.—Section 2001(a)(2) of the SAFETEA-LU (119
19 Stat. 1519) is amended—

20 (1) by striking “and”; and

21 (2) by striking “2009.” and inserting “2009,
22 \$107,329,000 for fiscal year 2010, and \$27,061,000
23 for the period beginning on October 1, 2010, and
24 ending on December 31, 2010.”.

25 (c) OCCUPANT PROTECTION INCENTIVE GRANTS.—

1 (1) EXTENSION OF PROGRAM.—Section 405(a)
2 of title 23, United States Code, is amended—

3 (A) in paragraph (3), by striking “6” and
4 inserting “8”; and

5 (B) in paragraph (4)(C), by striking “fifth
6 and sixth” and inserting “fifth through eighth”.

7 (2) AUTHORIZATION OF APPROPRIATIONS.—
8 Section 2001(a)(3) of the SAFETEA–LU (119 Stat.
9 1519) is amended—

10 (A) by striking “and”; and

11 (B) by striking “2009.” and inserting
12 “2009, \$25,000,000 for fiscal year 2010, and
13 \$6,250,000 for the period beginning on October
14 1, 2010, and ending on December 31, 2010.”.

15 (d) SAFETY BELT PERFORMANCE GRANTS.—Section
16 2001(a)(4) of the SAFETEA–LU (119 Stat. 1519) is
17 amended—

18 (1) by striking “and”; and

19 (2) by striking “2009.” and inserting “2009,
20 \$124,500,000 for fiscal year 2010, and \$31,125,000
21 for the period beginning on October 1, 2010, and
22 ending on December 31, 2010.”.

23 (e) STATE TRAFFIC SAFETY INFORMATION SYSTEM
24 IMPROVEMENTS.—Section 2001(a)(5) of the SAFETEA–
25 LU (119 Stat. 1519) is amended—

1 (1) by striking “and”; and

2 (2) by striking “2009.” and inserting “2009,
3 \$34,500,000 for fiscal year 2010, and \$8,625,000
4 for the period beginning on October 1, 2010, and
5 ending on December 31, 2010.”.

6 (f) ALCOHOL-IMPAIRED DRIVING COUNTER-
7 MEASURES INCENTIVE GRANT PROGRAM.—

8 (1) EXTENSION OF PROGRAM.—Section 410 of
9 title 23, United States Code, is amended—

10 (A) in subsection (a)(3)(C), by striking
11 “fifth, sixth,, seventh, and eighth” and insert-
12 ing “fifth through tenth”; and

13 (B) in subsection (b)(2)(C), by striking
14 “2008 and 2009” and inserting “2008, 2009,
15 2010, and 2011”.

16 (2) AUTHORIZATION OF APPROPRIATIONS.—
17 Section 2001(a)(6) of the SAFETEA-LU (119 Stat.
18 1519) is amended—

19 (A) by striking “and”; and

20 (B) by striking “2009.” and inserting
21 “2009, \$139,000,000 for fiscal year 2010, and
22 \$34,750,000 for the period beginning on Octo-
23 ber 1, 2010, and ending on December 31,
24 2010.”.

1 (g) NATIONAL DRIVER REGISTER.—Section
2 2001(a)(7) of the SAFETEA–LU (119 Stat. 1520) is
3 amended—

4 (1) by striking “and”; and

5 (2) by striking “2009.” and inserting “2009,
6 \$4,078,000 for fiscal year 2010, and \$1,029,000 for
7 the period beginning on October 1, 2010, and ending
8 on December 31, 2010.”.

9 (h) HIGH VISIBILITY ENFORCEMENT PROGRAM.—

10 (1) EXTENSION OF PROGRAM.—Section 2009(a)
11 of the SAFETEA–LU (23 U.S.C. 402 note) is
12 amended by striking “2009” and inserting “2011”.

13 (2) AUTHORIZATION OF APPROPRIATIONS.—
14 Section 2001(a)(8) of the SAFETEA–LU (119 Stat.
15 1520) is amended—

16 (A) by striking “and”; and

17 (B) by striking “2009.” and inserting
18 “2009, \$29,000,000 for fiscal year 2010, and
19 \$7,250,000 for the period beginning on October
20 1, 2010, and ending on December 31, 2010.”.

21 (i) MOTORCYCLIST SAFETY.—

22 (1) EXTENSION OF PROGRAM.—Section
23 2010(d)(1)(B) of the SAFETEA–LU (23 U.S.C.
24 402 note) is amended by striking “and fourth” and
25 inserting “fourth, fifth, and sixth”.

1 (2) AUTHORIZATION OF APPROPRIATIONS.—
2 Section 2001(a)(9) of the SAFETEA-LU (119 Stat.
3 1520) is amended—

4 (A) by striking “and”; and

5 (B) by striking “2009.” and inserting
6 “2009, \$7,000,000 for fiscal year 2010, and
7 \$1,750,000 for the period beginning on October
8 1, 2010, and ending on December 31, 2010.”.

9 (j) CHILD SAFETY AND CHILD BOOSTER SEAT SAFE-
10 TY INCENTIVE GRANTS.—

11 (1) EXTENSION OF PROGRAM.—Section
12 2011(c)(2) of the SAFETEA-LU (23 U.S.C. 405
13 note) is amended by striking “fourth fiscal year”
14 and inserting “fourth, fifth, and sixth fiscal years”.

15 (2) AUTHORIZATION OF APPROPRIATIONS.—
16 Section 2001(a)(10) of the SAFETEA-LU (119
17 Stat. 1520) is amended—

18 (A) by striking “and”; and

19 (B) by striking “2009.” and inserting
20 “2009, \$7,000,000 for fiscal year 2010, and
21 \$1,750,000 for the period beginning on October
22 1, 2010, and ending on December 31, 2010.”.

23 (k) ADMINISTRATIVE EXPENSES.—Section
24 2001(a)(11) of the SAFETEA-LU (119 Stat. 1520) is
25 amended—

1 (1) by striking “and” the last place it appears;

2 and

3 (2) by striking “2009.” and inserting “2009,
4 \$25,047,000 for fiscal year 2010, and \$6,332,000
5 for the period beginning on October 1, 2010, and
6 ending on December 31, 2010.”.

7 (l) **APPLICABILITY OF TITLE 23.**—Section 2001(c) of
8 the SAFETEA–LU (119 Stat. 1520) is amended by strik-
9 ing “2009” and inserting “2011”.

10 (m) **DRUG-IMPAIRED DRIVING ENFORCEMENT.**—
11 Section 2013(f) of the SAFETEA–LU (23 U.S.C. 403
12 note) is amended by striking “2009” and inserting
13 “2011”.

14 (n) **OLDER DRIVER SAFETY; LAW ENFORCEMENT**
15 **TRAINING.**—Section 2017 of the SAFETEA–LU is
16 amended—

17 (1) in subsection (a)(1) (119 Stat. 1541), by
18 striking “2009” and inserting “2011”; and

19 (2) in subsection (b)(2) (23 U.S.C. 402 note),
20 by striking “2009” and inserting “2011”.

21 **SEC. 422. EXTENSION OF FEDERAL MOTOR CARRIER SAFE-**
22 **TY ADMINISTRATION PROGRAMS.**

23 (a) **MOTOR CARRIER SAFETY GRANTS.**—Section
24 31104(a) of title 49, United States Code, is amended—

1 (1) in paragraph (4), by striking “and” at the
2 end;

3 (2) in paragraph (5), by striking the period at
4 the end and inserting “; and”; and

5 (3) by adding at the end the following:

6 “(6) \$209,000,000 for fiscal year 2010; and

7 “(7) \$52,679,000 for the period beginning on
8 October 1, 2010, and ending on December 31,
9 2010.”.

10 (b) ADMINISTRATIVE EXPENSES.—Section
11 31104(i)(1) of title 49, United States Code, is amended—

12 (1) in subparagraph (D), by striking “and”;

13 (2) in subparagraph (E), by striking the period
14 at the end and inserting “; and”; and

15 (3) by adding at the end the following:

16 “(F) “(F) \$239,828,000 for fiscal year
17 2010; and

18 “(G) “(G) \$61,036,000 for the period be-
19 ginning on October 1, 2010, and ending on De-
20 cember 31, 2010.”.

21 (c) GRANT PROGRAMS.—Section 4101(c) of the
22 SAFETEA-LU (119 Stat.1715) is amended—

23 (1) in paragraph (1), by striking “2009.” and
24 inserting “2009, and \$25,000,000 for fiscal year
25 2010, and \$6,301,000 for the period beginning on

1 October 1, 2010, and ending on December 31,
2 2010.”;

3 (2) in paragraph (2), by striking “2009.” and
4 inserting “2009, \$32,000,000 for fiscal year 2010,
5 and \$8,066,000 for the period beginning on October
6 1, 2010, and ending on December 31, 2010.”;

7 (3) in paragraph (3), by striking “2009.” and
8 inserting “2009, \$5,000,000 for fiscal year 2010,
9 and \$1,260,000 for the period beginning on October
10 1, 2010, and ending on December 31, 2010.”;

11 (4) in paragraph (4), by striking “2009.” and
12 inserting “2009, \$25,000,000 for fiscal year 2010,
13 and \$6,301,000 for the period beginning on October
14 1, 2010, and ending on December 31, 2010.”; and

15 (5) in paragraph (5), by striking “2009.” and
16 inserting “2009, \$3,000,000 for fiscal year 2010,
17 and \$756,000 for the period beginning on October
18 1, 2010, and ending on December 31, 2010.”.

19 (d) HIGH-PRIORITY ACTIVITIES.—Section 31104(k)
20 of title 49, United States Code, is amended by striking
21 “2009” in paragraph (2) and inserting “2009,
22 \$15,000,000 for fiscal year 2010, and \$3,781,000 for the
23 period beginning on October 1, 2010, and ending on De-
24 cember 31, 2010”.

1 (e) NEW ENTRANT AUDITS.—Section
2 31144(g)(5)(B) of title 49, United States Code, is amend-
3 ed by inserting “(and up to \$7,310,000 for the period be-
4 ginning on October 1, 2010, and ending on December 31,
5 2010)” after “fiscal year”.

6 (f) COMMERCIAL DRIVER’S LICENSE INFORMATION
7 SYSTEM MODERNIZATION.—Section 4123(d) of the
8 SAFETEA–LU (119 Stat.1736) is amended—

9 (1) in paragraph (3), by striking “and” at the
10 end;

11 (2) in paragraph (4), by striking the period at
12 the end and inserting a semicolon; and

13 (3) by adding at the end the following:

14 “(5) \$8,000,000 for fiscal year 2010; and

15 “(6) \$2,016,000 for the period beginning on
16 October 1, 2010, and ending on December 31,
17 2010.”.

18 (g) OUTREACH AND EDUCATION.—Section 4127(e)
19 of the SAFETEA–LU (119 Stat.1741) is amended by
20 striking “and 2009” and inserting “2009, and 2010, and
21 \$252,000 to the Federal Motor Carrier Safety Adminis-
22 tration, and \$756,000 to the National Highway Traffic
23 Safety Administration, for the period beginning on Octo-
24 ber 1, 2010, and ending on December 31, 2010,”.

1 (h) GRANT PROGRAM FOR COMMERCIAL MOTOR VE-
2 HICLE OPERATORS.—Section 4134(c) of the SAFETEA-
3 LU (119 Stat.1744) is amended by striking “2009” and
4 inserting “2009, 2010, and \$252,000 for the period begin-
5 ning on October 1, 2010, and ending on December 31,
6 2010,”.

7 (i) MOTOR CARRIER SAFETY ADVISORY COM-
8 MITTEE.—Section 4144(d) of the SAFETEA-LU (1119
9 Stat.1748) is amended by striking “September 30, 2010”
10 and inserting “December 31, 2010”.

11 (j) WORKING GROUP FOR DEVELOPMENT OF PRAC-
12 TICES AND PROCEDURES TO ENHANCE FEDERAL-STATE
13 RELATIONS.—Section 4213(d) of the SAFETEA-LU (49
14 U.S.C. 14710 note) is amended by striking “September
15 30, 2009” and inserting “December 31, 2010”.

16 **SEC. 423. ADDITIONAL PROGRAMS.**

17 (a) HAZARDOUS MATERIALS RESEARCH
18 PROJECTS.—Section 7131(e) of the SAFETEA-LU (119
19 Stat. 1910) is amended by striking “through 2009” and
20 inserting “through 2010, and \$315,000 for the period be-
21 ginning on October 1, 2010, and ending on December 31,
22 2010,”.

23 (b) DINGELL-JOHNSON SPORT FISH RESTORATION
24 ACT.—Section 4 of the Dingell-Johnson Sport Fish Res-
25 toration Act (16 U.S.C. 777c) is amended—

1 (1) in subsection (a), in the matter preceding
2 paragraph (1), by striking “2009,” and inserting
3 “2010 and for the period beginning on October 1,
4 2010, and ending on December 31, 2010,”; and

5 (2) in subsection (b)(1)(A), by striking “2010,”
6 and inserting “and for the period beginning on Octo-
7 ber 1, 2010, and ending on December 31, 2010,”.

8 **Subtitle C—Public Transportation** 9 **Programs**

10 **SEC. 431. ALLOCATION OF FUNDS FOR PLANNING PRO-** 11 **GRAMS.**

12 Section 5305(g) of title 49, United States Code, is
13 amended by striking “2009” and inserting “2010, and for
14 the period beginning October 1, 2010, and ending Decem-
15 ber 31, 2010,”.

16 **SEC. 432. SPECIAL RULE FOR URBANIZED AREA FORMULA** 17 **GRANTS.**

18 Section 5307(b)(2) of title 49, United States Code,
19 is amended—

20 (1) in the paragraph heading, by striking
21 “2009” and inserting “2010, AND THE PERIOD BEGIN-
22 NING OCTOBER 1, 2010, AND ENDING DECEMBER 31,
23 2010”;

1 (2) in subparagraph (A), by striking “2009,”
2 and inserting “2010, and the period beginning Octo-
3 ber 1, 2010, and ending December 31, 2010,”; and

4 (3) in subparagraph (E)—

5 (A) in the subparagraph heading, by strik-
6 ing “AND 2009” and inserting “THROUGH 2010
7 AND DURING THE PERIOD BEGINNING OCTOBER
8 1, 2010, AND ENDING DECEMBER 31, 2010”; and

9 (B) in the matter preceding clause (i), by
10 striking “and 2009” and inserting “through
11 2010, and during the period beginning October
12 1, 2010, and ending December 31, 2010,”.

13 **SEC. 433. ALLOCATING AMOUNTS FOR CAPITAL INVEST-**
14 **MENT GRANTS.**

15 Section 5309(m) of title 49, United States Code, is
16 amended—

17 (1) in paragraph (2)—

18 (A) in the heading, by striking “2009” and
19 inserting “2010 AND OCTOBER 1, 2010, THROUGH
20 DECEMBER 31, 2010”;

21 (B) in the matter preceding subparagraph
22 (A), by striking “2009” and inserting “2010,
23 and during the period beginning October 1,
24 2010, and ending December 31, 2010,”; and

1 (C) in subparagraph (A)(i), by striking
2 “2009” and inserting “2010, and \$50,000,000
3 for the period beginning October 1, 2010, and
4 ending December 31, 2010,”;

5 (2) in paragraph (6)—

6 (A) in subparagraph (B), by striking
7 “2009” and inserting “2010, and \$3,750,000
8 shall be available for the period beginning Octo-
9 ber 1, 2010, and ending December 31, 2010,”;
10 and

11 (B) in subparagraph (C), by striking
12 “2009” and inserting “2010, and \$1,250,000
13 shall be available for the period beginning Octo-
14 ber 1, 2010 and ending December 31, 2010,”;
15 and

16 (3) in paragraph (7)—

17 (A) in subparagraph (A)—

18 (i) by redesignating clauses (i)
19 through (viii) as subclauses (I) through
20 (VIII), respectively;

21 (ii) in the matter preceding subclause
22 (I), as so redesignated, by striking
23 “\$10,000,000” and all that follows
24 through “2009” and inserting the fol-
25 lowing:

1 “(i) FISCAL YEARS 2006 THROUGH
2 2010.—\$10,000,000 shall be available in
3 each of fiscal years 2006 through 2010”;
4 and

5 (iii) by inserting after subclause
6 (VIII), as so redesignated, the following:

7 “(ii) SPECIAL RULE FOR OCTOBER 1,
8 2010, THROUGH DECEMBER 31, 2010.—
9 \$2,500,000 shall be available in the period
10 beginning October 1, 2010, and ending De-
11 cember 31, 2010, for ferry boats or ferry
12 terminal facilities. The Secretary shall set
13 aside a portion of such amount in accord-
14 ance with clause (i), except that the Sec-
15 retary shall set aside 25 percent of each
16 dollar amount specified in subclauses (I)
17 through (VIII).”;

18 (B) in subparagraph (B), by inserting
19 after “2009.” the following:

20 “(v) \$13,500,000 for fiscal year 2010.

21 “(vi) \$3,375,000 for the period begin-
22 ning October 1, 2010, and ending Decem-
23 ber 31, 2010.”;

24 (C) in subparagraph (C), by inserting “,
25 and during the period beginning October 1,

1 2010, and ending December 31, 2010,” after
2 “fiscal year”;

3 (D) in subparagraph (D), by inserting “,
4 and not less than \$8,750,000 shall be available
5 for the period beginning October 1, 2010, and
6 ending December 31, 2010,” after “year”; and

7 (E) in subparagraph (E), by inserting “,
8 and \$750,000 shall be available for the period
9 beginning October 1, 2010, and ending Decem-
10 ber 31, 2010,” after “year”.

11 **SEC. 434. APPORTIONMENT OF FORMULA GRANTS FOR**
12 **OTHER THAN URBANIZED AREAS.**

13 Section 5311(c)(1) of title 49, United States Code,
14 is amended by adding at the end the following:

15 “(E) \$15,000,000 for fiscal year 2010.

16 “(F) \$3,750,000 for the period beginning
17 October 1, 2010, and ending December 31,
18 2010.”.”.

19 **SEC. 435. APPORTIONMENT BASED ON FIXED GUIDEWAY**
20 **FACTORS.**

21 Section 5337 of title 49, United States Code, is
22 amended—

23 (1) in subsection (a), in the matter preceding
24 paragraph (1), by striking “2009” and inserting
25 “2010”; and

1 (2) by adding at the end the following:

2 “(g) SPECIAL RULE FOR OCTOBER 1, 2010,
3 THROUGH DECEMBER 31, 2010.—The Secretary shall ap-
4 portion amounts made available for fixed guideway mod-
5 ernization under section 5309 for the period beginning Oc-
6 tober 1, 2010, and ending December 31, 2010, in accord-
7 ance with subsection (a), except that the Secretary shall
8 apportion 25 percent of each dollar amount specified in
9 subsection (a).”.

10 **SEC. 436. AUTHORIZATIONS FOR PUBLIC TRANSPOR-**
11 **TATION.**

12 (a) FORMULA AND BUS GRANTS.—Section 5338(b)
13 of title 49, United States Code, is amended—

14 (1) in paragraph (1)—

15 (A) in subparagraph (C), by striking
16 “and” at the end;

17 (B) in subparagraph (D), by striking the
18 period at the end and inserting a semicolon;

19 and

20 (C) by adding at the end the following:

21 “(E) \$8,360,565,000 for fiscal year 2010;

22 and

23 “(F) \$2,090,141,250 for the period begin-
24 ning October 1, 2010, and ending December

25 31, 2010.”; and

1 (2) in paragraph (2)—

2 (A) in subparagraph (A), by striking “and
3 \$113,500,000 for fiscal year 2009” and insert-
4 ing “\$113,500,000 for each of fiscal years 2009
5 and 2010, and \$28,375,000 for the period be-
6 ginning October 1, 2010, and ending December
7 31, 2010,”;

8 (B) in subparagraph (B), by striking “and
9 \$4,160,365,000 for fiscal year 2009” and in-
10 sserting “\$4,160,365,000 for each of fiscal years
11 2009 and 2010, and \$1,040,091,250 for the pe-
12 riod beginning October 1, 2010, and ending De-
13 cember 31, 2010,”;

14 (C) in subparagraph (C), by striking “and
15 \$51,500,000 for fiscal year 2009” and inserting
16 “\$51,500,000 for each of fiscal years 2009 and
17 2010, and \$12,875,000 for the period beginning
18 October 1, 2010, and ending December 31,
19 2010,”;

20 (D) in subparagraph (D), by striking “and
21 \$1,666,500,000 for fiscal year 2009” and in-
22 sserting “\$1,666,500,000 for each of fiscal years
23 2009 and 2010, and \$416,625,000 for the pe-
24 riod beginning October 1, 2010 and ending De-
25 cember 31, 2010,”;

1 (E) in subparagraph (E), by striking “and
2 \$984,000,000 for fiscal year 2009” and insert-
3 ing “\$984,000,000 for each of fiscal years 2009
4 and 2010, and \$246,000,000 for the period be-
5 ginning October 1, 2010 and ending December
6 31, 2010,”;

7 (F) in subparagraph (F), by striking “and
8 \$133,500,000 for fiscal year 2009” and insert-
9 ing “\$133,500,000 for each of fiscal years 2009
10 and 2010, and \$33,375,000 for the period be-
11 ginning October 1, 2010 and ending December
12 31, 2010,”;

13 (G) in subparagraph (G), by striking “and
14 \$465,000,000 for fiscal year 2009” and insert-
15 ing “\$465,000,000 for each of fiscal years 2009
16 and 2010, and \$116,250,000 for the period be-
17 ginning October 1, 2010 and ending December
18 31, 2010,”;

19 (H) in subparagraph (H), by striking “and
20 \$164,500,000 for fiscal year 2009” and insert-
21 ing “\$164,500,000 for each of fiscal years 2009
22 and 2010, and \$41,125,000 for the period be-
23 ginning October 1, 2010 and ending December
24 31, 2010,”;

1 (I) in subparagraph (I), by striking “and
2 \$92,500,000 for fiscal year 2009” and inserting
3 “\$92,500,000 for each of fiscal years 2009 and
4 2010, and \$23,125,000 for the period beginning
5 October 1, 2010 and ending December 31,
6 2010,”;

7 (J) in subparagraph (J), by striking “and
8 \$26,900,000 for fiscal year 2009” and inserting
9 “\$26,900,000 for each of fiscal years 2009 and
10 2010, and \$6,725,000 for the period beginning
11 October 1, 2010 and ending December 31,
12 2010,”;

13 (K) in subparagraph (K), by striking “and
14 \$3,500,000 for fiscal year 2009” and inserting
15 “\$3,500,000 for each of fiscal years 2009 and
16 2010, and \$875,000 for the period beginning
17 October 1, 2010 and ending December 31,
18 2010,”;

19 (L) in subparagraph (L), by striking “and
20 \$25,000,000 for fiscal year 2009” and inserting
21 “\$25,000,000 for each of fiscal years 2009 and
22 2010, and \$6,250,000 for the period beginning
23 October 1, 2010 and ending December 31,
24 2010,”;

1 (M) in subparagraph (M), by striking “and
2 \$465,000,000 for fiscal year 2009” and insert-
3 ing “\$465,000,000 for each of fiscal years 2009
4 and 2010, and \$116,250,000 for the period be-
5 ginning October 1, 2010 and ending December
6 31, 2010,”; and

7 (N) in subparagraph (N), by striking “and
8 \$8,800,000 for fiscal year 2009” and inserting
9 “\$8,800,000 for each of fiscal years 2009 and
10 2010, and \$2,200,000 for the period beginning
11 October 1, 2010 and ending December 31,
12 2010,”.

13 (b) CAPITAL INVESTMENT GRANTS.—Section
14 5338(c) of title 49, United States Code, is amended—

15 (1) in paragraph (3), by striking “and” at the
16 end;

17 (2) in paragraph (4), by striking the period at
18 the end and inserting a semicolon; and

19 (3) by adding at the end the following:

20 “(5) \$2,000,000,000 for fiscal year 2010; and

21 “(6) \$500,000,000 for the period of October 1,
22 2010 through December 31, 2010.”.

23 (c) RESEARCH AND UNIVERSITY RESEARCH CEN-
24 TERS.—Section 5338(d) of title 49, United States Code,
25 is amended—

1 (1) in paragraph (1), in the matter preceding
2 subparagraph (A), by striking “and \$69,750,000 for
3 fiscal year 2009” and inserting “\$69,750,000 for
4 each of fiscal years 2009 and 2010, and
5 \$17,437,500 for the period beginning October 1,
6 2010, and ending December 31, 2010”; and

7 (2) by adding at the end the following:

8 “(3) ADDITIONAL AUTHORIZATIONS.—

9 “(A) IN GENERAL.—

10 “(i) FISCAL YEAR 2010.—Of amounts
11 authorized to be appropriated for fiscal
12 year 2010 under paragraph (1), the Sec-
13 retary shall allocate for each of the activi-
14 ties and projects described in subpara-
15 graphs (A) through (F) of paragraph (1)
16 an amount equal to the amount allocated
17 for fiscal year 2009 under each such sub-
18 paragraph.

19 “(ii) OCTOBER 1, 2010 THROUGH DE-
20 CEMBER 31, 2010.—Of amounts authorized
21 to be appropriated for the period beginning
22 October 1, 2010, through December 31,
23 2010, under paragraph (1), the Secretary
24 shall allocate for each of the activities and
25 projects described in subparagraphs (A)

1 through (F) of paragraph (1) an amount
2 equal to 25 percent of the amount allo-
3 cated for fiscal year 2009 under each such
4 subparagraph.

5 “(B) UNIVERSITY CENTERS PROGRAM.—

6 “(i) FISCAL YEAR 2010.—Of the
7 amounts allocated under subparagraph
8 (A)(i) for the university centers program
9 under section 5506 for fiscal year 2010,
10 the Secretary shall allocate for each pro-
11 gram described in clauses (i) through (iii)
12 and (v) through (viii) of paragraph (2)(A)
13 an amount equal to the amount allocated
14 for fiscal year 2009 under each such
15 clause.

16 “(ii) OCTOBER 1, 2010 THROUGH DE-
17 CEMBER 31, 2010.—Of the amounts allo-
18 cated under subparagraph (A)(i) for the
19 university centers program under section
20 5506 for the period beginning October 1,
21 2010, and ending December 31, 2010, the
22 Secretary shall allocate for each program
23 described in clauses (i) through (iii) and
24 (v) through (viii) of paragraph (2)(A) an
25 amount equal to 25 percent of the amount

1 allocated for fiscal year 2009 under each
2 such clause.

3 “(iii) FUNDING.—If the Secretary de-
4 termines that a project or activity de-
5 scribed in paragraph (2) received sufficient
6 funds in fiscal year 2009, or a previous fis-
7 cal year, to carry out the purpose for
8 which the project or activity was author-
9 ized, the Secretary may not allocate any
10 amounts under clause (i) or (ii) for the
11 project or activity for fiscal year 2010, or
12 any subsequent fiscal year.”.

13 (d) ADMINISTRATION.—Section 5338(e) of title 49,
14 United States Code, is amended—

15 (1) in paragraph (3), by striking “and” at the
16 end;

17 (2) in paragraph (4), by striking the period at
18 the end and inserting a semicolon; and

19 (3) by adding at the end the following:

20 “(5) \$98,911,000 for fiscal year 2010; and

21 “(6) \$24,727,750 for the period beginning Oc-
22 tober 1, 2010, and ending December 31, 2010.”.

23 **SEC. 437. AMENDMENTS TO SAFETEA-LU.**

24 (a) CONTRACTED PARATRANSIT PILOT.—Section
25 3009(i)(1) of the SAFETEA-LU (Public Law 109–59;

1 119 Stat. 1572) is amended by striking “2009” and in-
2 serting “2010, and for the period beginning October 1,
3 2010, and ending December 31, 2010”.

4 (b) PUBLIC-PRIVATE PARTNERSHIP PILOT PRO-
5 GRAM.—Section 3011 of the SAFETEA-LU (49 U.S.C.
6 5309 note) is amended—

7 (1) in subsection (c)(5), by striking “2009” and
8 inserting “2010 and the period beginning October 1,
9 2010, and ending December 31, 2010”; and

10 (2) in subsection (d), by striking “2009” and
11 inserting “2010, and for the period beginning Octo-
12 ber 1, 2010, and ending December 31, 2010”.

13 (c) ELDERLY INDIVIDUALS AND INDIVIDUALS WITH
14 DISABILITIES PILOT PROGRAM.—Section 3012(b)(8) of
15 the SAFETEA-LU (49 U.S.C. 5310 note) is amended by
16 striking “September 30, 2009” and inserting “December
17 31, 2010”.

18 (d) OBLIGATION CEILING.—Section 3040 of the
19 SAFETEA-LU (Public Law 109–59; 119 Stat. 1639) is
20 amended—

21 (1) in paragraph (4), by striking “and” at the
22 end;

23 (2) in paragraph (5), by striking the period at
24 the end and inserting a semicolon; and

25 (3) by adding at the end the following:

1 “(6) \$10,507,752,000 for fiscal year 2010, of
2 which not more than \$8,360,565,000 shall be from
3 the Mass Transit Account; and

4 “(7) \$2,626,938,000 for the period beginning
5 October 1, 2010, and ending December 31, 2010, of
6 which not more than \$2,090,141,250 shall be from
7 the Mass Transit Account.”.

8 (e) PROJECT AUTHORIZATIONS FOR NEW FIXED
9 GUIDEWAY CAPITAL PROJECTS.—Section 3043 of the
10 SAFETEA-LU (Public Law 109–59; 119 Stat. 1640) is
11 amended—

12 (1) in subsection (b), in the matter preceding
13 paragraph (1), by striking “2009” and inserting
14 “2010, and for the period beginning October 1,
15 2010, and ending December 31, 2010,”; and

16 (2) in subsection (c), in the matter preceding
17 paragraph (1), by striking “2009” and inserting
18 “2010, and for the period beginning October 1,
19 2010, and ending December 31, 2010,”.

20 (f) ALLOCATIONS FOR NATIONAL RESEARCH AND
21 TECHNOLOGY PROGRAMS.—Section 3046 of the
22 SAFETEA-LU (49 U.S.C. 5338 note) is amended—

23 (1) in subsection (b), by inserting “or period”
24 after “fiscal year”; and

25 (2) by adding at the end the following:

1 “(c) ADDITIONAL APPROPRIATIONS.—The Secretary
2 shall allocate amounts appropriated pursuant to section
3 5338(d) of title 49, United States Code, for national re-
4 search and technology programs under sections 5312,
5 5314, and 5322 of such title—

6 “(1) for fiscal year 2010, in amounts equal to
7 the amounts allocated for fiscal year 2009 under
8 each of paragraphs (2), (3), (5), (6), and (8)
9 through (25) of subsection (a); and

10 “(2) for the period beginning October 1, 2010,
11 and ending December 31, 2010, in amounts equal to
12 25 percent of the amounts allocated for fiscal year
13 2009 under each of paragraphs (2), (3), (5), (6),
14 and (8) through (25) of subsection (a).

15 “(d) FUNDING.—If the Secretary determines that a
16 project or activity described in subsection (a) received suf-
17 ficient funds in fiscal year 2009, or a previous fiscal year,
18 to carry out the purpose for which the project or activity
19 was authorized, the Secretary may not allocate any
20 amounts under subsection (c) for the project or activity
21 for fiscal year 2010, or any subsequent fiscal year.”.

1 **Subtitle D—Revenue Provisions**

2 **SEC. 441. REPEAL OF PROVISION PROHIBITING THE CRED-**
3 **ITING OF INTEREST TO THE HIGHWAY TRUST**
4 **FUND.**

5 (a) **IN GENERAL.**—Paragraph (1) of section 9503(f)
6 is amended by striking subparagraph (B).

7 (b) **CONFORMING AMENDMENTS.**—Such paragraph,
8 as amended by paragraph (1), is further amended—

9 (1) by striking “, and” at the end of subpara-
10 graph (A) and inserting a period; and

11 (2) by striking “1998” in the matter preceding
12 subparagraph (A) and all that follows through “the
13 opening balance” and inserting “1998, the opening
14 balance”.

15 (c) **EFFECTIVE DATE.**—The amendments made by
16 this section shall take effect on the date of the enactment
17 of this title.

18 **SEC. 442. RESTORATION OF CERTAIN FOREGONE INTEREST**
19 **TO HIGHWAY TRUST FUND.**

20 (a) **IN GENERAL.**—Paragraph (2) of section 9503(f)
21 is amended to read as follows:

22 “(2) **RESTORATION OF FOREGONE INTEREST.**—
23 Out of money in the Treasury not otherwise appro-
24 priated, there is hereby appropriated—

1 “(A) \$14,700,000,000 to the Highway Ac-
2 count (as defined in subsection (e)(5)(B)) in
3 the Highway Trust Fund; and

4 “(B) \$4,800,000,000 to the Mass Transit
5 Account in the Highway Trust Fund.”.

6 (b) CONFORMING AMENDMENT.—Paragraph (1) of
7 section 9503(e) is amended by striking “this subsection”
8 and inserting “this section”.

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

12 **SEC. 443. TREATMENT OF CERTAIN AMOUNTS APPRO-**
13 **PRIATED TO HIGHWAY TRUST FUND.**

14 (a) IN GENERAL.—Section 9503(f), as amended by
15 this Act, is amended by adding at the end the following
16 new paragraph:

17 “(4) TREATMENT OF APPROPRIATED
18 AMOUNTS.—Any amount appropriated under this
19 subsection to the Highway Trust Fund shall remain
20 available without fiscal year limitation.”.

21 (b) EFFECTIVE DATE.—The amendment made by
22 this section shall take effect on the date of the enactment
23 of this Act.

1 **SEC. 444. TERMINATION OF TRANSFERS FROM HIGHWAY**
2 **TRUST FUND FOR CERTAIN REPAYMENTS**
3 **AND CREDITS.**

4 (a) IN GENERAL.—Section 9503(c) is amended by
5 striking paragraph (2) and by redesignating paragraphs
6 (3), (4), (5), and (6) as paragraphs (2), (3), (4), and (5),
7 respectively.

8 (b) CONFORMING AMENDMENTS.—

9 (1) Section 9502(a) is amended by striking
10 “section 9503(c)(7)” and inserting “section
11 9503(c)(5)”.

12 (2) Section 9503(b)(4)(D) is amended by strik-
13 ing “paragraph (4)(D) or (5)(B)” and inserting
14 “paragraph (3)(D) or (4)(B)”.

15 (3) Paragraph (2) of section 9503(c), as redesi-
16 gnated by subsection (a), is amended by adding at
17 the end the following new sentence: “The amounts
18 payable from the Highway Trust Fund under the
19 preceding sentence shall be determined by taking
20 into account only the portion of the taxes which are
21 deposited into the Highway Trust Fund.”.

22 (4) Section 9503(e)(5)(A) is amended by strik-
23 ing “(2), (3), and (4)” and inserting “(2) and (3)”.

24 (5) Section 9504(a) is amended by striking
25 “section 9503(c)(4), section 9503(c)(5)” and insert-
26 ing “section 9503(c)(3), section 9503(c)(4)”.

1 (6) Section 9504(b)(2) is amended by striking
2 “section 9503(c)(5)” and inserting “section
3 9503(c)(4)”.

4 (7) Section 9504(e) is amended by striking
5 “section 9503(c)(4)” and inserting section
6 “9503(c)(3)”.

7 (c) EFFECTIVE DATE.—The amendment made by
8 this section shall apply to transfers relating to amounts
9 paid and credits allowed after the date of the enactment
10 of this Act.

11 **SEC. 445. EXTENSION OF AUTHORITY FOR EXPENDITURES.**

12 (a) HIGHWAYS TRUST FUND.—

13 (1) HIGHWAY ACCOUNT.—Paragraph (1) of sec-
14 tion 9503(c) is amended—

15 (A) by striking “September 30, 2009 (Oc-
16 tober 1, 2009” and inserting “December 31,
17 2010 (January 1, 2011”;

18 (B) by striking “under” and all that fol-
19 lows and inserting “under the Surface Trans-
20 portation Extension Act of 2010 or any other
21 provision of law which was referred to in this
22 paragraph before the date of the enactment of
23 such Act (as such Act and provisions of law are
24 in effect on the date of the enactment of such
25 Act).”.

1 (2) MASS TRANSIT ACCOUNT.—Paragraph (3)
2 of section 9503(e) is amended—

3 (A) by striking “October 1, 2009” and in-
4 sserting “January 1, 2011”; and

5 (B) by striking “in accordance with” and
6 all that follows and inserting “in accordance
7 with the Surface Transportation Extension Act
8 of 2010 or any other provision of law which was
9 referred to in this paragraph before the date of
10 the enactment of such Act (as such Act and
11 provisions of law are in effect on the date of the
12 enactment of such Act).”.

13 (3) EXCEPTION TO LIMITATION ON TRANS-
14 FERS.—Subparagraph (B) of section 9503(b)(6) is
15 amended by striking “September 30, 2009 (October
16 1, 2009” and inserting “December 31, 2010 (Janu-
17 ary 1, 2011”.

18 (b) SPORT FISH RESTORATION AND BOATING TRUST
19 FUND.—

20 (1) IN GENERAL.—Paragraph (2) of section
21 9504(b) is amended—

22 (A) by striking “(as in effect” in subpara-
23 graph (A) and all that follows in such subpara-
24 graph and inserting “(as in effect on the date

1 of the enactment of the Surface Transportation
2 Extension Act of 2010),”

3 (B) by striking “(as in effect” in subpara-
4 graph (B) and all that follows in such subpara-
5 graph and inserting “(as in effect on the date
6 of the enactment of the Surface Transportation
7 Extension Act of 2010), and”, and

8 (C) by striking “(as in effect” in subpara-
9 graph (C) and all that follows in such subpara-
10 graph and inserting “(as in effect on the date
11 of the enactment of the Surface Transportation
12 Extension Act of 2010).”.

13 (2) EXCEPTION TO LIMITATION ON TRANS-
14 FERS.—Paragraph (2) of section 9504(d) is amend-
15 ed by striking “October 1, 2009” and inserting
16 “January 1, 2011”.

17 (c) EFFECTIVE DATE.—The amendments made by
18 this section shall take effect on September 30, 2009.

19 **SEC. 446. LEVEL OF OBLIGATION LIMITATIONS.**

20 (a) HIGHWAY CATEGORY.—Section 8003(a) of the
21 SAFETEA-LU (2 U.S.C. 901 note; 119 Stat. 1917) is
22 amended—

23 (1) in paragraph (4), by striking “and” at the
24 end;

1 (2) in paragraph (5), by striking the period at
2 the end and inserting “; and”; and

3 (3) by adding at the end the following:

4 “(6) for the period beginning on October 1,
5 2009, and ending on September 30, 2010,
6 \$42,469,970,178.

7 “(7) for the period beginning on October 1,
8 2010, and ending on December 31, 2010,
9 \$10,617,492,545.”.

10 (b) MASS TRANSIT CATEGORY.—Section 8003(b) of
11 the SAFETEA–LU (2 U.S.C. 901 note; 119 Stat. 1917)
12 is amended—

13 (1) in paragraph (4), by striking “and” at the
14 end;

15 (2) in paragraph (5), by striking the period at
16 the end and inserting “; and”; and

17 (3) by adding at the end the following:

18 “(6) for the period beginning on October 1,
19 2009, and ending on December 31, 2010,
20 \$10,338,065,000.

21 “(7) for the period beginning on October 1,
22 2010, and ending on December 31, 2010,
23 \$2,584,516,250.”.

1 (c) TREATMENT OF FUNDS.—No adjustment pursu-
2 ant to section 110 of title 23, United States Code, shall
3 be made for fiscal year 2010 or fiscal year 2011.

4 **TITLE V—EXTENSION OF** 5 **EXPIRING PROVISIONS**

6 **Subtitle A—Energy**

7 **SEC. 501. ALTERNATIVE MOTOR VEHICLE CREDIT FOR NEW**
8 **QUALIFIED HYBRID MOTOR VEHICLES**
9 **OTHER THAN PASSENGER AUTOMOBILES**
10 **AND LIGHT TRUCKS.**

11 (a) IN GENERAL.—Paragraph (3) of section 30B(k)
12 is amended by striking “December 31, 2009” and insert-
13 ing “December 31, 2010”.

14 (b) EFFECTIVE DATE.—The amendment made by
15 this section shall apply to property purchased after De-
16 cember 31, 2009.

17 **SEC. 502. INCENTIVES FOR BIODIESEL AND RENEWABLE**
18 **DIESEL.**

19 (a) CREDITS FOR BIODIESEL AND RENEWABLE DIE-
20 SEL USED AS FUEL.—Subsection (g) of section 40A is
21 amended by striking “December 31, 2009” and inserting
22 “December 31, 2010”.

23 (b) EXCISE TAX CREDITS AND OUTLAY PAYMENTS
24 FOR BIODIESEL AND RENEWABLE DIESEL FUEL MIX-
25 TURES.—

1 (1) Paragraph (6) of section 6426(c) is amend-
2 ed by striking “December 31, 2009” and inserting
3 “December 31, 2010”.

4 (2) Subparagraph (B) of section 6427(e)(5) is
5 amended by striking “December 31, 2009” and in-
6 serting “December 31, 2010”.

7 (c) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to fuel produced, and sold or used,
9 after December 31, 2009.

10 **SEC. 503. CREDIT FOR ELECTRICITY PRODUCED AT CER-**
11 **TAIN OPEN-LOOP BIOMASS FACILITIES.**

12 (a) IN GENERAL.—Clause (ii) of section 45(b)(4)(B)
13 is amended by striking “5-year period” and inserting “6-
14 year period”.

15 (b) EFFECTIVE DATE.—The amendment made by
16 this section shall apply to electricity produced and sold
17 after December 31, 2009.

18 **SEC. 504. CREDIT FOR REFINED COAL FACILITIES.**

19 (a) IN GENERAL.—Subparagraphs (A) and (B) of
20 section 45(d)(8) are each amended by striking “January
21 1, 2010” and inserting “January 1, 2011”.

22 (b) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to facilities placed in service after
24 December 31, 2009.

1 **SEC. 505. CREDIT FOR PRODUCTION OF LOW SULFUR DIE-**
2 **SEL FUEL.**

3 (a) APPLICABLE PERIOD.—Paragraph (4) of section
4 45H(c) is amended by striking “December 31, 2009” and
5 inserting “December 31, 2010”.

6 (b) EFFECTIVE DATE.—The amendment made by
7 this section shall take effect as if included in section 339
8 of the American Jobs Creation Act of 2004.

9 **SEC. 506. CREDIT FOR PRODUCING FUEL FROM COKE OR**
10 **COKE GAS.**

11 (a) IN GENERAL.—Paragraph (1) of section 45K(g)
12 is amended by striking “January 1, 2010” and inserting
13 “January 1, 2011”.

14 (b) EFFECTIVE DATE.—The amendment made by
15 this section shall apply to facilities placed in service after
16 December 31, 2009.

17 **SEC. 507. NEW ENERGY EFFICIENT HOME CREDIT.**

18 (a) IN GENERAL.—Subsection (g) of section 45L is
19 amended by striking “December 31, 2009” and inserting
20 “December 31, 2010”.

21 (b) EFFECTIVE DATE.—The amendment made by
22 this section shall apply to homes acquired after December
23 31, 2009.

1 **SEC. 508. EXCISE TAX CREDITS AND OUTLAY PAYMENTS**
2 **FOR ALTERNATIVE FUEL AND ALTERNATIVE**
3 **FUEL MIXTURES.**

4 (a) IN GENERAL.—Sections 6426(d)(5), 6426(e)(3),
5 and 6427(e)(6)(C) are each amended by striking “Decem-
6 ber 31, 2009” and inserting “December 31, 2010”.

7 (b) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to fuel sold or used after December
9 31, 2009.

10 **SEC. 509. SPECIAL RULE FOR SALES OR DISPOSITIONS TO**
11 **IMPLEMENT FERC OR STATE ELECTRIC RE-**
12 **STRUCTURING POLICY FOR QUALIFIED ELEC-**
13 **TRIC UTILITIES.**

14 (a) IN GENERAL.—Paragraph (3) of section 451(i)
15 is amended by striking “January 1, 2010” and inserting
16 “January 1, 2011”.

17 (b) EFFECTIVE DATE.—The amendment made by
18 this section shall apply to transactions after December 31,
19 2009.

20 **SEC. 510. SUSPENSION OF LIMITATION ON PERCENTAGE**
21 **DEPLETION FOR OIL AND GAS FROM MAR-**
22 **GINAL WELLS.**

23 (a) IN GENERAL.—Clause (ii) of section
24 613A(c)(6)(H) is amended by striking “January 1, 2010”
25 and inserting “January 1, 2011”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to taxable years beginning after
3 December 31, 2009.

4 **Subtitle B—Individual Tax Relief**

5 **PART I—MISCELLANEOUS PROVISIONS**

6 **SEC. 511. DEDUCTION FOR CERTAIN EXPENSES OF ELE-** 7 **MENTARY AND SECONDARY SCHOOL TEACH-** 8 **ERS.**

9 (a) IN GENERAL.—Subparagraph (D) of section
10 62(a)(2) is amended by striking “or 2009” and inserting
11 “2009, or 2010”.

12 (b) EFFECTIVE DATE.—The amendment made by
13 this section shall apply to taxable years beginning after
14 December 31, 2009.

15 **SEC. 512. ADDITIONAL STANDARD DEDUCTION FOR STATE** 16 **AND LOCAL REAL PROPERTY TAXES.**

17 (a) IN GENERAL.—Subparagraph (C) of section
18 63(c)(1) is amended by striking “or 2009” and inserting
19 “2009, or 2010”.

20 (b) EFFECTIVE DATE.—The amendment made by
21 this section shall apply to taxable years beginning after
22 December 31, 2009.

1 **SEC. 513. DEDUCTION OF STATE AND LOCAL SALES TAXES.**

2 (a) IN GENERAL.—Subparagraph (I) of section
3 164(b)(5) is amended by striking “January 1, 2010” and
4 inserting “January 1, 2011”.

5 (b) EFFECTIVE DATE.—The amendment made by
6 this section shall apply to taxable years beginning after
7 December 31, 2009.

8 **SEC. 514. CONTRIBUTIONS OF CAPITAL GAIN REAL PROP-**
9 **ERTY MADE FOR CONSERVATION PURPOSES.**

10 (a) IN GENERAL.—Clause (vi) of section
11 170(b)(1)(E) is amended by striking “December 31,
12 2009” and inserting “December 31, 2010”.

13 (b) CONTRIBUTIONS BY CERTAIN CORPORATE FARM-
14 ERS AND RANCHERS.—Clause (iii) of section 170(b)(2)(B)
15 is amended by striking “December 31, 2009” and insert-
16 ing “December 31, 2010”.

17 (c) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to contributions made in taxable
19 years beginning after December 31, 2009.

20 **SEC. 515. ABOVE-THE-LINE DEDUCTION FOR QUALIFIED**
21 **TUITION AND RELATED EXPENSES.**

22 (a) IN GENERAL.—Subsection (e) of section 222 is
23 amended by striking “December 31, 2009” and inserting
24 “December 31, 2010”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to taxable years beginning after
3 December 31, 2009.

4 **SEC. 516. TAX-FREE DISTRIBUTIONS FROM INDIVIDUAL RE-**
5 **TIREMENT PLANS FOR CHARITABLE PUR-**
6 **POSES.**

7 (a) IN GENERAL.—Subparagraph (F) of section
8 408(d)(8) is amended by striking “December 31, 2009”
9 and inserting “December 31, 2010”.

10 (b) EFFECTIVE DATE.—The amendment made by
11 this section shall apply to distributions made in taxable
12 years beginning after December 31, 2009

13 **SEC. 517. LOOK-THRU OF CERTAIN REGULATED INVEST-**
14 **MENT COMPANY STOCK IN DETERMINING**
15 **GROSS ESTATE OF NONRESIDENTS.**

16 (a) IN GENERAL.—Paragraph (3) of section 2105(d)
17 is amended by striking “December 31, 2009” and insert-
18 ing “December 31, 2010”.

19 (b) EFFECTIVE DATE.—The amendment made by
20 this section shall apply to estates of decedents dying after
21 December 31, 2009.

1 utable to amounts described in clauses (ii)
2 and (iv) of such subsection, multiplied by
3 “(B) 10.

4 “(3) COORDINATION WITH NON-REFUNDABLE
5 CREDIT.—For purposes of this section, the amounts
6 described in clauses (i) through (iv) of subsection
7 (h)(3)(C) with respect to any State for 2010 shall
8 each be reduced by so much of such amount as is
9 taken into account in determining the amount of the
10 credit allowed with respect to such State under para-
11 graph (1).

12 “(4) SPECIAL RULE FOR BASIS.—Basis of a
13 qualified low-income building shall not be reduced by
14 the amount of any payment made under this sub-
15 section.

16 “(5) PAYMENT OF CREDIT; USE TO FINANCE
17 LOW-INCOME BUILDINGS.—The Secretary shall pay
18 to the housing credit agency of each State an
19 amount equal to the credit allowed under paragraph
20 (1). Rules similar to the rules of subsections (c) and
21 (d) of section 1602 of the American Recovery and
22 Reinvestment Tax Act of 2009 shall apply with re-
23 spect to any payment made under this paragraph,
24 except that such subsection (d) shall be applied by

1 substituting ‘January 1, 2012’ for ‘January 1,
2 2011’.”.

3 (b) CONFORMING AMENDMENT.—Section 1324(b)(2)
4 of title 31, United States Code, is amended by inserting
5 “42(n),” after “36A,”.

6 **Subtitle C—Business Tax Relief**

7 **SEC. 531. RESEARCH CREDIT.**

8 (a) IN GENERAL.—Subparagraph (B) of section
9 41(h)(1) is amended by striking “December 31, 2009”
10 and inserting “December 31, 2010”.

11 (b) CONFORMING AMENDMENT.—Subparagraph (D)
12 of section 45C(b)(1) is amended by striking “December
13 31, 2009” and inserting “December 31, 2010”.

14 (c) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to amounts paid or incurred after
16 December 31, 2009.

17 **SEC. 532. INDIAN EMPLOYMENT TAX CREDIT.**

18 (a) IN GENERAL.—Subsection (f) of section 45A is
19 amended by striking “December 31, 2009” and inserting
20 “December 31, 2010”.

21 (b) EFFECTIVE DATE.—The amendment made by
22 this section shall apply to taxable years beginning after
23 December 31, 2009.

1 **SEC. 533. NEW MARKETS TAX CREDIT.**

2 (a) IN GENERAL.—Subparagraph (F) of section
3 45D(f)(1) is amended by inserting “and 2010” after
4 “2009”.

5 (b) CONFORMING AMENDMENT.—Paragraph (3) of
6 section 45D(f) is amended by striking “2014” and insert-
7 ing “2015”.

8 (c) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to calendar years beginning after
10 2009.

11 **SEC. 534. RAILROAD TRACK MAINTENANCE CREDIT.**

12 (a) IN GENERAL.—Subsection (f) of section 45G is
13 amended by striking “January 1, 2010” and inserting
14 “January 1, 2011”.

15 (b) EFFECTIVE DATE.—The amendment made by
16 this section shall apply to expenditures paid or incurred
17 in taxable years beginning after December 31, 2009.

18 **SEC. 535. MINE RESCUE TEAM TRAINING CREDIT.**

19 (a) IN GENERAL.—Subsection (e) of section 45N is
20 amended by striking “December 31, 2009” and inserting
21 “December 31, 2010”.

22 (b) EFFECTIVE DATE.—The amendment made by
23 this section shall apply to taxable years beginning after
24 December 31, 2009.

1 **SEC. 536. EMPLOYER WAGE CREDIT FOR EMPLOYEES WHO**
2 **ARE ACTIVE DUTY MEMBERS OF THE UNI-**
3 **FORMED SERVICES.**

4 (a) IN GENERAL.—Subsection (f) of section 45P is
5 amended by striking “December 31, 2009” and inserting
6 “December 31, 2010”.

7 (b) EFFECTIVE DATE.—The amendment made by
8 this section shall apply to payments made after December
9 31, 2009.

10 **SEC. 537. 5-YEAR DEPRECIATION FOR FARMING BUSINESS**
11 **MACHINERY AND EQUIPMENT.**

12 (a) IN GENERAL.—Clause (vii) of section
13 168(e)(3)(B) is amended by striking “January 1, 2010”
14 and inserting “January 1, 2011”.

15 (b) EFFECTIVE DATE.—The amendment made by
16 this section shall apply to property placed in service after
17 December 31, 2009.

18 **SEC. 538. 15-YEAR STRAIGHT-LINE COST RECOVERY FOR**
19 **QUALIFIED LEASEHOLD IMPROVEMENTS,**
20 **QUALIFIED RESTAURANT BUILDINGS AND IM-**
21 **PROVEMENTS, AND QUALIFIED RETAIL IM-**
22 **PROVEMENTS.**

23 (a) IN GENERAL.—Clauses (iv), (v), and (ix) of sec-
24 tion 168(e)(3)(E) are each amended by striking “January
25 1, 2010” and inserting “January 1, 2011”.

26 (b) CONFORMING AMENDMENTS.—

1 (1) Clause (i) of section 168(e)(7)(A) is amend-
2 ed by striking “if such building is placed in service
3 after December 31, 2008, and before January 1,
4 2010.”.

5 (2) Paragraph (8) of section 168(e) is amended
6 by striking subparagraph (E).

7 (c) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to property placed in service after
9 December 31, 2009.

10 **SEC. 539. 7-YEAR RECOVERY PERIOD FOR MOTORSPORTS**
11 **ENTERTAINMENT COMPLEXES.**

12 (a) IN GENERAL.—Subparagraph (D) of section
13 168(i)(15) is amended by striking “December 31, 2009”
14 and inserting “December 31, 2010”.

15 (b) EFFECTIVE DATE.—The amendment made by
16 this section shall apply to property placed in service after
17 December 31, 2009.

18 **SEC. 540. ACCELERATED DEPRECIATION FOR BUSINESS**
19 **PROPERTY ON AN INDIAN RESERVATION.**

20 (a) IN GENERAL.—Paragraph (8) of section 168(j)
21 is amended by striking “December 31, 2009” and insert-
22 ing “December 31, 2010”.

23 (b) EFFECTIVE DATE.—The amendment made by
24 this section shall apply to property placed in service after
25 December 31, 2009.

1 **SEC. 541. ENHANCED CHARITABLE DEDUCTION FOR CON-**
2 **TRIBUTIONS OF FOOD INVENTORY.**

3 (a) IN GENERAL.—Clause (iv) of section
4 170(e)(3)(C) is amended by striking “December 31,
5 2009” and inserting “December 31, 2010”.

6 (b) EFFECTIVE DATE.—The amendment made by
7 this section shall apply to contributions made after De-
8 cember 31, 2009.

9 **SEC. 542. ENHANCED CHARITABLE DEDUCTION FOR CON-**
10 **TRIBUTIONS OF BOOK INVENTORIES TO PUB-**
11 **LIC SCHOOLS.**

12 (a) IN GENERAL.—Clause (iv) of section
13 170(e)(3)(D) is amended by striking “December 31,
14 2009” and inserting “December 31, 2010”.

15 (b) EFFECTIVE DATE.—The amendment made by
16 this section shall apply to contributions made after De-
17 cember 31, 2009.

18 **SEC. 543. ENHANCED CHARITABLE DEDUCTION FOR COR-**
19 **PORATE CONTRIBUTIONS OF COMPUTER IN-**
20 **VENTORY FOR EDUCATIONAL PURPOSES.**

21 (a) IN GENERAL.—Subparagraph (G) of section
22 170(e)(6) is amended by striking “December 31, 2009”
23 and inserting “December 31, 2010”.

24 (b) EFFECTIVE DATE.—The amendment made by
25 this section shall apply to contributions made in taxable
26 years beginning after December 31, 2009.

1 **SEC. 544. ELECTION TO EXPENSE MINE SAFETY EQUIP-**
2 **MENT.**

3 (a) IN GENERAL.—Subsection (g) of section 179E is
4 amended by striking “December 31, 2009” and inserting
5 “December 31, 2010”.

6 (b) EFFECTIVE DATE.—The amendment made by
7 this section shall apply to property placed in service after
8 December 31, 2009.

9 **SEC. 545. SPECIAL EXPENSING RULES FOR CERTAIN FILM**
10 **AND TELEVISION PRODUCTIONS.**

11 (a) IN GENERAL.—Subsection (f) of section 181 is
12 amended by striking “December 31, 2009” and inserting
13 “December 31, 2010”.

14 (b) EFFECTIVE DATE.—The amendment made by
15 this section shall apply to productions commencing after
16 December 31, 2009.

17 **SEC. 546. EXPENSING OF ENVIRONMENTAL REMEDIATION**
18 **COSTS.**

19 (a) IN GENERAL.—Subsection (h) of section 198 is
20 amended by striking “December 31, 2009” and inserting
21 “December 31, 2010”.

22 (b) EFFECTIVE DATE.—The amendment made by
23 this section shall apply to expenditures paid or incurred
24 after December 31, 2009.

1 **SEC. 547. DEDUCTION ALLOWABLE WITH RESPECT TO IN-**
2 **COME ATTRIBUTABLE TO DOMESTIC PRO-**
3 **DUCTION ACTIVITIES IN PUERTO RICO.**

4 (a) **IN GENERAL.**—Subparagraph (C) of section
5 199(d)(8) is amended—

6 (1) by striking “first 4 taxable years” and in-
7 serting “first 5 taxable years”, and

8 (2) by striking “January 1, 2010” and insert-
9 ing “January 1, 2011”.

10 (b) **EFFECTIVE DATE.**—The amendments made by
11 this section shall apply to taxable years beginning after
12 December 31, 2009.

13 **SEC. 548. MODIFICATION OF TAX TREATMENT OF CERTAIN**
14 **PAYMENTS TO CONTROLLING EXEMPT ORGA-**
15 **NIZATIONS.**

16 (a) **IN GENERAL.**—Clause (iv) of section
17 512(b)(13)(E) is amended by striking “December 31,
18 2009” and inserting “December 31, 2010”.

19 (b) **EFFECTIVE DATE.**—The amendment made by
20 this section shall apply to payments received or accrued
21 after December 31, 2009.

1 **SEC. 549. EXCLUSION OF GAIN OR LOSS ON SALE OR EX-**
2 **CHANGE OF CERTAIN BROWNFIELD SITES**
3 **FROM UNRELATED BUSINESS INCOME.**

4 (a) IN GENERAL.—Subparagraph (K) of section
5 512(b)(19) is amended by striking “December 31, 2009”
6 and inserting “December 31, 2010”.

7 (b) EFFECTIVE DATE.—The amendment made by
8 this section shall apply to property acquired after Decem-
9 ber 31, 2009.

10 **SEC. 550. TIMBER REIT MODERNIZATION.**

11 (a) IN GENERAL.—Paragraph (8) of section 856(c)
12 is amended by striking “means” and all that follows and
13 inserting “means December 31, 2010.”.

14 (b) CONFORMING AMENDMENTS.—

15 (1) Subparagraph (I) of section 856(e)(2) is
16 amended by striking “the first taxable year begin-
17 ning after the date of the enactment of this subpara-
18 graph” and inserting “in a taxable year beginning
19 before the termination date”.

20 (2) Clause (iii) of section 856(e)(5)(H) is
21 amended by inserting “in taxable years beginning”
22 after “dispositions”.

23 (3) Clause (v) of section 857(b)(6)(D) is
24 amended by inserting “in a taxable year beginning”
25 after “sale”.

1 (4) Subparagraph (G) of section 857(b)(6) is
2 amended by inserting “in a taxable year beginning”
3 after “In the case of a sale”.

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to taxable years ending after May
6 22, 2009.

7 **SEC. 551. TREATMENT OF CERTAIN DIVIDENDS AND ASSETS**
8 **OF REGULATED INVESTMENT COMPANIES.**

9 (a) IN GENERAL.—Paragraphs (1)(C) and (2)(C) of
10 section 871(k) are each amended by striking “December
11 31, 2009” and inserting “December 31, 2010”.

12 (b) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to taxable years beginning after
14 December 31, 2009.

15 **SEC. 552. RIC QUALIFIED INVESTMENT ENTITY TREATMENT**
16 **UNDER FIRPTA.**

17 (a) IN GENERAL.—Clause (ii) of section
18 897(h)(4)(A) is amended by striking “December 31,
19 2009” and inserting “December 31, 2010”.

20 (b) EFFECTIVE DATE.—

21 (1) IN GENERAL.—The amendment made by
22 subsection (a) shall take effect on January 1, 2010.
23 Notwithstanding the preceding sentence, such
24 amendment shall not apply with respect to the with-
25 holding requirement under section 1445 of the Inter-

1 nal Revenue Code of 1986 for any payment made
2 before the date of the enactment of this Act.

3 (2) AMOUNTS WITHHELD ON OR BEFORE DATE
4 OF ENACTMENT.—In the case of a regulated invest-
5 ment company—

6 (A) which makes a distribution after De-
7 cember 31, 2009, and before the date of the en-
8 actment of this Act, and

9 (B) which would (but for the second sen-
10 tence of paragraph (1)) have been required to
11 withhold with respect to such distribution under
12 section 1445 of such Code,

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

17 **SEC. 553. EXCEPTIONS FOR ACTIVE FINANCING INCOME.**

18 (a) IN GENERAL.—Sections 953(e)(10) and
19 954(h)(9) are each amended by striking “January 1,
20 2010” and inserting “January 1, 2011”.

21 (b) CONFORMING AMENDMENT.—Section 953(e)(10)
22 is amended by striking “December 31, 2009” and insert-
23 ing “December 31, 2010”.

24 (c) EFFECTIVE DATE.—The amendments made by
25 this section shall apply to taxable years of foreign corpora-

1 tions beginning after December 31, 2009, and to taxable
2 years of United States shareholders with or within which
3 any such taxable year of such foreign corporation ends.

4 **SEC. 554. LOOK-THRU TREATMENT OF PAYMENTS BE-**
5 **TWEEN RELATED CONTROLLED FOREIGN**
6 **CORPORATIONS UNDER FOREIGN PERSONAL**
7 **HOLDING COMPANY RULES.**

8 (a) IN GENERAL.—Subparagraph (C) of section
9 954(c)(6) is amended by striking “January 1, 2010” and
10 inserting “January 1, 2011”.

11 (b) EFFECTIVE DATE.—The amendment made by
12 this section shall apply to taxable years of foreign corpora-
13 tions beginning after December 31, 2009, and to taxable
14 years of United States shareholders with or within which
15 any such taxable year of such foreign corporation ends.

16 **SEC. 555. TEMPORARY REDUCTION IN CORPORATE RATE**
17 **FOR QUALIFIED TIMBER GAIN.**

18 (a) IN GENERAL.—Paragraph (1) of section 1201(b)
19 is amended by striking “ending” and all that follows
20 through “such date”.

21 (b) CONFORMING AMENDMENT.—Paragraph (3) of
22 section 1201(b) is amended to read as follows:

23 “(3) APPLICATION OF SUBSECTION.—The
24 qualified timber gain for any taxable year shall not

1 exceed the qualified timber gain which would be de-
2 termined by not taking into account—

3 “(A) any portion of such taxable year after
4 May 22, 2009, and before the date of the enact-
5 ment of the Hiring Incentives to Restore Em-
6 ployment Act, and

7 “(B) any portion of such taxable year after
8 December 31, 2010.”.

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

12 **SEC. 556. BASIS ADJUSTMENT TO STOCK OF S CORP MAK-**
13 **ING CHARITABLE CONTRIBUTIONS OF PROP-**
14 **ERTY.**

15 (a) IN GENERAL.—Paragraph (2) of section 1367(a)
16 is amended by striking “December 31, 2009” and insert-
17 ing “December 31, 2010”.

18 (b) EFFECTIVE DATE.—The amendment made by
19 this section shall apply to contributions made in taxable
20 years beginning after December 31, 2009.

21 **SEC. 557. EMPOWERMENT ZONE TAX INCENTIVES.**

22 (a) IN GENERAL.—Section 1391 is amended—

23 (1) by striking “December 31, 2009” in sub-
24 section (d)(1)(A)(i) and inserting “December 31,
25 2010”, and

1 (2) by striking the last sentence of subsection
2 (h)(2).

3 (b) INCREASED EXCLUSION OF GAIN ON STOCK OF
4 EMPOWERMENT ZONE BUSINESSES.—Subparagraph (C)
5 of section 1202(a)(2) is amended—

6 (1) by striking “December 31, 2014” and in-
7 serting “December 31, 2015”, and

8 (2) by striking “2014” in the heading and in-
9 serting “2015”.

10 (c) TREATMENT OF CERTAIN TERMINATION DATES
11 SPECIFIED IN NOMINATIONS.—In the case of a designa-
12 tion of an empowerment zone the nomination for which
13 included a termination date which is contemporaneous
14 with the date specified in subparagraph (A)(i) of section
15 1391(d)(1) of the Internal Revenue Code of 1986 (as in
16 effect before the enactment of this Act), subparagraph (B)
17 of such section shall not apply with respect to such des-
18 ignation unless, after the date of the enactment of this
19 section, the entity which made such nomination reconfirms
20 such termination date, or amends the nomination to pro-
21 vide for a new termination date, in such manner as the
22 Secretary of the Treasury (or the Secretary’s designee)
23 may provide.

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to periods after December 31,
3 2009.

4 **SEC. 558. TAX INCENTIVES FOR INVESTMENT IN THE DIS-**
5 **TRICT OF COLUMBIA.**

6 (a) IN GENERAL.—Subsection (f) of section 1400 is
7 amended by striking “December 31, 2009” each place it
8 appears and inserting “December 31, 2010”.

9 (b) TAX-EXEMPT DC EMPOWERMENT ZONE
10 BONDS.—Subsection (b) of section 1400A is amended by
11 striking “December 31, 2009” and inserting “December
12 31, 2010”.

13 (c) ZERO-PERCENT CAPITAL GAINS RATE.—

14 (1) ACQUISITION DATE.—Paragraphs (2)(A)(i),
15 (3)(A), (4)(A)(i), and (4)(B)(i)(I) of section
16 1400B(b) are each amended by striking “January 1,
17 2010” and inserting “January 1, 2011”.

18 (2) LIMITATION ON PERIOD OF GAINS.—

19 (A) IN GENERAL.—Paragraph (2) of sec-
20 tion 1400B(e) is amended—

21 (i) by striking “December 31, 2014”
22 and inserting “December 31, 2015”, and

23 (ii) by striking “2014” in the heading
24 and inserting “2015”.

1 (B) PARTNERSHIPS AND S-CORPS.—Para-
2 graph (2) of section 1400B(g) is amended by
3 striking “December 31, 2014” and inserting
4 “December 31, 2015”.

5 (d) FIRST-TIME HOMEBUYER CREDIT.—Subsection
6 (i) of section 1400C is amended by striking “January 1,
7 2010” and inserting “January 1, 2011”.

8 (e) EFFECTIVE DATES.—

9 (1) IN GENERAL.—Except as otherwise pro-
10 vided in this subsection, the amendments made by
11 this section shall apply to periods after December
12 31, 2009.

13 (2) TAX-EXEMPT DC EMPOWERMENT ZONE
14 BONDS.—The amendment made by subsection (b)
15 shall apply to bonds issued after December 31,
16 2009.

17 (3) ACQUISITION DATES FOR ZERO-PERCENT
18 CAPITAL GAINS RATE.—The amendments made by
19 subsection (c) shall apply to property acquired or
20 substantially improved after December 31, 2009.

21 (4) HOMEBUYER CREDIT.—The amendment
22 made by subsection (d) shall apply to homes pur-
23 chased after December 31, 2009.

1 **SEC. 559. RENEWAL COMMUNITY TAX INCENTIVES.**

2 (a) IN GENERAL.—Subsection (b) of section 1400E
3 is amended—

4 (1) by striking “December 31, 2009” in para-
5 graphs (1)(A) and (3) and inserting “December 31,
6 2010”, and

7 (2) by striking “January 1, 2010” in paragraph
8 (3) and inserting “January 1, 2011”.

9 (b) ZERO-PERCENT CAPITAL GAINS RATE.—

10 (1) ACQUISITION DATE.—Paragraphs (2)(A)(i),
11 (3)(A), (4)(A)(i), and (4)(B)(i) of section 1400F(b)
12 are each amended by striking “January 1, 2010”
13 and inserting “January 1, 2011”.

14 (2) LIMITATION ON PERIOD OF GAINS.—Para-
15 graph (2) of section 1400F(c) is amended—

16 (A) by striking “December 31, 2014” and
17 inserting “December 31, 2015”, and

18 (B) by striking “2014” in the heading and
19 inserting “2015”.

20 (3) CLERICAL AMENDMENT.—Subsection (d) of
21 section 1400F is amended by striking “and ‘Decem-
22 ber 31, 2014’ for ‘December 31, 2014’”.

23 (c) COMMERCIAL REVITALIZATION DEDUCTION.—

24 (1) IN GENERAL.—Subsection (g) of section
25 1400I is amended by striking “December 31, 2009”
26 and inserting “December 31, 2010”.

1 (2) CONFORMING AMENDMENT.—Subparagraph
2 (A) of section 1400I(d)(2) is amended by striking
3 “after 2001 and before 2010” and inserting “which
4 begins after 2001 and before the date referred to in
5 subsection (g)”.

6 (d) INCREASED EXPENSING UNDER SECTION 179.—
7 Subparagraph (A) of section 1400J(b)(1) is amended by
8 striking “January 1, 2010” and inserting “January 1,
9 2011”.

10 (e) TREATMENT OF CERTAIN TERMINATION DATES
11 SPECIFIED IN NOMINATIONS.—In the case of a designa-
12 tion of a renewal community the nomination for which in-
13 cluded a termination date which is contemporaneous with
14 the date specified in subparagraph (A) of section
15 1400E(b)(1) of the Internal Revenue Code of 1986 (as
16 in effect before the enactment of this Act), subparagraph
17 (B) of such section shall not apply with respect to such
18 designation unless, after the date of the enactment of this
19 section, the entity which made such nomination reconfirms
20 such termination date, or amends the nomination to pro-
21 vide for a new termination date, in such manner as the
22 Secretary of the Treasury (or the Secretary’s designee)
23 may provide.

24 (f) EFFECTIVE DATES.—

1 (1) IN GENERAL.—Except as otherwise pro-
2 vided in this subsection, the amendments made by
3 this section shall apply to periods after December
4 31, 2009.

5 (2) ACQUISITIONS.—The amendments made by
6 subsections (b)(1) and (d) shall apply to acquisitions
7 after December 31, 2009.

8 (3) COMMERCIAL REVITALIZATION DEDUC-
9 TION.—

10 (A) IN GENERAL.—The amendment made
11 by subsection (c)(1) shall apply to buildings
12 placed in service after December 31, 2009.

13 (B) CONFORMING AMENDMENT.—The
14 amendment made by subsection (c)(2) shall
15 apply to calendar years beginning after Decem-
16 ber 31, 2009.

17 **SEC. 560. TEMPORARY INCREASE IN LIMIT ON COVER OVER**
18 **OF RUM EXCISE TAXES TO PUERTO RICO AND**
19 **THE VIRGIN ISLANDS.**

20 (a) IN GENERAL.—Paragraph (1) of section 7652(f)
21 is amended by striking “January 1, 2010” and inserting
22 “January 1, 2011”.

23 (b) EFFECTIVE DATE.—The amendment made by
24 this section shall apply to distilled spirits brought into the
25 United States after December 31, 2009.

1 **SEC. 561. AMERICAN SAMOA ECONOMIC DEVELOPMENT**
2 **CREDIT.**

3 (a) IN GENERAL.—Subsection (d) of section 119 of
4 division A of the Tax Relief and Health Care Act of 2006
5 is amended—

6 (1) by striking “first 4 taxable years” and in-
7 serting “first 5 taxable years”, and

8 (2) by striking “January 1, 2010” and insert-
9 ing “January 1, 2011”.

10 (b) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to taxable years beginning after
12 December 31, 2009.

13 **Subtitle D—Temporary Disaster**
14 **Relief Provisions**

15 **PART I—NATIONAL DISASTER RELIEF**

16 **SEC. 571. WAIVER OF CERTAIN MORTGAGE REVENUE BOND**
17 **REQUIREMENTS.**

18 (a) IN GENERAL.—Paragraph (11) of section 143(k)
19 is amended by striking “January 1, 2010” and inserting
20 “January 1, 2011”.

21 (b) SPECIAL RULE FOR RESIDENCES DESTROYED IN
22 FEDERALLY DECLARED DISASTERS.—Paragraph (13) of
23 section 143(k), as redesignated by subsection (c), is
24 amended by striking “January 1, 2010” in subparagraphs
25 (A)(i) and (B)(i) and inserting “January 1, 2011”.

1 (c) TECHNICAL AMENDMENT.—Subsection (k) of sec-
2 tion 143 is amended by redesignating the second para-
3 graph (12) (relating to special rules for residences de-
4 stroyed in federally declared disasters) as paragraph (13).

5 (d) EFFECTIVE DATES.—

6 (1) IN GENERAL.—Except as otherwise pro-
7 vided in this subsection, the amendment made by
8 this section shall apply to bonds issued after Decem-
9 ber 31, 2009.

10 (2) RESIDENCES DESTROYED IN FEDERALLY
11 DECLARED DISASTERS.—The amendments made by
12 subsection (b) shall apply with respect to disasters
13 occurring after December 31, 2009.

14 (3) TECHNICAL AMENDMENT.—The amendment
15 made by subsection (c) shall take effect as if in-
16 cluded in section 709 of the Tax Extenders and Al-
17 ternative Minimum Tax Relief Act of 2008.

18 **SEC. 572. LOSSES ATTRIBUTABLE TO FEDERALLY DE-**
19 **CLARED DISASTERS.**

20 (a) IN GENERAL.—Subclause (I) of section
21 165(h)(3)(B)(i) is amended by striking “January 1,
22 2010” and inserting “January 1, 2011”.

23 (b) \$500 LIMITATION.—Paragraph (1) of section
24 165(h) is amended by striking “December 31, 2009” and
25 inserting “December 31, 2010”.

1 (c) EFFECTIVE DATE.—

2 (1) IN GENERAL.—The amendment made by
3 subsection (a) shall apply to federally declared disas-
4 ters occurring after December 31, 2009.

5 (2) \$500 LIMITATION.—The amendment made
6 by subsection (b) shall apply to taxable years begin-
7 ning after December 31, 2009.

8 **SEC. 573. SPECIAL DEPRECIATION ALLOWANCE FOR QUALI-**
9 **FIED DISASTER PROPERTY.**

10 (a) IN GENERAL.—Subclause (I) of section
11 168(n)(2)(A)(ii) is amended by striking “January 1,
12 2010” and inserting “January 1, 2011”.

13 (b) EFFECTIVE DATE.—The amendment made by
14 this section shall apply to disasters occurring after Decem-
15 ber 31, 2009.

16 **SEC. 574. NET OPERATING LOSSES ATTRIBUTABLE TO FED-**
17 **ERALLY DECLARED DISASTERS.**

18 (a) IN GENERAL.—Subclause (I) of section
19 172(j)(1)(A)(i) is amended by striking “January 1, 2010”
20 and inserting “January 1, 2011”.

21 (b) EFFECTIVE DATE.—The amendment made by
22 this section shall apply to losses attributable to disasters
23 occurring after December 31, 2009.

1 **SEC. 575. EXPENSING OF QUALIFIED DISASTER EXPENSES.**

2 (a) IN GENERAL.—Subparagraph (A) of section
3 198A(b)(2) is amended by striking “January 1, 2010”
4 and inserting “January 1, 2011”.

5 (b) EFFECTIVE DATE.—The amendment made by
6 this section shall apply to expenditures on account of dis-
7 asters occurring after December 31, 2009.

8 **PART II—REGIONAL PROVISIONS**

9 **Subpart A—New York Liberty Zone**

10 **SEC. 581. SPECIAL DEPRECIATION ALLOWANCE FOR NON-**
11 **RESIDENTIAL AND RESIDENTIAL REAL PROP-**
12 **ERTY.**

13 (a) IN GENERAL.—Subparagraph (A) of section
14 1400L(b)(2) is amended by striking “December 31, 2009”
15 and inserting “December 31, 2010”.

16 (b) EFFECTIVE DATE.—The amendment made by
17 this section shall apply to property placed in service after
18 December 31, 2009.

19 **SEC. 582. TAX-EXEMPT BOND FINANCING.**

20 (a) IN GENERAL.—Subparagraph (D) of section
21 1400L(d)(2) is amended by striking “January 1, 2010”
22 and inserting “January 1, 2011”.

23 (b) EFFECTIVE DATE.—The amendment made by
24 this section shall apply to bonds issued after December
25 31, 2009.

1 **Subpart B—GO Zone**

2 **SEC. 583. SPECIAL DEPRECIATION ALLOWANCE.**

3 (a) IN GENERAL.—Paragraph (6) of section
4 1400N(d)(6) is amended by striking subparagraph (D).

5 (b) EFFECTIVE DATE.—The amendment made by
6 this section shall apply to property placed in service after
7 December 31, 2009.

8 **SEC. 584. INCREASE IN REHABILITATION CREDIT.**

9 (a) IN GENERAL.—Subsection (h) of section 1400N
10 is amended by striking “December 31, 2009” and insert-
11 ing “December 31, 2010”.

12 (b) EFFECTIVE DATE.—The amendment made by
13 this section shall apply to amounts paid or incurred after
14 December 31, 2009.

15 **Subpart C—Midwestern Disaster Areas**

16 **SEC. 585. SPECIAL RULES FOR USE OF RETIREMENT**
17 **FUNDS.**

18 (a) IN GENERAL.—Section 702(d)(10) of the Heart-
19 land Disaster Tax Relief Act of 2008 (Public Law 110-
20 343; 122 Stat. 3918) is amended—

21 (1) by striking “January 1, 2010” both places
22 it appears and inserting “January 1, 2011”, and

23 (2) by striking “December 31, 2009” both
24 places it appears and inserting “December 31,
25 2010”.

1 (b) EFFECTIVE DATE.—The amendments made by
2 this section shall take effect as if included in section
3 702(d)(10) of the Heartland Disaster Tax Relief Act of
4 2008.

5 **SEC. 586. EXCLUSION OF CANCELLATION OF MORTGAGE IN-**
6 **DEBTEDNESS.**

7 (a) IN GENERAL.—Section 702(e)(4)(C) of the
8 Heartland Disaster Tax Relief Act of 2008 (Public Law
9 110-343; 122 Stat. 3918) is amended by striking “Janu-
10 ary 1, 2010” and inserting “January 1, 2011”.

11 (b) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to discharges of indebtedness after
13 December 31, 2009.

14 **TITLE VI—UNEMPLOYMENT IN-**
15 **SURANCE, HEALTH, AND**
16 **OTHER PROVISIONS**
17 **Subtitle A—Unemployment**
18 **Insurance**

19 **SEC. 601. EXTENSION OF UNEMPLOYMENT INSURANCE**
20 **PROVISIONS.**

21 (a) IN GENERAL.—(1) Section 4007 of the Supple-
22 mental Appropriations Act, 2008 (Public Law 110-252;
23 26 U.S.C. 3304 note) is amended—

24 (A) by striking “February 28, 2010” each place
25 it appears and inserting “May 31, 2010”;

1 (B) in the heading for subsection (b)(2), by
2 striking “FEBRUARY 28, 2010” and inserting “MAY,
3 31 2010”; and

4 (C) in subsection (b)(3), by striking “July 31,
5 2010” and inserting “November 1, 2010”.

6 (2) Section 2002(e) of the Assistance for Unemployed
7 Workers and Struggling Families Act, as contained in
8 Public Law 111–5 (26 U.S.C. 3304 note; 123 Stat. 438),
9 is amended—

10 (A) in paragraph (1)(B), by striking “February
11 28, 2010” and inserting “May 31, 2010”;

12 (B) in the heading for paragraph (2), by strik-
13 ing “FEBRUARY 28, 2010” and inserting “MAY 31,
14 2010”; and

15 (C) in paragraph (3), by striking “August 31,
16 2010” and inserting “November 30, 2010”.

17 (3) Section 2005 of the Assistance for Unemployed
18 Workers and Struggling Families Act, as contained in
19 Public Law 111–5 (26 U.S.C. 3304 note; 123 Stat. 444),
20 is amended—

21 (A) by striking “February 28, 2010” each place
22 it appears and inserting “May 31, 2010”; and

23 (B) in subsection (c), by striking “July 31,
24 2010” and inserting “November 1, 2010”.

1 (4) Section 5 of the Unemployment Compensation
2 Extension Act of 2008 (Public Law 110–449; 26 U.S.C.
3 3304 note) is amended by striking “July 31, 2010” and
4 inserting “November 1, 2010”.

5 (b) FUNDING.—Section 4004(e)(1) of the Supple-
6 mental Appropriations Act, 2008 (Public Law 110–252;
7 26 U.S.C. 3304 note) is amended—

8 (1) in subparagraph (B), by striking “and” at
9 the end;

10 (2) in subparagraph (C), by striking “1009”
11 and inserting “1009(a)(1)”; and

12 (3) by inserting after subparagraph (C) the fol-
13 lowing new subparagraph:

14 “(D) the amendments made by section
15 601(a)(1) of the Hiring Incentives to Restore
16 Employment Act; and”.

17 **Subtitle B—Health Provisions**

18 **SEC. 611. EXTENSION AND IMPROVEMENT OF PREMIUM AS-**

19 **SISTANCE FOR COBRA BENEFITS.**

20 (a) EXTENSION OF ELIGIBILITY PERIOD.—Sub-
21 section (a)(3)(A) of section 3001 of division B of the
22 American Recovery and Reinvestment Act of 2009 (Public
23 Law 111–5) is amended by striking “February 28, 2010”
24 and inserting “May 31, 2010”.

1 (b) CLARIFICATIONS RELATING TO SECTION 3001 OF
2 ARRA.—

3 (1) CLARIFICATION REGARDING COBRA CON-
4 TINUATION RESULTING FROM REDUCTIONS IN
5 HOURS.—Subsection (a) of section 3001 of division
6 B of the American Recovery and Reinvestment Act
7 of 2009 (Public Law 111–5) is amended—

8 (A) in paragraph (3)(C), by inserting be-
9 fore the period at the end the following: “or
10 consists of a reduction of hours followed by
11 such an involuntary termination of employment
12 during such period”;

13 (B) in paragraph (16)—

14 (i) by striking clause (ii) of subpara-
15 graph (A), and inserting the following:

16 “(ii) such individual pays, by the lat-
17 est of 60 days after the date of the enact-
18 ment of this paragraph, 30 days after the
19 date of provision of the notification re-
20 quired under subparagraph (D)(ii), or the
21 period described in section
22 4890B(f)(2)(B)(iii) of the Internal Rev-
23 enue Code of 1986, the amount of such
24 premium, after the application of para-
25 graph (1)(A).”; and

1 (ii) by striking subclause (I) of sub-
2 paragraph (C)(i), and inserting the fol-
3 lowing:

4 “(I) such assistance eligible indi-
5 vidual experienced an involuntary ter-
6 mination that was a qualifying event
7 prior to the date of enactment of the
8 Department of Defense Appropria-
9 tions Act, 2010; and”;

10 (C) by adding at the end the following:

11 “(17) SPECIAL RULES IN CASE OF INDIVIDUALS
12 LOSING COVERAGE BECAUSE OF A REDUCTION OF
13 HOURS.—

14 “(A) NEW ELECTION PERIOD.—

15 “(i) IN GENERAL.—For purposes of
16 the COBRA continuation provisions, in the
17 case of an individual described in subpara-
18 graph (C) who did not make (or who made
19 and discontinued) an election of COBRA
20 continuation coverage on the basis of the
21 reduction of hours of employment, the in-
22 voluntary termination of employment of
23 such individual after the date of the enact-
24 ment of the Hiring Incentives to Restore

1 Employment Act shall be treated as a
2 qualifying event.

3 “(ii) COUNTING COBRA DURATION PE-
4 RIOD FROM PREVIOUS QUALIFYING
5 EVENT.—In any case of an individual re-
6 ferred to in clause (i), the period of such
7 individual’s continuation coverage shall be
8 determined as though the qualifying event
9 were the reduction of hours of employ-
10 ment.

11 “(iii) CONSTRUCTION.—Nothing in
12 this paragraph shall be construed as re-
13 quiring an individual referred to in clause
14 (i) to make a payment for COBRA con-
15 tinuation coverage between the reduction
16 of hours and the involuntary termination
17 of employment.

18 “(iv) PREEXISTING CONDITIONS.—
19 With respect to an individual referred to in
20 clause (i) who elects COBRA continuation
21 coverage pursuant to such clause, rules
22 similar to the rules in paragraph (4)(C)
23 shall apply.

24 “(B) NOTICES.—In the case of an indi-
25 vidual described in subparagraph (C), the ad-

1 administrator of the group health plan (or other
2 entity) involved shall provide, during the 60-day
3 period beginning on the date of such individ-
4 ual's involuntary termination of employment, an
5 additional notification described in paragraph
6 (7)(A), including information on the provisions
7 of this paragraph. Rules similar to the rules of
8 paragraph (7) shall apply with respect to such
9 notification.

10 “(C) INDIVIDUALS DESCRIBED.—Individ-
11 uals described in this subparagraph are individ-
12 uals who are assistance eligible individuals on
13 the basis of a qualifying event consisting of a
14 reduction of hours occurring during the period
15 described in paragraph (3)(A) followed by an
16 involuntary termination of employment insofar
17 as such involuntary termination of employment
18 occurred after the date of the enactment of the
19 Hiring Incentives to Restore Employment
20 Act.”.

21 (2) CLARIFICATION OF PERIOD OF ASSIST-
22 ANCE.—Subsection (a)(2)(A)(ii)(I) of such section is
23 amended by striking “of the first month”.

24 (3) ENFORCEMENT.—Subsection (a)(5) of such
25 section is amended by adding at the end the fol-

1 lowing: “In addition to civil actions that may be
2 brought to enforce applicable provisions of such Act
3 or other laws, the appropriate Secretary or an af-
4 fected individual may bring a civil action to enforce
5 such determinations and for appropriate relief. In
6 addition, such Secretary may assess a penalty
7 against a plan sponsor or health insurance issuer of
8 not more than \$110 per day for each failure to com-
9 ply with such determination of such Secretary after
10 10 days after the date of the plan sponsor’s or
11 issuer’s receipt of the determination.”.

12 (4) AMENDMENTS RELATING TO SECTION 3001
13 OF ARRA.—

14 (A) Subsection (g) of section 35 is amend-
15 ed by striking “section 3002(a) of the Health
16 Insurance Assistance for the Unemployed Act
17 of 2009” and inserting “section 3001(a) of title
18 III of division B of the American Recovery and
19 Reinvestment Act of 2009”.

20 (B) Section 139C is amended by striking
21 “section 3002 of the Health Insurance Assist-
22 ance for the Unemployed Act of 2009” and in-
23 serting “section 3001 of title III of division B
24 of the American Recovery and Reinvestment
25 Act of 2009”.

1 (C) Section 6432 is amended—

2 (i) in subsection (a), by striking “sec-
3 tion 3002(a) of the Health Insurance As-
4 sistance for the Unemployed Act of 2009”
5 and inserting “section 3001(a) of title III
6 of division B of the American Recovery
7 and Reinvestment Act of 2009”;

8 (ii) in subsection (c)(3), by striking
9 “section 3002(a)(1)(A) of such Act” in
10 subsection (c)(3) and inserting “section
11 3001(a)(1)(A) of title III of division B of
12 the American Recovery and Reinvestment
13 Act of 2009”; and

14 (iii) by redesignating subsections (e)
15 and (f) as subsections (f) and (g), respec-
16 tively, and inserting after subsection (d)
17 the following new subsection:.

18 “(e) EMPLOYER DETERMINATION OF QUALIFYING
19 EVENT AS INVOLUNTARY TERMINATION.—For purposes
20 of this section, in any case in which—

21 “(1) based on a reasonable interpretation of
22 section 3001(a)(3)(C) of division B of the American
23 Recovery and Reinvestment Act of 2009 and admin-
24 istrative guidance thereunder, an employer deter-
25 mines that the qualifying event with respect to

1 COBRA continuation coverage for an individual was
2 involuntary termination of a covered employee's em-
3 ployment, and

4 “(2) the employer maintains supporting docu-
5 mentation of the determination, including an attes-
6 tation by the employer of involuntary termination
7 with respect to the covered employee,
8 the qualifying event for the individual shall be deemed to
9 be involuntary termination of the covered employee's em-
10 ployment.”.

11 (D) Subsection (a) of section 6720C is
12 amended by striking “section 3002(a)(2)(C) of
13 the Health Insurance Assistance for the Unem-
14 ployed Act of 2009” and inserting “section
15 3001(a)(2)(C) of title III of division B of the
16 American Recovery and Reinvestment Act of
17 2009”.

18 (c) EFFECTIVE DATE.—The amendments made by
19 this section shall take effect as if included in the provisions
20 of section 3001 of division B of the American Recovery
21 and Reinvestment Act of 2009 to which they relate, except
22 that—

23 (1) the amendments made by subsections (b)(1)
24 shall apply to periods of coverage beginning after the
25 date of the enactment of this Act; and

1 (2) the amendment made by subsection (b)(2)
2 shall take effect on the date of the enactment of this
3 Act.

4 **[SEC. 612. INCREASE IN THE MEDICARE PHYSICIAN PAY-**
5 **MENT UPDATE.**

6 Paragraph (10) of section 1848(d) of the Social Secu-
7 rity Act, as added by section 1011(a) of the Department
8 of Defense Appropriations Act, 2010 (Public Law 111–
9 118), is amended—

10 **[(1) in subparagraph (A), by striking “Feb-**
11 **ruary 28, 2010” and inserting “September 30,**
12 **2010”; and]**

13 **[(2) in subparagraph (B), by striking “March**
14 **1, 2010” and inserting “October 1, 2010”.]**

15 **SEC. 613. EXTENSION OF THERAPY CAPS EXCEPTIONS**
16 **PROCESS.**

17 Section 1833(g)(5) of the Social Security Act (42
18 U.S.C. 1395l(g)(5)) is amended by striking “December
19 31, 2009” and inserting “December 31, 2010”.

20 **SEC. 614. TREATMENT OF PHARMACIES UNDER DURABLE**
21 **MEDICAL EQUIPMENT ACCREDITATION RE-**
22 **QUIREMENTS.**

23 (a) IN GENERAL.—Section 1834(a)(20) of the Social
24 Security Act (42 U.S.C. 1395m(a)(20)) is amended—

25 (1) in subparagraph (F)—

1 (A) in clause (i)—

2 (i) by striking “clause (ii)” and in-
3 sserting “clauses (ii) and (iii)”;

4 (ii) by striking “January 1, 2010”
5 and inserting “January 1, 2011”; and

6 (iii) by striking “and” at the end;

7 (B) in clause (i)(II), by striking the period
8 at the end and inserting “; and”;

9 (C) by inserting after clause (i)(II) the fol-
10 lowing new clause:

11 “(iii)(I) subject to subclause (II), with
12 respect to items and services furnished on
13 or after January 1, 2011, the accreditation
14 requirement of clause (i) shall not apply to
15 a pharmacy described in subparagraph
16 (G); and

17 “(II) effective with respect to items
18 and services furnished on or after the date
19 of the enactment of this subparagraph, the
20 Secretary may apply to pharmacies quality
21 standards and an accreditation require-
22 ment established by the Secretary that are
23 an alternative to the quality standards and
24 accreditation requirement otherwise appli-
25 cable under this paragraph if the Secretary

1 determines such alternative quality stand-
2 ards and accreditation requirement are ap-
3 propriate for pharmacies.”; and

4 (D) by adding at the end the following
5 flush sentence:

6 “If determined appropriate by the Secretary,
7 any alternative quality standards and accredita-
8 tion requirement established under clause
9 (iii)(II) may differ for categories of pharmacies
10 (such as pharmacies described in subparagraph
11 (G)).”; and

12 (2) by adding at the end the following new sub-
13 paragraph:

14 “(G) PHARMACY DESCRIBED.—A phar-
15 macy described in this subparagraph is a phar-
16 macy that meets each of the following criteria:

17 “(i) The total billings by the phar-
18 macy for such items and services under
19 this title are less than 5 percent of total
20 pharmacy sales for a previous period (of
21 not less than 24 months) specified by the
22 Secretary.

23 “(ii) The pharmacy has been enrolled
24 under section 1866(j) as a supplier of du-
25 rable medical equipment, prosthetics,

1 orthotics, and supplies, has been issued
2 (which may include the renewal of) a pro-
3 vider number for at least 2 years, and for
4 which a final adverse action (as defined in
5 section 424.57(a) of title 42, Code of Fed-
6 eral Regulations) has not been imposed in
7 the past 2 years.

8 “(iii) The pharmacy submits to the
9 Secretary an attestation, in a form and
10 manner, and at a time, specified by the
11 Secretary, that the pharmacy meets the
12 criteria described in clauses (i) and (ii).

13 “(iv) The pharmacy agrees to submit
14 materials as requested by the Secretary, or
15 during the course of an audit conducted on
16 a random sample of pharmacies selected
17 annually, to verify that the pharmacy
18 meets the criteria described in clauses (i)
19 and (ii). Materials submitted under the
20 preceding sentence shall include a certifi-
21 cation by an independent accountant on
22 behalf of the pharmacy or the submission
23 of tax returns filed by the pharmacy dur-
24 ing the relevant periods, as requested by
25 the Secretary.”.

1 (b) CONFORMING AMENDMENT.—Section
2 1834(a)(20)(E) of the Social Security Act (42 U.S.C.
3 1395m(a)(20)(E)) is amended by adding at the end the
4 following new sentence: “Notwithstanding the preceding
5 sentences, any alternative quality standards and accredita-
6 tion requirement established under subparagraph
7 (F)(iii)(II) shall be established through notice and com-
8 ment rulemaking.”

9 (c) ADMINISTRATION.—Chapter 35 of title 44,
10 United States Code, shall not apply to this section.

11 (d) RULE OF CONSTRUCTION.—Nothing in the provi-
12 sions of, or amendments made by, this section shall be
13 construed as affecting the application of an accreditation
14 requirement for pharmacies to qualify for bidding in a
15 competitive acquisition area under section 1847 of the So-
16 cial Security Act (42 U.S.C. 1395w-3).

17 (e) WAIVER OF 1-YEAR WAITING PERIOD.—In the
18 case of a pharmacy described in subparagraph (G) of sec-
19 tion 1834(a)(20) of the Social Security Act, as added by
20 subsection (a), whose billing privileges were revoked prior
21 to January 1, 2011, by reason of noncompliance with sub-
22 paragraph (F)(i) of such section, the Secretary of Health
23 and Human Services shall waive the one-year waiting pe-
24 riod for such pharmacy to reapply for such privileges.

1 **SEC. 615. ENHANCED PAYMENT FOR MENTAL HEALTH**
2 **SERVICES.**

3 Section 138(a)(1) of the Medicare Improvements for
4 Patients and Providers Act of 2008 (Public Law 110–275)
5 is amended by striking “December 31, 2009” and insert-
6 ing “December 31, 2010”.

7 **SEC. 616. EXTENSION OF AMBULANCE ADD-ONS.**

8 (a) **IN GENERAL.**—Section 1834(l)(13) of the Social
9 Security Act (42 U.S.C. 1395m(l)(13)) is amended—

10 (1) in subparagraph (A)—

11 (A) in the matter preceding clause (i), by
12 striking “before January 1, 2010” and insert-
13 ing “before January 1, 2011”; and

14 (B) in each of clauses (i) and (ii), by strik-
15 ing “before January 1, 2010” and inserting
16 “before January 1, 2011”.

17 (b) **AIR AMBULANCE IMPROVEMENTS.**—Section
18 146(b)(1) of the Medicare Improvements for Patients and
19 Providers Act of 2008 (Public Law 110–275) is amended
20 by striking “ending on December 31, 2009” and inserting
21 “ending on December 31, 2010”.

22 (c) **SUPER RURAL AMBULANCE.**—Section
23 1834(l)(12)(A) of the Social Security Act (42 U.S.C.
24 1395m(l)(12)(A)) is amended—

25 (1) in the first sentence, by striking “2010”
26 and inserting “2011”; and

1 (2) by adding at the end the following new sen-
2 tence: “For purposes of applying this subparagraph
3 for ground ambulance services furnished on or after
4 January 1, 2010, and before January 1, 2011, the
5 Secretary shall use the percent increase that was ap-
6 plicable under this subparagraph to ground ambu-
7 lance services furnished during 2009.”.

8 **SEC. 617. EXTENSION OF GEOGRAPHIC FLOOR FOR WORK.**

9 Section 1848(e)(1)(E) of the Social Security Act (42
10 U.S.C. 1395w-4(e)(1)(E)) is amended by striking “before
11 January 1, 2010” and inserting “before January 1,
12 2011”.

13 **SEC. 618. EXTENSION OF PAYMENT FOR TECHNICAL COM-**
14 **PONENT OF CERTAIN PHYSICIAN PATHOL-**
15 **OGY SERVICES.**

16 Section 542(c) of the Medicare, Medicaid, and
17 SCHIP Benefits Improvement and Protection Act of 2000
18 (as enacted into law by section 1(a)(6) of Public Law 106-
19 554), as amended by section 732 of the Medicare Prescrip-
20 tion Drug, Improvement, and Modernization Act of 2003
21 (42 U.S.C. 1395w-4 note), section 104 of division B of
22 the Tax Relief and Health Care Act of 2006 (42 U.S.C.
23 1395w-4 note), section 104 of the Medicare, Medicaid,
24 and SCHIP Extension Act of 2007 (Public Law 110-
25 173), and section 136 of the Medicare Improvements for

1 Patients and Providers Act of 2008 (Public Law 110–
2 275), is amended by striking “and 2009” and inserting
3 “2009, and 2010”.

4 **SEC. 619. EXTENSION OF OUTPATIENT HOLD HARMLESS**
5 **PROVISION.**

6 Section 1833(t)(7)(D)(i) of the Social Security Act
7 (42 U.S.C. 1395l(t)(7)(D)(i)) is amended—

8 (1) in subclause (II)—

9 (A) in the first sentence, by striking
10 “2010” and inserting “2011”; and

11 (B) in the second sentence, by striking “or
12 2009” and inserting “, 2009, or 2010”; and

13 (2) in subclause (III), by striking “January 1,
14 2010” and inserting “January 1, 2011”.

15 **SEC. 620. EHR CLARIFICATION.**

16 (a) **QUALIFICATION FOR CLINIC-BASED PHYSI-**
17 **CIANS.—**

18 (1) **MEDICARE.**—Section 1848(o)(1)(C)(ii) of
19 the Social Security Act (42 U.S.C. 1395w–
20 4(o)(1)(C)(ii)) is amended by striking “setting
21 (whether inpatient or outpatient)” and inserting “in-
22 patient or emergency room setting”.

23 (2) **MEDICAID.**—Section 1903(t)(3)(D) of the
24 Social Security Act (42 U.S.C. 1396b(t)(3)(D)) is
25 amended by striking “setting (whether inpatient or

1 outpatient)” and inserting “inpatient or emergency
2 room setting”.

3 (b) EFFECTIVE DATE.—The amendments made by
4 subsection (a) shall be effective as if included in the enact-
5 ment of the HITECH Act (included in the American Re-
6 covery and Reinvestment Act of 2009 (Public Law 111-
7 5)).

8 (c) IMPLEMENTATION.—Notwithstanding any other
9 provision of law, the Secretary may implement the amend-
10 ments made by this section by program instruction or oth-
11 erwise.

12 **SEC. 621. EXTENSION OF REIMBURSEMENT FOR ALL MEDI-**
13 **CARE PART B SERVICES FURNISHED BY CER-**
14 **TAIN INDIAN HOSPITALS AND CLINICS.**

15 Section 1880(e)(1)(A) of the Social Security Act (42
16 U.S.C. 1395qq(e)(1)(A)) is amended by striking “5-year
17 period” and inserting “6-year period”.

18 **SEC. 622. EXTENSION OF CERTAIN PAYMENT RULES FOR**
19 **LONG-TERM CARE HOSPITAL SERVICES AND**
20 **OF MORATORIUM ON THE ESTABLISHMENT**
21 **OF CERTAIN HOSPITALS AND FACILITIES.**

22 (a) EXTENSION OF CERTAIN PAYMENT RULES.—
23 Section 114(c) of the Medicare, Medicaid, and SCHIP Ex-
24 tension Act of 2007 (42 U.S.C. 1395ww note), as amend-
25 ed by section 4302(a) of the American Recovery and Rein-

1 vestment Act (Public Law 111–5), is amended by striking
2 “3-year period” each place it appears and inserting “4-
3 year period”.

4 (b) EXTENSION OF MORATORIUM.—Section
5 114(d)(1) of such Act (42 U.S.C. 1395ww note), as
6 amended by section 4302(b) of the American Recovery
7 and Reinvestment Act (Public Law 111–5), in the matter
8 preceding subparagraph (A), is amended by striking “3-
9 year period” and inserting “4-year period”.

10 **SEC. 623. EXTENSION OF THE MEDICARE RURAL HOSPITAL**
11 **FLEXIBILITY PROGRAM.**

12 Section 1820(j) of the Social Security Act (42 U.S.C.
13 1395i–4(j)) is amended—

14 (1) by striking “2010, and for” and inserting
15 “2010, for”; and

16 (2) by inserting “and for making grants to all
17 States under subsection (g), such sums as may be
18 necessary in fiscal year 2011, to remain available
19 until expended” before the period at the end.

20 **SEC. 624. EXTENSION OF SECTION 508 HOSPITAL RECLASSI-**
21 **FICATIONS.**

22 (a) IN GENERAL.—Subsection (a) of section 106 of
23 division B of the Tax Relief and Health Care Act of 2006
24 (42 U.S.C. 1395 note), as amended by section 117 of the
25 Medicare, Medicaid, and SCHIP Extension Act of 2007

1 (Public Law 110–173) and section 124 of the Medicare
2 Improvements for Patients and Providers Act of 2008
3 (Public Law 110–275), is amended by striking “Sep-
4 tember 30, 2009” and inserting “September 30, 2010”.

5 (b) SPECIAL RULE FOR FISCAL YEAR 2010.—For
6 purposes of implementation of the amendment made by
7 subsection (a), including (notwithstanding paragraph (3)
8 of section 117(a) of the Medicare, Medicaid, and SCHIP
9 Extension Act of 2007 (Public Law 110–173), as amended
10 by section 124(b) of the Medicare Improvements for Pa-
11 tients and Providers Act of 2008 (Public Law 110–275))
12 for purposes of the implementation of paragraph (2) of
13 such section 117(a), during fiscal year 2010, the Secretary
14 of Health and Human Services (in this subsection referred
15 to as the “Secretary”) shall use the hospital wage index
16 that was promulgated by the Secretary in the Federal
17 Register on August 27, 2009 (74 Fed. Reg. 43754), and
18 any subsequent corrections.

19 **SEC. 625. TECHNICAL CORRECTION RELATED TO CRITICAL**
20 **ACCESS HOSPITAL SERVICES.**

21 (a) IN GENERAL.—Subsections (g)(2)(A) and (l)(8)
22 of section 1834 of the Social Security Act (42 U.S.C.
23 1395m) are each amended by inserting “101 percent of”
24 before “the reasonable costs”.

1 (b) EFFECTIVE DATE.—The amendments made by
2 subsection (a) shall take effect as if included in the enact-
3 ment of section 405(a) of the Medicare Prescription Drug,
4 Improvement, and Modernization Act of 2003 (Public Law
5 108–173; 117 Stat. 2266).

6 **SEC. 626. EXTENSION FOR SPECIALIZED MA PLANS FOR**
7 **SPECIAL NEEDS INDIVIDUALS.**

8 (a) IN GENERAL.—Section 1859(f)(1) of the Social
9 Security Act (42 U.S.C. 1395w–28(f)(1)) is amended by
10 striking “2011” and inserting “2012”.

11 (b) TEMPORARY EXTENSION OF AUTHORITY TO OP-
12 ERATE BUT NO SERVICE AREA EXPANSION FOR DUAL
13 SPECIAL NEEDS PLANS THAT DO NOT MEET CERTAIN
14 REQUIREMENTS.—Section 164(c)(2) of the Medicare Im-
15 provements for Patients and Providers Act of 2008 (Pub-
16 lic Law 110–275) is amended by striking “December 31,
17 2010” and inserting “December 31, 2011”.

18 **SEC. 627. EXTENSION OF REASONABLE COST CONTRACTS.**

19 Section 1876(h)(5)(C)(ii) of the Social Security Act
20 (42 U.S.C. 1395mm(h)(5)(C)(ii)) is amended, in the mat-
21 ter preceding subclause (I), by striking “January 1, 2010”
22 and inserting “January 1, 2011”.

1 **SEC. 628. EXTENSION OF PARTICULAR WAIVER POLICY FOR**
2 **EMPLOYER GROUP PLANS.**

3 For plan year 2011 and subsequent plan years, to
4 the extent that the Secretary of Health and Human Serv-
5 ices is applying the 2008 service area extension waiver pol-
6 icy (as modified in the April 11, 2008, Centers for Medi-
7 care & Medicaid Services' memorandum with the subject
8 "2009 Employer Group Waiver-Modification of the 2008
9 Service Area Extension Waiver Granted to Certain MA
10 Local Coordinated Care Plans") to Medicare Advantage
11 coordinated care plans, the Secretary shall extend the ap-
12 plication of such waiver policy to employers who contract
13 directly with the Secretary as a Medicare Advantage pri-
14 vate fee-for-service plan under section 1857(i)(2) of the
15 Social Security Act (42 U.S.C. 1395w-27(i)(2)) and that
16 had enrollment as of January 1, 2010.

17 **SEC. 629. TECHNICAL CORRECTION TO THE NATIONAL PER**
18 **CAPITA MEDICARE ADVANTAGE GROWTH**
19 **PERCENTAGE FOR 2011.**

20 Section 1853(c)(6) of the Social Security Act (42
21 U.S.C. 1395w-23(c)(6)) is amended by adding at the end
22 the following new subparagraph:

23 "(D) SPECIAL RULE FOR 2011.—In esti-
24 mating the projected per capita rate of growth
25 in expenditures under subparagraph (A) with
26 respect to the national per capita Medicare Ad-

1 vantage growth percentage for 2011, the Sec-
2 retary shall assume that the update to the sin-
3 gle conversion factor established in section
4 1848(d)(1)(C) for 2010 and 2011 is 0 per-
5 cent.”.

6 **SEC. 630. EXTENSION OF CONTINUING CARE RETIREMENT**
7 **COMMUNITY PROGRAM.**

8 Notwithstanding any other provision of law, the Sec-
9 retary of Health and Human Services shall continue to
10 conduct the Erickson Advantage Continuing Care Retire-
11 ment Community (CCRC) demonstration under part C of
12 title XVIII of the Social Security Act through December
13 31, 2011.

14 **SEC. 631. FUNDING OUTREACH AND ASSISTANCE FOR LOW-**
15 **INCOME PROGRAMS.**

16 (a) ADDITIONAL FUNDING FOR STATE HEALTH IN-
17 SURANCE PROGRAMS.—Subsection (a)(1)(B) of section
18 119 of the Medicare Improvements for Patients and Pro-
19 viders Act of 2008 (42 U.S.C. 1395b–3 note) is amended
20 by striking “(42 U.S.C. 1395w–23(f))” and all that fol-
21 lows through the period at the end and inserting “(42
22 U.S.C. 1395w–23(f)), to the Centers for Medicare & Med-
23 icaid Services Program Management Account—

24 “(i) for fiscal year 2009, of
25 \$7,500,000; and

1 “(ii) for fiscal year 2010, of
2 \$6,000,000.

3 Amounts appropriated under this subparagraph
4 shall remain available until expended.”.

5 (b) ADDITIONAL FUNDING FOR AREA AGENCIES ON
6 AGING.—Subsection (b)(1)(B) of such section 119 is
7 amended by striking “(42 U.S.C. 1395w–23(f))” and all
8 that follows through the period at the end and inserting
9 “(42 U.S.C. 1395w–23(f)), to the Administration on
10 Aging—

11 “(i) for fiscal year 2009, of
12 \$7,500,000; and

13 “(ii) for fiscal year 2010, of
14 \$6,000,000.

15 Amounts appropriated under this subparagraph
16 shall remain available until expended.”.

17 (c) ADDITIONAL FUNDING FOR AGING AND DIS-
18 ABILITY RESOURCE CENTERS.—Subsection (c)(1)(B) of
19 such section 119 is amended by striking “(42 U.S.C.
20 1395w–23(f))” and all that follows through the period at
21 the end and inserting “(42 U.S.C. 1395w–23(f)), to the
22 Administration on Aging—

23 “(i) for fiscal year 2009, of
24 \$5,000,000; and

1 “(ii) for fiscal year 2010, of
2 \$6,000,000.

3 Amounts appropriated under this subparagraph
4 shall remain available until expended.”.

5 (d) ADDITIONAL FUNDING FOR CONTRACT WITH
6 THE NATIONAL CENTER FOR BENEFITS AND OUTREACH
7 ENROLLMENT.—Subsection (d)(2) of such section 119 is
8 amended by striking “(42 U.S.C. 1395w–23(f))” and all
9 that follows through the period at the end and inserting
10 “(42 U.S.C. 1395w–23(f)), to the Administration on
11 Aging—

12 “(i) for fiscal year 2009, of
13 \$5,000,000; and

14 “(ii) for fiscal year 2010, of
15 \$2,000,000.

16 Amounts appropriated under this subparagraph
17 shall remain available until expended.”.

18 **SEC. 632. FAMILY-TO-FAMILY HEALTH INFORMATION CEN-**
19 **TERS.**

20 Section 501(c)(1)(A)(iii) of the Social Security Act
21 (42 U.S.C. 701(c)(1)(A)(iii)) is amended by striking “fis-
22 cal year 2009” and inserting “each of fiscal years 2009
23 through 2011”.

1 **SEC. 633. IMPLEMENTATION FUNDING.**

2 For purposes of carrying out the provisions of, and
3 amendments made by, this title that relate to titles XVIII
4 and XIX of the Social Security Act, there are appropriated
5 to the Secretary of Health and Human Services for the
6 Centers for Medicare & Medicaid Services Program Man-
7 agement Account, from amounts in the general fund of
8 the Treasury not otherwise appropriated, \$100,000,000.
9 Amounts appropriated under the preceding sentence shall
10 remain available until expended.

11 **Subtitle C—Other Provisions**

12 **SEC. 641. EXTENSION OF USE OF 2009 POVERTY GUIDE-**
13 **LINES.**

14 Section 1012 of the Department of Defense Appro-
15 priations Act, 2010 (Public Law 111–118) is amended—

16 (1) by striking “before March 1, 2010”; and

17 (2) by inserting “for 2011” after “until up-
18 dated poverty guidelines”.

19 **SEC. 642. REFUNDS DISREGARDED IN THE ADMINISTRA-**
20 **TION OF FEDERAL PROGRAMS AND FEDER-**
21 **ALLY ASSISTED PROGRAMS.**

22 (a) IN GENERAL.—Subchapter A of chapter 65 is
23 amended by adding at the end the following new section:

1 **“SEC. 6409. REFUNDS DISREGARDED IN THE ADMINISTRA-**
2 **TION OF FEDERAL PROGRAMS AND FEDER-**
3 **ALLY ASSISTED PROGRAMS.**

4 “(a) IN GENERAL.—Notwithstanding any other pro-
5 vision of law, any refund (or advance payment with respect
6 to a refundable credit) made to any individual under this
7 title shall not be taken into account as income, and shall
8 not be taken into account as resources for the month of
9 receipt and the following 11 months, for purposes of deter-
10 mining the eligibility of such individual (or any other indi-
11 vidual) for benefits or assistance (or the amount or extent
12 of benefits or assistance) under any Federal program or
13 under any State or local program financed in whole or in
14 part with Federal funds.

15 “(b) TERMINATION.—Subsection (a) shall not apply
16 to any amount received after December 31, 2010”.

17 (b) CLERICAL AMENDMENT.—The table of sections
18 for such subchapter is amended by adding at the end the
19 following new item:

“Sec. 6409. Refunds disregarded in the administration of Federal programs
and federally assisted programs.”.

20 (c) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to amounts received after Decem-
22 ber 31, 2009.

1 **SEC. 643. STATE COURT IMPROVEMENT PROGRAM.**

2 Section 438 of the Social Security Act (42 U.S.C.
3 629h) is amended—

4 (1) in subsection (c)(2)(A), by striking “2010”
5 and inserting “2011”; and

6 (2) in subsection (e), by striking “2010” and
7 inserting “2011”.

8 **SEC. 644. EXTENSION OF NATIONAL FLOOD INSURANCE**
9 **PROGRAM.**

10 Section 129 of the Continuing Appropriations Reso-
11 lution, 2010 (Public Law 111-68), as amended by section
12 1005 of Public Law 111-118, is further amended by strik-
13 ing “by substituting” and all that follows through the pe-
14 riod at the end, and inserting “by substituting May 31,
15 2010 for the date specified in each such section.”.

16 **SEC. 645. EXTENSION OF INTELLIGENCE AUTHORITY SUN-**
17 **SETS.**

18 (a) USA PATRIOT IMPROVEMENT AND REAUTHOR-
19 IZATION ACT OF 2005.—Section 102(b)(1) of the USA
20 PATRIOT Improvement and Reauthorization Act of 2005
21 (Public Law 109–177; 50 U.S.C. 1805 note, 50 U.S.C.
22 1861 note, and 50 U.S.C. 1862 note) is amended by strik-
23 ing “February 28, 2010” and inserting “December 31,
24 2010”.

25 (b) INTELLIGENCE REFORM AND TERRORISM PRE-
26 VENTION ACT OF 2004.—Section 6001(b)(1) of the Intel-

1 ligenca Reform and Terrorism Prevention Act of 2004
2 (Public Law 108–458; 118 Stat. 3742; 50 U.S.C. 1801
3 note) is amended by striking “February 28, 2010” and
4 inserting “December 31, 2010”.

5 **SEC. 646. EMERGENCY DISASTER ASSISTANCE.**

6 (a) DEFINITIONS.—Except as otherwise provided in
7 this section, in this section:

8 (1) DISASTER COUNTY.—

9 (A) IN GENERAL.—The term “disaster
10 county” means a county included in the geo-
11 graphic area covered by a qualifying natural
12 disaster declaration for the 2009 crop year.

13 (B) EXCLUSION.—The term “disaster
14 county” does not include a contiguous county.

15 (2) ELIGIBLE AQUACULTURE PRODUCER.—The
16 term “eligible aquaculture producer” means an
17 aquaculture producer that during the 2009 calendar
18 year, as determined by the Secretary—

19 (A) produced an aquaculture species for
20 which feed costs represented a substantial per-
21 centage of the input costs of the aquaculture
22 operation; and

23 (B) experienced a substantial price in-
24 crease of feed costs above the previous 5-year
25 average.

1 (3) ELIGIBLE PRODUCER.—The term “eligible
2 producer” means an agricultural producer in a dis-
3 aster county.

4 (4) ELIGIBLE SPECIALTY CROP PRODUCER.—
5 The term “eligible specialty crop producer” means
6 an agricultural producer that, for the 2009 crop
7 year, as determined by the Secretary—

8 (A) produced, or was prevented from
9 planting, a specialty crop; and

10 (B) experienced crop losses in a disaster
11 county due to a natural disaster.

12 (5) QUALIFYING NATURAL DISASTER DECLARA-
13 TION.—The term “qualifying natural disaster dec-
14 laration” means a natural disaster declared by the
15 Secretary for production losses under section 321(a)
16 of the Consolidated Farm and Rural Development
17 Act (7 U.S.C. 1961(a)).

18 (6) SECRETARY.—The term “Secretary” means
19 the Secretary of Agriculture.

20 (7) SPECIALTY CROP.—The term “specialty
21 crop” has the meaning given the term in section 3
22 of the Specialty Crops Competitiveness Act of 2004
23 (Public Law 108–465; 7 U.S.C. 1621 note).

24 (b) SUPPLEMENTAL DIRECT PAYMENT.—

1 (1) IN GENERAL.—Of the funds of the Com-
2 modity Credit Corporation, the Secretary shall use
3 such sums as are necessary to make supplemental
4 payments under sections 1103 and 1303 of the
5 Food, Conservation, and Energy Act of 2008 (7
6 U.S.C. 8713, 8753) to eligible producers on farms
7 located in disaster counties that had at least 1 crop
8 of economic significance (other than crops intended
9 for grazing) suffer at least a 5-percent crop loss due
10 to a natural disaster, including quality losses, as de-
11 termined by the Secretary, in an amount equal to
12 the payment the eligible producers received for the
13 2009 crop year on the farm.

14 (2) ACRE PROGRAM.—Eligible producers that
15 received payments under section 1105 of the Food,
16 Conservation, and Energy Act of 2008 (7 U.S.C.
17 8715) for the 2009 crop year and that otherwise
18 meet the requirements of paragraph (1) shall be eli-
19 gible to receive supplemental payments under that
20 paragraph in an amount equal to the reduced direct
21 payment the eligible producers received for the 2009
22 crop year under section 1103 or 1303 of the Food,
23 Conservation, and Energy Act of 2008 (7 U.S.C.
24 8713, 8753).

1 (3) INSURANCE REQUIREMENT.—As a condition
2 of receiving assistance under this subsection, eligible
3 producers on a farm that—

4 (A) in the case of an insurable commodity,
5 did not obtain a policy or plan of insurance for
6 the insurable commodity under the Federal
7 Crop Insurance Act (7 U.S.C. 1501 et seq.)
8 (other than for a crop insurance pilot program
9 under that Act) for each crop of economic sig-
10 nificance (other than crops intended for graz-
11 ing), shall obtain such a policy or plan for those
12 crops for the next available crop year, as deter-
13 mined by the Secretary; or

14 (B) in the case of a noninsurable com-
15 modity, did not file the required paperwork, and
16 pay the administrative fee by the applicable
17 State filing deadline, for the noninsurable com-
18 modity under section 196 of the Federal Agri-
19 culture Improvement and Reform Act of 1996
20 (7 U.S.C. 7333) for each crop of economic sig-
21 nificance (other than crops intended for graz-
22 ing), shall obtain such coverage for those crops
23 for the next available crop year, as determined
24 by the Secretary.

1 (4) RELATIONSHIP TO OTHER LAW.—Assistance
2 received under this subsection shall be included in
3 the calculation of farm revenue for the 2009 crop
4 year under section 531(b)(4)(A) of the Federal Crop
5 Insurance Act (7 U.S.C. 1531(b)(4)(A)) and section
6 901(b)(4)(A) of the Trade Act of 1974 (19 U.S.C.
7 2497(b)(4)(A)).

8 (c) SPECIALTY CROP ASSISTANCE.—

9 (1) IN GENERAL.—Of the funds of the Com-
10 modity Credit Corporation, the Secretary shall use
11 not more than \$300,000,000, to remain available
12 until September 30, 2011, to carry out a program
13 of grants to States to assist eligible specialty crop
14 producers for losses due to a excessive rainfall and
15 related conditions affecting the 2009 crops.

16 (2) NOTIFICATION.—Not later than 60 days
17 after the date of enactment of this Act, the Sec-
18 retary shall notify the State department of agri-
19 culture (or similar entity) in each State of the avail-
20 ability of funds to assist eligible specialty crop pro-
21 ducers, including such terms as are determined by
22 the Secretary to be necessary for the equitable treat-
23 ment of eligible specialty crop producers.

24 (3) PROVISION OF GRANTS.—

1 (A) IN GENERAL.—The Secretary shall
2 make grants to States for disaster counties with
3 excessive rainfall and related conditions on a
4 pro rata basis based on the value of specialty
5 crop losses during the 2009 calendar year, as
6 determined by the Secretary.

7 (B) TIMING.—Not later than 120 days
8 after the date of enactment of this Act, the Sec-
9 retary shall make grants to States to provide
10 assistance under this subsection.

11 (C) MAXIMUM GRANT.—The maximum
12 amount of a grant made to a State under this
13 subsection may not exceed \$40,000,000.

14 (4) REQUIREMENTS.—The Secretary shall
15 make grants under this subsection only to States
16 that demonstrate to the satisfaction of the Secretary
17 that the State will—

18 (A) use grant funds to assist eligible spe-
19 cialty crop producers;

20 (B) provide assistance to eligible specialty
21 crop producers not later than 90 days after the
22 date on which the State receives grant funds;
23 and

24 (C) not later than 30 days after the date
25 on which the State provides assistance to eligi-

1 ble specialty crop producers, submit to the Sec-
2 retary a report that describes—

3 (i) the manner in which the State pro-
4 vided assistance;

5 (ii) the amounts of assistance pro-
6 vided by type of specialty crop; and

7 (iii) the process by which the State
8 determined the levels of assistance to eligi-
9 ble specialty crop producers.

10 (5) RELATION TO OTHER LAW.—Assistance re-
11 ceived under this subsection shall be included in the
12 calculation of farm revenue for the 2009 crop year
13 under section 531(b)(4)(A) of the Federal Crop In-
14 surance Act (7 U.S.C. 1531(b)(4)(A)) and section
15 901(b)(4)(A) of the Trade Act of 1974 (19 U.S.C.
16 2497(b)(4)(A)).

17 (d) COTTONSEED ASSISTANCE.—

18 (1) IN GENERAL.—Of the funds of the Com-
19 modity Credit Corporation, the Secretary shall use
20 not more than \$42,000,000 to provide supplemental
21 assistance to eligible producers and first-handlers of
22 the 2009 crop of cottonseed in a disaster county.

23 (2) GENERAL TERMS.—Except as otherwise
24 provided in this subsection, the Secretary shall pro-
25 vide disaster assistance under this subsection under

1 the same terms and conditions as assistance pro-
2 vided under section 3015 of the Emergency Agricul-
3 tural Disaster Assistance Act of 2006 (title III of
4 Public Law 109-234; 120 Stat. 477).

5 (3) DISTRIBUTION OF ASSISTANCE.—The Sec-
6 retary shall distribute assistance to first handlers for
7 the benefit of eligible producers in a disaster county
8 in an amount equal to the product obtained by mul-
9 tiplying—

10 (A) the payment rate, as determined under
11 paragraph (4); and

12 (B) the county-eligible production, as de-
13 termined under paragraph (5).

14 (4) PAYMENT RATE.—The payment rate shall
15 be equal to the quotient obtained by dividing—

16 (A) the sum of the county-eligible produc-
17 tion, as determined under paragraph (5); by

18 (B) the total funds made available to carry
19 out this subsection.

20 (5) COUNTY-ELIGIBLE PRODUCTION.—The
21 county-eligible production shall be equal to the prod-
22 uct obtained by multiplying—

23 (A) the number of acres planted to cotton
24 in the disaster county, as reported to the Sec-
25 retary by first-handlers;

1 (B) the expected cotton lint yield for the
2 disaster county, as determined by the Secretary
3 based on the best available information; and

4 (C) the national average seed-to-lint ratio,
5 as determined by the Secretary based on the
6 best available information for the 5 crop years
7 immediately preceding the 2009 crop, excluding
8 the year in which the average ratio was the
9 highest and the year in which the average ratio
10 was the lowest in such period.

11 (e) AQUACULTURE ASSISTANCE.—

12 (1) GRANT PROGRAM.—

13 (A) IN GENERAL.—Of the funds of the
14 Commodity Credit Corporation, the Secretary
15 shall use not more than \$50,000,000, to remain
16 available until September 30, 2011, to carry out
17 a program of grants to States to assist eligible
18 aquaculture producers for losses associated with
19 high feed input costs during the 2009 calendar
20 year.

21 (B) NOTIFICATION.—Not later than 60
22 days after the date of enactment of this Act,
23 the Secretary shall notify the State department
24 of agriculture (or similar entity) in each State
25 of the availability of funds to assist eligible

1 aquaculture producers, including such terms as
2 are determined by the Secretary to be necessary
3 for the equitable treatment of eligible aqua-
4 culture producers.

5 (C) PROVISION OF GRANTS.—

6 (i) IN GENERAL.—The Secretary shall
7 make grants to States under this sub-
8 section on a pro rata basis based on the
9 amount of aquaculture feed used in each
10 State during the 2008 calendar year, as
11 determined by the Secretary.

12 (ii) TIMING.—Not later than 120 days
13 after the date of enactment of this Act, the
14 Secretary shall make grants to States to
15 provide assistance under this subsection.

16 (D) REQUIREMENTS.—The Secretary shall
17 make grants under this subsection only to
18 States that demonstrate to the satisfaction of
19 the Secretary that the State will—

20 (i) use grant funds to assist eligible
21 aquaculture producers;

22 (ii) provide assistance to eligible aqua-
23 culture producers not later than 60 days
24 after the date on which the State receives
25 grant funds; and

1 (iii) not later than 30 days after the
2 date on which the State provides assistance
3 to eligible aquaculture producers, submit to
4 the Secretary a report that describes—

5 (I) the manner in which the
6 State provided assistance;

7 (II) the amounts of assistance
8 provided per species of aquaculture;
9 and

10 (III) the process by which the
11 State determined the levels of assist-
12 ance to eligible aquaculture producers.

13 (2) REDUCTION IN PAYMENTS.—An eligible
14 aquaculture producer that receives assistance under
15 this subsection shall not be eligible to receive any
16 other assistance under the supplemental agricultural
17 disaster assistance program established under sec-
18 tion 531 of the Federal Crop Insurance Act (7
19 U.S.C. 1531) and section 901 of the Trade Act of
20 1974 (19 U.S.C. 2497) for any losses in 2009 relat-
21 ing to the same species of aquaculture.

22 (3) REPORT TO CONGRESS.—Not later than
23 240 days after the date of enactment of this Act, the
24 Secretary shall submit to the appropriate committees
25 of Congress a report that—

1 (A) describes in detail the manner in which
2 this subsection has been carried out; and

3 (B) includes the information reported to
4 the Secretary under paragraph (1)(D)(iii).

5 (f) HAWAII TRANSPORTATION COOPERATIVE.—Not-
6 withstanding any other provision of law, the Secretary
7 shall use \$21,000,000 of funds of the Commodity Credit
8 Corporation to make a payment to an agricultural trans-
9 portation cooperative in the State of Hawaii, the members
10 of which are eligible to participate in the commodity loan
11 program of the Farm Service Agency, for assistance to
12 maintain and develop employment.

13 (g) LIVESTOCK FORAGE DISASTER PROGRAM.—

14 (1) DEFINITION OF DISASTER COUNTY.—In
15 this subsection:

16 (A) IN GENERAL.—The term “disaster
17 county” means a county included in the geo-
18 graphic area covered by a qualifying natural
19 disaster declaration announced by the Secretary
20 in calendar year 2009.

21 (B) INCLUSION.—The term “disaster
22 county” includes a contiguous county.

23 (2) PAYMENTS.—Of the funds of the Com-
24 modity Credit Corporation, the Secretary shall use
25 not more than \$150,000,000 to carry out a program

1 to make payments to eligible producers that had
2 grazing losses in disaster counties in calendar year
3 2009.

4 (3) CRITERIA.—

5 (A) IN GENERAL.—Except as provided in
6 subparagraph (B), assistance under this sub-
7 section shall be determined under the same cri-
8 teria as are used to carry out the programs
9 under section 531(d) of the Federal Crop In-
10 surance Act (7 U.S.C. 1531(d)) and section
11 901(d) of the Trade Act of 1974 (19 U.S.C.
12 2497(d)).

13 (B) DROUGHT INTENSITY.—For purposes
14 of this subsection, an eligible producer shall not
15 be required to meet the drought intensity re-
16 quirements of section 531(d)(3)(D)(ii) of the
17 Federal Crop Insurance Act (7 U.S.C.
18 1531(d)(3)(D)(ii)) and section 901(d)(3)(D)(ii)
19 of the Trade Act of 1974 (19 U.S.C.
20 2497(d)(3)(D)(ii)).

21 (4) AMOUNT.—Assistance under this subsection
22 shall be in an amount equal to 1 monthly payment
23 using the monthly payment rate under section
24 531(d)(3)(B) of the Federal Crop Insurance Act (7

1 U.S.C. 1531(d)(3)(B)) and section 901(d)(3)(B) of
2 the Trade Act of 1974 (19 U.S.C. 2497(d)(3)(B)).

3 (5) RELATION TO OTHER LAW.—An eligible
4 producer that receives assistance under this sub-
5 section shall be ineligible to receive assistance for
6 2009 grazing losses under the program carried out
7 under section 531(d) of the Federal Crop Insurance
8 Act (7 U.S.C. 1531(d)) and section 901(d) of the
9 Trade Act of 1974 (19 U.S.C. 2497(d)) .

10 (h) EMERGENCY LOANS FOR POULTRY PRO-
11 DUCERS.—

12 (1) DEFINITIONS.—In this subsection:

13 (A) ANNOUNCEMENT DATE.—The term
14 “announcement date” means the date on which
15 the Secretary announces the emergency loan
16 program under this subsection.

17 (B) POULTRY INTEGRATOR.—The term
18 “poultry integrator” means a poultry integrator
19 that filed proceedings under chapter 11 of title
20 11, United States Code, in United States Bank-
21 ruptcy Court during the 30-day period begin-
22 ning on December 1, 2008.

23 (2) LOAN PROGRAM.—

24 (A) IN GENERAL.—Of the funds of the
25 Commodity Credit Corporation, the Secretary

1 shall use not more than \$75,000,000, to remain
2 available until expended, for the cost of making
3 no-interest emergency loans available to poultry
4 producers that meet the requirements of this
5 subsection.

6 (B) TERMS AND CONDITIONS.—Except as
7 otherwise provided in this subsection, emer-
8 gency loans under this subsection shall be sub-
9 ject to such terms and conditions as are deter-
10 mined by the Secretary.

11 (3) LOANS.—

12 (A) IN GENERAL.—An emergency loan
13 made to a poultry producer under this sub-
14 section shall be for the purpose of providing fi-
15 nancing to the poultry producer in response to
16 financial losses associated with the termination
17 or nonrenewal of any contract between the poul-
18 try producer and a poultry integrator.

19 (B) ELIGIBILITY.—

20 (i) IN GENERAL.—To be eligible for
21 an emergency loan under this subsection,
22 not later than 90 days after the announce-
23 ment date, a poultry producer shall submit
24 to the Secretary evidence that—

1 (I) the contract of the poultry
2 producer described in subparagraph
3 (A) was not continued; and

4 (II) no similar contract has been
5 awarded subsequently to the poultry
6 producer.

7 (ii) REQUIREMENT TO OFFER
8 LOANS.—Notwithstanding any other provi-
9 sion of law, if a poultry producer meets the
10 eligibility requirements described in clause
11 (i), subject to the availability of funds
12 under paragraph (2)(A), the Secretary
13 shall offer to make a loan under this sub-
14 section to the poultry producer with a min-
15 imum term of 2 years.

16 (4) ADDITIONAL REQUIREMENTS.—

17 (A) IN GENERAL.—A poultry producer
18 that receives an emergency loan under this sub-
19 section may use the emergency loan proceeds
20 only to repay the amount that the poultry pro-
21 ducer owes to any lender.

22 (B) CONVERSION OF THE LOAN.—A poul-
23 try producer that receives an emergency loan
24 under this subsection shall be eligible to have
25 the balance of the emergency loan converted,

1 but not refinanced, to a loan that has the same
2 terms and conditions as an operating loan
3 under subtitle B of the Consolidated Farm and
4 Rural Development Act (7 U.S.C. 1941 et seq.).

5 (i) ADMINISTRATION.—

6 (1) REGULATIONS.—

7 (A) IN GENERAL.—As soon as practicable
8 after the date of enactment of this Act, the Sec-
9 retary shall promulgate such regulations as are
10 necessary to implement this section.

11 (B) PROCEDURE.—The promulgation of
12 the regulations and administration of this sec-
13 tion shall be made without regard to—

14 (i) the notice and comment provisions
15 of section 553 of title 5, United States
16 Code;

17 (ii) the Statement of Policy of the
18 Secretary of Agriculture effective July 24,
19 1971 (36 Fed. Reg. 13804), relating to no-
20 tices of proposed rulemaking and public
21 participation in rulemaking; and

22 (iii) chapter 35 of title 44, United
23 States Code (commonly known as the “Pa-
24 perwork Reduction Act”).

1 (C) CONGRESSIONAL REVIEW OF AGENCY
2 RULEMAKING.—In carrying out this paragraph,
3 the Secretary shall use the authority provided
4 under section 808 of title 5, United States
5 Code.

6 (2) ADMINISTRATIVE COSTS.—Of the funds of
7 the Commodity Credit Corporation, the Secretary
8 may use up to \$15,000,000 to pay administrative
9 costs incurred by the Secretary that are directly re-
10 lated to carrying out this Act.

11 (3) PROHIBITION.—None of the funds of the
12 Agricultural Disaster Relief Trust Fund established
13 under section 902 of the Trade Act of 1974 (19
14 U.S.C. 2497a) may be used to carry out this Act.

15 **SEC. 647. SMALL BUSINESS LOAN GUARANTEE ENHANCE-**
16 **MENT EXTENSIONS.**

17 (a) APPROPRIATION.—There is appropriated, out of
18 any funds in the Treasury not otherwise appropriated, for
19 an additional amount for “Small Business Administration
20 – Business Loans Program Account” \$354,000,000, to re-
21 main available through December 31, 2010, for the cost
22 of—

23 (1) fee reductions and eliminations under sec-
24 tion 501 of division A of the American Recovery and
25 Reinvestment Act of 2009 (Public Law 111–5; 123

1 Stat. 151), as amended by this section, for loans or
2 projects guaranteed under section 7(a) of the Small
3 Business Act (15 U.S.C. 636(a)), title V of the
4 Small Business Investment Act of 1958 (15 U.S.C.
5 695 et seq.), or section 502 of division A of the
6 American Recovery and Reinvestment Act of 2009
7 (Public Law 111–5; 123 Stat. 152), as amended by
8 this section; and

9 (2) loan guarantees under section 502 of divi-
10 sion A of the American Recovery and Reinvestment
11 Act of 2009 (Public Law 111–5; 123 Stat. 152), as
12 amended by this section,

13 *Provided*, That such costs, including the cost of modifying
14 such loans, shall be as defined in section 502 of the Con-
15 gressional Budget Act of 1974.

16 (b) EXTENSION OF PROGRAMS.—

17 (1) FEES.—Section 501 of division A of the
18 American Recovery and Reinvestment Act of 2009
19 (Public Law 111–5; 123 Stat. 151) is amended by
20 striking “September 30, 2010” each place it appears
21 and inserting “December 31, 2010”.

22 (2) LOAN GUARANTEES.—Section 502(f) of di-
23 vision A of the American Recovery and Reinvest-
24 ment Act of 2009 (Public Law 111–5; 123 Stat.

1 153) is amended by striking “February 28, 2010”
2 and inserting “December 31, 2010”.

3 **TITLE VII—PENSION FUNDING**
4 **RELIEF**

5 **Subtitle A—Single Employer Plans**

6 **SEC. 701. EXTENDED PERIOD FOR SINGLE-EMPLOYER DE-**
7 **FINED BENEFIT PLANS TO AMORTIZE CER-**
8 **TAIN SHORTFALL AMORTIZATION BASES.**

9 (a) AMENDMENTS TO ERISA.—

10 (1) IN GENERAL.—Paragraph (2) of section
11 303(c) of the Employee Retirement Income Security
12 Act of 1974 (29 U.S.C. 1083(c)) is amended by add-
13 ing at the end the following subparagraph:

14 “(D) SPECIAL ELECTION FOR ELIGIBLE
15 PLAN YEARS.—

16 “(i) IN GENERAL.—If a plan sponsor
17 elects to apply this subparagraph with re-
18 spect to the shortfall amortization base of
19 a plan for any eligible plan year (in this
20 subparagraph and paragraph (7) referred
21 to as an ‘election year’), then, notwith-
22 standing subparagraphs (A) and (B)—

23 “(I) the shortfall amortization in-
24 stallments with respect to such base
25 shall be determined under clause (ii)

1 or (iii), whichever is specified in the
2 election, and

3 “(II) the shortfall amortization
4 installment for any plan year in the 9-
5 plan-year period described in clause
6 (ii) or the 15-plan-year period de-
7 scribed in clause (iii), respectively,
8 with respect to such shortfall amorti-
9 zation base is the annual installment
10 determined under the applicable
11 clause for that year for that base.

12 “(ii) 2 PLUS 7 AMORTIZATION SCHED-
13 ULE.—The shortfall amortization install-
14 ments determined under this clause are—

15 “(I) in the case of the first 2
16 plan years in the 9-plan-year period
17 beginning with the election year, in-
18 terest on the shortfall amortization
19 base of the plan for the election year
20 (determined using the effective rate of
21 interest for the plan for the plan
22 year), and

23 “(II) in the case of the last 7
24 plan years in such 9-plan-year period,
25 the amounts necessary to amortize the

1 shortfall amortization base of the plan
2 for the election year in level annual
3 installments over such last 7 plan
4 years (using the segment rates under
5 subparagraph (C)).

6 For purposes of applying subparagraph
7 (II), the shortfall amortization base shall
8 not be reduced by any installments de-
9 scribed in subclause (I).

10 “(iii) 15-YEAR AMORTIZATION.—The
11 shortfall amortization installments deter-
12 mined under this subparagraph are the
13 amounts necessary to amortize the short-
14 fall amortization base of the plan for the
15 election year in level annual installments
16 over the 15-plan-year period beginning
17 with the election year (using the segment
18 rates under subparagraph (C)).

19 “(iv) ELECTION.—

20 “(I) IN GENERAL.—The plan
21 sponsor of a plan may elect to have
22 this subparagraph apply to not more
23 than 2 eligible plan years with respect
24 to the plan, except that in the case of
25 a plan described in section 106 of the

1 Pension Protection Act of 2006, the
2 plan sponsor may only elect to have
3 this subparagraph apply to a plan
4 year beginning in 2011.

5 “(II) AMORTIZATION SCHED-
6 ULE.—Such election shall specify
7 whether the amortization schedule
8 under clause (ii) or (iii) shall apply to
9 an election year, except that if a plan
10 sponsor elects to have this subpara-
11 graph apply to 2 eligible plan years,
12 the plan sponsor must elect the same
13 schedule for both years.

14 “(III) OTHER RULES.—Such
15 election shall be made at such time,
16 and in such form and manner, as
17 shall be prescribed by the Secretary of
18 the Treasury, and may be revoked
19 only with the consent of the Secretary
20 of the Treasury.

21 “(v) ELIGIBLE PLAN YEAR.—For pur-
22 poses of this subparagraph, the term ‘eligi-
23 ble plan year’ means any plan year begin-
24 ning in 2008, 2009, 2010, or 2011, except
25 that a plan year beginning in 2008 shall

1 only be treated as an eligible plan year if
2 the due date under subsection (j)(1) for
3 the payment of the minimum required con-
4 tribution for such plan year occurs on or
5 after the date of the enactment of this
6 clause.

7 “(vi) REPORTING.—A plan sponsor of
8 a plan who makes an election under clause
9 (i) shall inform the Pension Benefit Guar-
10 anty Corporation of such election in such
11 form and manner as the Director of the
12 Pension Benefit Guaranty Corporation
13 may prescribe.

14 “(vii) INCREASES IN REQUIRED IN-
15 STALLMENTS IN CERTAIN CASES.—For in-
16 creases in required contributions in cases
17 of excess compensation or extraordinary
18 dividends or stock redemptions, see para-
19 graph (7).”.

20 (2) INCREASES IN REQUIRED INSTALLMENTS IN
21 CERTAIN CASES.—Section 303(c) of the Employee
22 Retirement Income Security Act of 1974 (29 U.S.C.
23 1083(c)) is amended by adding at the end the fol-
24 lowing paragraph:

1 stallment and all succeeding install-
2 ments with respect to such base (de-
3 termined without regard to such in-
4 crease but after application of sub-
5 clause (II)), and

6 “(II) subsequent shortfall amorti-
7 zation installments with respect to
8 such base shall, in reverse order of the
9 otherwise required installments, be re-
10 duced to the extent necessary to limit
11 the present value of all shortfall amor-
12 tization installments (after application
13 of this paragraph) to the unadjusted
14 present value with respect to such
15 base.

16 “(ii) UNADJUSTED PRESENT
17 VALUE.—For purposes of clause (i), the
18 term ‘unadjusted present value’ means,
19 with respect to any shortfall amortization
20 base for any election year, the present
21 value of all shortfall amortization install-
22 ments required under paragraph (2)(D)
23 with respect to such base, determined with-
24 out regard to this paragraph and any in-
25 stallment described in paragraph

1 (2)(D)(ii)(I) (relating to interest payments
2 during first 2 years of any 9-plan-year am-
3 ortization period).

4 “(C) INSTALLMENT ACCELERATION
5 AMOUNT.—For purposes of this paragraph, the
6 term ‘installment acceleration amount’ means,
7 with respect to any plan year, the sum of—

8 “(i) the aggregate amount of excess
9 employee compensation determined under
10 subparagraph (D) with respect to all em-
11 ployees for the plan year, plus

12 “(ii) the aggregate amount of extraor-
13 dinary dividends and redemptions deter-
14 mined under subparagraph (E) for the
15 plan year.

16 “(D) EXCESS EMPLOYEE COMPENSA-
17 TION.—For purposes of this paragraph—

18 “(i) IN GENERAL.—The term ‘excess
19 employee compensation’ means, with re-
20 spect to any employee for any plan year,
21 the excess (if any) of—

22 “(I) the aggregate amount in-
23 cludible in income under chapter 1 of
24 the Internal Revenue Code of 1986
25 for remuneration during the calendar

1 year in which such plan year begins
2 for services performed by the em-
3 ployee for the plan sponsor (whether
4 or not performed during such cal-
5 endar year), over

6 “(II) \$1,000,000.

7 “(ii) AMOUNTS SET ASIDE FOR NON-
8 QUALIFIED DEFERRED COMPENSATION.—
9 If during any calendar year assets are set
10 aside or reserved (directly or indirectly) in
11 a trust (or other arrangement as deter-
12 mined by the Secretary of the Treasury),
13 or transferred to such a trust or other ar-
14 rangement, by a plan sponsor for purposes
15 of paying deferred compensation of an em-
16 ployee under a nonqualified deferred com-
17 pensation plan (as defined in section 409A
18 of such Code) of the plan sponsor, then the
19 amount of such assets shall be treated as
20 remuneration of the employee for the cal-
21 endar year for purposes of clause (i). Such
22 amount shall not be taken into account
23 under this paragraph for any subsequent
24 calendar year.

1 “(iii) ONLY REMUNERATION FOR CER-
2 TAIN POST-2009 SERVICES COUNTED.—Re-
3 muneration shall be taken into account
4 under clause (i) or (ii) only to the extent
5 attributable to services performed by the
6 employee for the plan sponsor after Feb-
7 ruary 4, 2010.

8 “(iv) SELF-EMPLOYED INDIVIDUAL
9 TREATED AS EMPLOYEE.—The term ‘em-
10 ployee’ includes, with respect to a calendar
11 year, a self-employed individual who is
12 treated as an employee under section
13 401(c) of such Code for the taxable year
14 ending during such calendar year, and the
15 term ‘compensation’ shall include earned
16 income of such individual with respect to
17 such self-employment.

18 “(v) INDEXING OF AMOUNT.—In the
19 case of any calendar year beginning after
20 2010, the dollar amount under clause
21 (i)(II) shall be increased by an amount
22 equal to—

23 “(I) such dollar amount, multi-
24 plied by

1 “(II) the cost-of-living adjust-
2 ment determined under section 1(f)(3)
3 of such Code for the calendar year,
4 determined by substituting ‘calendar
5 year 2009’ for ‘calendar year 1992’ in
6 subparagraph (B) thereof.

7 If the amount of any increase under clause
8 (i) is not a multiple of \$1,000, such in-
9 crease shall be rounded to the next lowest
10 multiple of \$1,000.

11 “(E) EXTRAORDINARY DIVIDENDS AND
12 REDEMPTIONS.—

13 “(i) IN GENERAL.—The amount de-
14 termined under this subparagraph for any
15 plan year is the sum of—

16 “(I) the aggregate amount of ex-
17 traordinary dividends declared during
18 the plan year by the plan sponsor and
19 required to be reported under section
20 4043(e)(11) (without regard to any
21 waiver under such section), plus

22 “(II) if the plan sponsor re-
23 deems, in any 12-month period ending
24 during the plan year, an aggregate of
25 10 percent or more of the total com-

1 bined voting power of all classes of
2 stock entitled to vote, or an aggregate
3 of 10 percent or more of the total
4 value of shares of all classes of stock,
5 of the plan sponsor, the aggregate fair
6 market value of the stock so re-
7 deemed.

8 “(ii) ONLY CERTAIN POST-2009 DIVI-
9 DENDS AND REDEMPTIONS COUNTED.—
10 For purposes of clause (i)—

11 “(I) dividends shall be taken into
12 account only if declared after Feb-
13 ruary 4, 2010, and

14 “(II) if clause (i)(II) otherwise
15 applies for any plan year (determined
16 without regard to this subclause), only
17 the fair market value of redemptions
18 occurring after February 4, 2010,
19 shall be taken into account in deter-
20 mining the amount under such clause
21 for the plan year.

22 “(F) OTHER DEFINITIONS AND RULES.—
23 For purposes of this paragraph—

24 “(i) PLAN SPONSOR.—The term ‘ plan
25 sponsor’ includes any member of the plan

1 sponsor’s controlled group (as defined in
2 section 302(d)(3)).

3 “(ii) ELECTIONS FOR MULTIPLE
4 PLANS.—If a plan sponsor makes elections
5 under paragraph (2)(D) with respect to 2
6 or more plans, the Secretary of the Treas-
7 ury shall provide rules for the application
8 of this paragraph to such plans, including
9 rules for the ratable allocation of any in-
10 stallment acceleration amount among such
11 plans on the basis of each plan’s relative
12 reduction in the plan’s shortfall amortiza-
13 tion installment for the first plan year in
14 the amortization period described in sub-
15 paragraph (A) (determined without regard
16 to this paragraph).”.

17 (3) CONFORMING AMENDMENTS.—Section 303
18 of such Act (29 U.S.C. 1083) is amended—

19 (A) in subsection (c)(1), by striking “the
20 shortfall amortization bases for such plan year
21 and each of the 6 preceding plan years” and in-
22 serting “any shortfall amortization base which
23 has not been fully amortized under this sub-
24 section”, and

1 (B) in subsection (j)(3), by adding at the
2 end the following:

3 “(F) QUARTERLY CONTRIBUTIONS NOT TO
4 INCLUDE CERTAIN INCREASED CONTRIBU-
5 TIONS.—Subparagraph (D) shall be applied
6 without regard to any increase under subsection
7 (c)(7).”.

8 (b) AMENDMENTS TO INTERNAL REVENUE CODE OF
9 1986.—

10 (1) IN GENERAL.—Paragraph (2) of section
11 430(c) is amended by adding at the end the fol-
12 lowing subparagraph:

13 “(D) SPECIAL ELECTION FOR ELIGIBLE
14 PLAN YEARS.—

15 “(i) IN GENERAL.—If a plan sponsor
16 elects to apply this subparagraph with re-
17 spect to the shortfall amortization base of
18 a plan for any eligible plan year (in this
19 subparagraph and paragraph (7) referred
20 to as an ‘election year’), then, notwith-
21 standing subparagraphs (A) and (B)—

22 “(I) the shortfall amortization in-
23 stallments with respect to such base
24 shall be determined under clause (ii)

1 or (iii), whichever is specified in the
2 election, and

3 “(II) the shortfall amortization
4 installment for any plan year in the 9-
5 plan-year period described in clause
6 (ii) or the 15-plan-year period de-
7 scribed in clause (iii), respectively,
8 with respect to such shortfall amorti-
9 zation base is the annual installment
10 determined under the applicable
11 clause for that year for that base.

12 “(ii) 2 PLUS 7 AMORTIZATION SCHED-
13 ULE.—The shortfall amortization install-
14 ments determined under this clause are—

15 “(I) in the case of the first 2
16 plan years in the 9-plan-year period
17 beginning with the election year, in-
18 terest on the shortfall amortization
19 base of the plan for the election year
20 (determined using the effective rate of
21 interest for the plan for the plan
22 year), and

23 “(II) in the case of the last 7
24 plan years in such 9-plan-year period,
25 the amounts necessary to amortize the

1 shortfall amortization base of the plan
2 for the election year in level annual
3 installments over such last 7 plan
4 years (using the segment rates under
5 subparagraph (C)).

6 For purposes of applying subparagraph
7 (II), the shortfall amortization base shall
8 not be reduced by any installments de-
9 scribed in subclause (I).

10 “(iii) 15-YEAR AMORTIZATION.—The
11 shortfall amortization installments deter-
12 mined under this subparagraph are the
13 amounts necessary to amortize the short-
14 fall amortization base of the plan for the
15 election year in level annual installments
16 over the 15-plan-year period beginning
17 with the election year (using the segment
18 rates under subparagraph (C)).

19 “(iv) ELECTION.—

20 “(I) IN GENERAL.—The plan
21 sponsor of a plan may elect to have
22 this subparagraph apply to not more
23 than 2 eligible plan years with respect
24 to the plan, except that in the case of
25 a plan described in section 106 of the

1 Pension Protection Act of 2006, the
2 plan sponsor may only elect to have
3 this subparagraph apply to a plan
4 year beginning in 2011.

5 “(II) AMORTIZATION SCHED-
6 ULE.—Such election shall specify
7 whether the amortization schedule
8 under clause (ii) or (iii) shall apply to
9 an election year, except that if a plan
10 sponsor elects to have this subpara-
11 graph apply to 2 eligible plan years,
12 the plan sponsor must elect the same
13 schedule for both years.

14 “(III) OTHER RULES.—Such
15 election shall be made at such time,
16 and in such form and manner, as
17 shall be prescribed by the Secretary,
18 and may be revoked only with the
19 consent of the Secretary.

20 “(v) ELIGIBLE PLAN YEAR.—For pur-
21 poses of this subparagraph, the term ‘eligi-
22 ble plan year’ means any plan year begin-
23 ning in 2008, 2009, 2010, or 2011, except
24 that a plan year beginning in 2008 shall
25 only be treated as an eligible plan year if

1 the due date under subsection (j)(1) for
2 the payment of the minimum required con-
3 tribution for such plan year occurs on or
4 after the date of the enactment of this
5 clause.

6 “(vi) REPORTING.—A plan sponsor of
7 a plan who makes an election under clause
8 (i) shall inform the Pension Benefit Guar-
9 anty Corporation of such election in such
10 form and manner as the Director of the
11 Pension Benefit Guaranty Corporation
12 may prescribe.

13 “(vii) INCREASES IN REQUIRED IN-
14 STALLMENTS IN CERTAIN CASES.—For in-
15 creases in required contributions in cases
16 of excess compensation or extraordinary
17 dividends or stock redemptions, see para-
18 graph (7).”.

19 (2) INCREASES IN REQUIRED CONTRIBUTIONS
20 IF EXCESS COMPENSATION PAID.—Section 430(c) is
21 amended by adding at the end the following para-
22 graph:

23 “(7) INCREASES IN ALTERNATE REQUIRED IN-
24 STALLMENTS IN CASES OF EXCESS COMPENSATION

1 OR EXTRAORDINARY DIVIDENDS OR STOCK REDEMP-
2 TIONS.—

3 “(A) IN GENERAL.—If there is an install-
4 ment acceleration amount with respect to a
5 plan for any plan year in the 9-plan-year or 15-
6 plan-year period, whichever is applicable, with
7 respect to an election year under paragraph
8 (2)(D), then the shortfall amortization install-
9 ment otherwise determined and payable under
10 such paragraph for such payment year shall,
11 subject to the limitation under subparagraph
12 (B), be increased by such amount.

13 “(B) TOTAL INSTALLMENTS LIMITED TO
14 SHORTFALL BASE.—Subject to rules prescribed
15 by the Secretary—

16 “(i) IN GENERAL.—If a shortfall am-
17 ortization installment with respect to any
18 shortfall amortization base for an election
19 year is required to be increased for any
20 plan year under subparagraph (A)—

21 “(I) such increase shall not result
22 in the amount of such installment ex-
23 ceeding the present value of such in-
24 stallment and all succeeding install-
25 ments with respect to such base (de-

1 terminated without regard to such in-
2 crease but after application of sub-
3 clause (II)), and

4 “(II) subsequent shortfall amorti-
5 zation installments with respect to
6 such base shall, in reverse order of the
7 otherwise required installments, be re-
8 duced to the extent necessary to limit
9 the present value of all shortfall amor-
10 tization installments (after application
11 of this paragraph) to such unadjusted
12 present value.

13 “(ii) UNADJUSTED PRESENT
14 VALUE.—For purposes of clause (i), the
15 term ‘unadjusted present value’ means,
16 with respect to any shortfall amortization
17 base for any election year, the present
18 value of all shortfall amortization install-
19 ments required under paragraph (2)(D)
20 with respect to such base, determined with-
21 out regard to this paragraph and any in-
22 stallment described in paragraph
23 (2)(D)(ii)(I) (relating to interest payments
24 during first 2 years of any 9-plan-year am-
25 ortization period).

1 “(C) INSTALLMENT ACCELERATION
2 AMOUNT.—For purposes of this paragraph, the
3 term ‘installment acceleration amount’ means,
4 with respect to any plan year, the sum of—

5 “(i) the aggregate amount of excess
6 employee compensation determined under
7 subparagraph (D) with respect to all em-
8 ployees for the plan year, plus

9 “(ii) the aggregate amount of extraor-
10 dinary dividends and redemptions deter-
11 mined under subparagraph (E) for the
12 plan year.

13 “(D) EXCESS EMPLOYEE COMPENSA-
14 TION.—For purposes of this paragraph—

15 “(i) IN GENERAL.—The term ‘excess
16 employee compensation’ means, with re-
17 spect to any employee for any plan year,
18 the excess (if any) of—

19 “(I) the aggregate amount in-
20 cludible in income under this chapter
21 for remuneration during the calendar
22 year in which such plan year begins
23 for services performed by the em-
24 ployee for the plan sponsor (whether

1 or not performed during such cal-
2 endar year), over

3 “(II) \$1,000,000.

4 “(ii) AMOUNTS SET ASIDE FOR NON-
5 QUALIFIED DEFERRED COMPENSATION.—

6 If during any calendar year assets are set
7 aside or reserved (directly or indirectly) in
8 a trust (or other arrangement as deter-
9 mined by the Secretary), or transferred to
10 such a trust or other arrangement, by a
11 plan sponsor for purposes of paying de-
12 ferred compensation of an employee under
13 a nonqualified deferred compensation plan
14 (as defined in section 409A) of the plan
15 sponsor, then the amount of such assets
16 shall be treated as remuneration of the em-
17 ployee for the calendar year for purposes
18 of clause (i). Such amount shall not be
19 taken into account under this paragraph
20 for any subsequent calendar year.

21 “(iii) ONLY REMUNERATION FOR CER-
22 TAIN POST-2009 SERVICES COUNTED.—Re-
23 muneration shall be taken into account
24 under clause (i) or (ii) only to the extent
25 attributable to services performed by the

1 employee for the plan sponsor after Feb-
2 ruary 4, 2010.

3 “(iv) SELF-EMPLOYED INDIVIDUAL
4 TREATED AS EMPLOYEE.—The term ‘em-
5 ployee’ includes, with respect to a calendar
6 year, a self-employed individual who is
7 treated as an employee under section
8 401(c) for the taxable year ending during
9 such calendar year, and the term ‘com-
10 pensation’ shall include earned income of
11 such individual with respect to such self-
12 employment.

13 “(v) INDEXING OF AMOUNT.—In the
14 case of any calendar year beginning after
15 2010, the dollar amount under clause
16 (i)(II) shall be increased by an amount
17 equal to—

18 “(I) such dollar amount, multi-
19 plied by

20 “(II) the cost-of-living adjust-
21 ment determined under section 1(f)(3)
22 for the calendar year, determined by
23 substituting ‘calendar year 2009’ for
24 ‘calendar year 1992’ in subparagraph
25 (B) thereof.

1 of the plan sponsor, the aggregate fair
2 market value of the stock so re-
3 deemed.

4 “(ii) ONLY CERTAIN POST-2009 DIVI-
5 DENDS AND REDEMPTIONS COUNTED.—
6 For purposes of clause (i)—

7 “(I) dividends shall be taken into
8 account only if declared after Feb-
9 ruary 4, 2010, and

10 “(II) if clause (i)(II) otherwise
11 applies for any plan year (determined
12 without regard to this subclause), only
13 the fair market value of redemptions
14 occurring after February 4, 2010,
15 shall be taken into account in deter-
16 mining the amount under such clause
17 for the plan year.

18 “(F) OTHER DEFINITIONS AND RULES.—
19 For purposes of this paragraph—

20 “(i) PLAN SPONSOR.—The term ‘ plan
21 sponsor’ includes any member of the plan
22 sponsor’s controlled group (as defined in
23 section 412(d)(3)).

24 “(ii) ELECTIONS FOR MULTIPLE
25 PLANS.—If a plan sponsor makes elections

1 under paragraph (2)(D) with respect to 2
2 or more plans, the Secretary shall provide
3 rules for the application of this paragraph
4 to such plans, including rules for the rat-
5 able allocation of any installment accelera-
6 tion amount among such plans on the
7 basis of each plan's relative reduction in
8 the plan's shortfall amortization install-
9 ment for the first plan year in the amorti-
10 zation period described in subparagraph
11 (A) (determined without regard to this
12 paragraph).”.

13 (3) CONFORMING AMENDMENTS.—Section 430
14 is amended—

15 (A) in subsection (c)(1), by striking “the
16 shortfall amortization bases for such plan year
17 and each of the 6 preceding plan years” and in-
18 serting “any shortfall amortization base which
19 has not been fully amortized under this sub-
20 section”, and

21 (B) in subsection (j)(3), by adding at the
22 end the following:

23 “(F) QUARTERLY CONTRIBUTIONS NOT TO
24 INCLUDE CERTAIN INCREASED CONTRIBU-
25 TIONS.—Subparagraph (D) shall be applied

1 without regard to any increase under subsection
2 (e)(7).”.

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to plan years beginning after De-
5 cember 31, 2007.

6 **SEC. 702. APPLICATION OF EXTENDED AMORTIZATION PE-**
7 **RIOD TO PLANS SUBJECT TO PRIOR LAW**
8 **FUNDING RULES.**

9 (a) IN GENERAL.—Title I of the Pension Protection
10 Act of 2006 is amended by redesignating section 107 as
11 section 108 and by inserting the following after section
12 106:

13 **“SEC. 107. APPLICATION OF EXTENDED AMORTIZATION PE-**
14 **RIODS TO PLANS WITH DELAYED EFFECTIVE**
15 **DATE.**

16 “(a) IN GENERAL.—If the plan sponsor of a plan to
17 which section 104, 105, or 106 of this Act applies elects
18 to have this section apply for any eligible plan year (in
19 this section referred to as an ‘election year’), section 302
20 of the Employee Retirement Income Security Act of 1974
21 and section 412 of the Internal Revenue Code of 1986
22 (as in effect before the amendments made by this subtitle
23 and subtitle B) shall apply to such year in the manner
24 described in subsection (b) or (c), whichever is specified
25 in the election. All references in this section to ‘such Act’

1 or ‘such Code’ shall be to such Act or such Code as in
2 effect before the amendments made by this subtitle and
3 subtitle B.

4 “(b) APPLICATION OF 2 AND 7 RULE.—In the case
5 of an election year to which this subsection applies—

6 “(1) 2-YEAR LOOKBACK FOR DETERMINING
7 DEFICIT REDUCTION CONTRIBUTIONS FOR CERTAIN
8 PLANS.—For purposes of applying section 302(d)(9)
9 of such Act and section 412(l)(9) of such Code, the
10 funded current liability percentage (as defined in
11 subparagraph (C) thereof) for such plan for such
12 plan year shall be such funded current liability per-
13 centage of such plan for the second plan year pre-
14 ceding the first election year of such plan.

15 “(2) CALCULATION OF DEFICIT REDUCTION
16 CONTRIBUTION.—For purposes of applying section
17 302(d) of such Act and section 412(l) of such Code
18 to a plan to which such sections apply (after taking
19 into account paragraph (1))—

20 “(A) in the case of the increased unfunded
21 new liability of the plan, the applicable percent-
22 age described in section 302(d)(4)(C) of such
23 Act and section 412(l)(4)(C) of such Code shall
24 be the third segment rate described in sections
25 104(b), 105(b), and 106(b) of this Act, and

1 “(B) in the case of the excess of the un-
2 funded new liability over the increased un-
3 funded new liability, such applicable percentage
4 shall be determined without regard to this sec-
5 tion.

6 “(c) APPLICATION OF 15-YEAR AMORTIZATION.—In
7 the case of an election year to which this subsection ap-
8 plies, for purposes of applying section 302(d) of such Act
9 and section 412(l) of such Code—

10 “(1) in the case of the increased unfunded new
11 liability of the plan, the applicable percentage de-
12 scribed in section 302(d)(4)(C) of such Act and sec-
13 tion 412(l)(4)(C) of such Code for any pre-effective
14 date plan year beginning with or after the first elec-
15 tion year shall be the ratio of—

16 “(A) the annual installments payable in
17 each year if the increased unfunded new liabil-
18 ity for such plan year were amortized over 15
19 years, using an interest rate equal to the third
20 segment rate described in sections 104(b),
21 105(b), and 106(b) of this Act, to

22 “(B) the increased unfunded new liability
23 for such plan year, and

24 “(2) in the case of the excess of the unfunded
25 new liability over the increased unfunded new liabil-

1 ity, such applicable percentage shall be determined
2 without regard to this section.

3 “(d) ELECTION.—

4 “(1) IN GENERAL.—The plan sponsor of a plan
5 may elect to have this section apply to not more
6 than 2 eligible plan years with respect to the plan,
7 except that in the case of a plan to which section
8 106 of this Act applies, the plan sponsor may only
9 elect to have this section apply to 1 eligible plan
10 year.

11 “(2) AMORTIZATION SCHEDULE.—Such election
12 shall specify whether the rules under subsection (b)
13 or (c) shall apply to an election year, except that if
14 a plan sponsor elects to have this section apply to
15 2 eligible plan years, the plan sponsor must elect the
16 same rule for both years.

17 “(3) OTHER RULES.—Such election shall be
18 made at such time, and in such form and manner,
19 as shall be prescribed by the Secretary of the Treas-
20 ury, and may be revoked only with the consent of
21 the Secretary of the Treasury.

22 “(e) DEFINITIONS.—For purposes of this section—

23 “(1) ELIGIBLE PLAN YEAR.—For purposes of
24 this subparagraph, the term ‘eligible plan year’
25 means any plan year beginning in 2008, 2009, 2010,

1 or 2011, except that a plan year beginning in 2008
2 shall only be treated as an eligible plan year if the
3 due date for the payment of the minimum required
4 contribution for such plan year occurs on or after
5 the date of the enactment of this clause.

6 “(2) PRE-EFFECTIVE DATE PLAN YEAR.—The
7 term ‘pre-effective date plan year’ means, with re-
8 spect to a plan, any plan year prior to the first year
9 in which the amendments made by this subtitle and
10 subtitle B apply to the plan.

11 “(3) INCREASED UNFUNDED NEW LIABILITY.—
12 The term ‘increased unfunded new liability’ means,
13 with respect to a year, the excess (if any) of the un-
14 funded new liability over the amount of unfunded
15 new liability determined as if the value of the plan’s
16 assets determined under subsection 302(c)(2) of
17 such Act and section 412(c)(2) of such Code equaled
18 the product of the current liability of the plan for
19 the year multiplied by the funded current liability
20 percentage (as defined in section 302(d)(8)(B) of
21 such Act and 412(l)(8)(B) of such Code) of the plan
22 for the pre-applicable plan year.

23 “(4) OTHER DEFINITIONS.—The terms ‘un-
24 funded new liability’ and ‘current liability’ shall have

1 the meanings set forth in section 302(d) of such Act
2 and section 412(l) of such Code.”.

3 (b) ELIGIBLE CHARITY PLANS.—Section 104 of the
4 Pension Protection Act of 2006 is amended—

5 (1) by striking “eligible cooperative plan” wher-
6 ever it appears in subsections (a) and (b) and insert-
7 ing “eligible cooperative plan or an eligible charity
8 plan”, and

9 (2) by adding at the end the following new sub-
10 section:

11 “(d) ELIGIBLE CHARITY PLAN DEFINED.—For pur-
12 poses of this section, a plan shall be treated as an eligible
13 charity plan for a plan year if the plan is maintained by
14 more than one employer and 100 percent of the employers
15 are described in section 501(c)(3) of such Code.”.

16 (c) EFFECTIVE DATE.—

17 (1) IN GENERAL.—The amendment made by
18 subsection (a) shall take effect as if included in the
19 Pension Protection Act of 2006.

20 (2) ELIGIBLE CHARITY PLAN.—The amend-
21 ments made by subsection (b) shall apply to plan
22 years beginning after December 31, 2007, except
23 that a plan sponsor may elect to apply such amend-
24 ments to plan years beginning after December 31,
25 2008. Any such election shall be made at such time,

1 and in such form and manner, as shall be prescribed
2 by the Secretary of the Treasury, and may be re-
3 voked only with the consent of the Secretary of the
4 Treasury.

5 **SEC. 703. LOOKBACK FOR BENEFIT ACCRUAL RESTRIC-**
6 **TION.**

7 (a) AMENDMENT TO ERISA.—Section 206(g)(4) of
8 the Employee Retirement Income Security Act of 1974 is
9 amended by adding at the end the following:

10 “(C) SPECIAL RULE FOR CERTAIN
11 YEARS.—Solely for purposes of this para-
12 graph—

13 “(i) IN GENERAL.—For plan years be-
14 ginning on or after October 1, 2008, and
15 before October 1, 2010, the adjusted fund-
16 ing target attainment percentage of a plan
17 shall be the greater of—

18 “(I) such percentage, as deter-
19 mined without regard to this subpara-
20 graph, or

21 “(II) the adjusted funding target
22 attainment percentage for such plan
23 for the plan year beginning after Oc-
24 tober 1, 2007, and before October 1,
25 2008, as determined under rules pre-

1 scribed by the Secretary of the Treas-
2 ury.

3 “(ii) SPECIAL RULE.—In the case of a
4 plan for which the valuation date is not the
5 first day of the plan year—

6 “(I) clause (i) shall apply to plan
7 years beginning after December 31,
8 2007, and before January 1, 2010,
9 and

10 “(II) clause (i)(II) shall apply
11 based on the last plan year beginning
12 before November 1, 2007, as deter-
13 mined under rules prescribed by the
14 Secretary of the Treasury.”.

15 (b) AMENDMENT TO INTERNAL REVENUE CODE OF
16 1986.—Section 436(e) of the Internal Revenue Code of
17 1986 is amended by adding at the end the following:

18 “(3) SPECIAL RULE FOR CERTAIN YEARS.—
19 Solely for purposes of this subsection—

20 “(A) IN GENERAL.—For plan years begin-
21 ning on or after October 1, 2008, and before
22 October 1, 2010, the adjusted funding target
23 attainment percentage of a plan shall be the
24 greater of—

1 “(i) such percentage, as determined
2 without regard to this paragraph, or

3 “(ii) the adjusted funding target at-
4 tainment percentage for such plan for the
5 plan year beginning after October 1, 2007,
6 and before October 1, 2008, as determined
7 under rules prescribed by the Secretary.

8 “(B) SPECIAL RULE.—In the case of a
9 plan for which the valuation date is not the
10 first day of the plan year—

11 “(i) subparagraph (A) shall apply to
12 plan years beginning after December 31,
13 2007, and before January 1, 2010, and

14 “(ii) subparagraph (A)(ii) shall apply
15 based on the last plan year beginning be-
16 fore November 1, 2007, as determined
17 under rules prescribed by the Secretary.”.

18 (c) INTERACTION WITH WRERA RULE.—Section 203
19 of the Worker, Retiree, and Employer Recovery Act of
20 2008 shall apply to a plan for any plan year in lieu of
21 the amendments made by this section only to the extent
22 that such section produces a higher adjusted funding tar-
23 get attainment percentage for such plan for such year.

24 (d) EFFECTIVE DATE.—

1 (1) IN GENERAL.—Except as provided in para-
2 graph (2), the amendments made by this section
3 shall apply to plan years beginning on or after Octo-
4 ber 1, 2008.

5 (2) SPECIAL RULE.—In the case of a plan for
6 which the valuation date is not the first day of the
7 plan year, the amendments made by this section
8 shall apply to plan years beginning after December
9 31, 2007.

10 **Subtitle B—Multiemployer Plans**

11 **SEC. 711. ADJUSTMENTS TO FUNDING STANDARD ACCOUNT**

12 **RULES.**

13 (a) ADJUSTMENTS.—

14 (1) AMENDMENT TO ERISA.—Section 304(b) of
15 the Employee Retirement Income Security Act of
16 1974 (29 U.S.C. 1084(b)) is amended by adding at
17 the end the following new paragraph:

18 “(8) SPECIAL RELIEF RULES.—Notwith-
19 standing any other provision of this subsection—

20 “(A) AMORTIZATION OF NET INVESTMENT
21 LOSSES.—

22 “(i) IN GENERAL.—A multiemployer
23 plan with respect to which the solvency
24 test under subparagraph (C) is met may
25 treat the portion of its experience loss at-

1 tributable to the net investment losses (if
2 any) incurred in either or both of the first
3 two plan years ending after August 31,
4 2008, as an item separate from other expe-
5 rience losses, to be amortized in equal an-
6 nual installments (until fully amortized)
7 over a period of 30 plan years.

8 “(ii) NO EXTENSION ALLOWED.—If
9 this subparagraph applies for any plan
10 year, no extension of the amortization pe-
11 riod under clause (i) shall be allowed under
12 subsection (d).

13 “(iii) NET INVESTMENT LOSSES.—For
14 purposes of this subparagraph, net invest-
15 ment losses shall be determined in the
16 manner prescribed by the Secretary of the
17 Treasury, taking into account—

18 “(I) reasonably expected gains
19 that were not realized, and

20 “(II) losses from criminally
21 fraudulent investment arrangements,
22 as determined under rules prescribed
23 by such Secretary that are substan-
24 tially similar to the rules prescribed
25 by such Secretary for purposes of de-

1 termining whether a loss from such an
2 arrangement is a theft loss for pur-
3 poses of section 165 of the Internal
4 Revenue Code of 1986.

5 “(B) EXPANDED SMOOTHING PERIOD.—

6 “ (i) IN GENERAL.—A multiemployer
7 plan with respect to which the solvency
8 test under subparagraph (C) is met may
9 change its asset valuation method in a
10 manner which—

11 “(I) spreads the difference be-
12 tween expected and actual returns for
13 either or both of the first 2 plan years
14 ending after August 31, 2008, over a
15 period of not more than 10 years,

16 “(II) provides that for either or
17 both of such 2 plan years the value of
18 plan assets at any time shall not be
19 less than 80 percent or greater than
20 130 percent of the fair market value
21 of such assets at such time, or

22 “(III) makes both changes de-
23 scribed in subclauses (I) and (II) to
24 such method.

1 pected to be substantially the same as
2 such percentage and balances would
3 have been if the benefit increase had
4 not been adopted, or

5 “(ii) the amendment is required as a
6 condition of qualification under part I of
7 subchapter D of chapter 1 of the Internal
8 Revenue Code of 1986 or to comply with
9 other applicable law.

10 “(E) REPORTING.—A plan sponsor of a
11 plan to which this paragraph applies shall in-
12 form the Pension Benefit Guaranty Corporation
13 of such application in such form and manner as
14 the Director of the Pension Benefit Guaranty
15 Corporation may prescribe.”.

16 (2) AMENDMENT TO INTERNAL REVENUE CODE
17 OF 1986.—Section 431(b) is amended by adding at
18 the end the following new paragraph:

19 “(8) SPECIAL RELIEF RULES.—Notwith-
20 standing any other provision of this subsection—

21 “(A) AMORTIZATION OF NET INVESTMENT
22 LOSSES.—

23 “(i) IN GENERAL.—A multiemployer
24 plan with respect to which the solvency
25 test under subparagraph (C) is met may

1 treat the portion of its experience loss at-
2 tributable to the net investment losses (if
3 any) incurred in either or both of the first
4 two plan years ending after August 31,
5 2008, as an item separate from other expe-
6 rience losses, to be amortized in equal an-
7 nual installments (until fully amortized)
8 over a period of 30 plan years.

9 “(ii) NO EXTENSION ALLOWED.—If
10 this subparagraph applies for any plan
11 year, no extension of the amortization pe-
12 riod under clause (i) shall be allowed under
13 subsection (d).

14 “(iii) NET INVESTMENT LOSSES.—For
15 purposes of this subparagraph, net invest-
16 ment losses shall be determined in the
17 manner prescribed by the Secretary, taking
18 into account—

19 “(I) reasonably expected gains
20 that were not realized, and

21 “(II) losses from criminally
22 fraudulent investment arrangements,
23 as determined under rules prescribed
24 by the Secretary that are substantially
25 similar to the rules prescribed by the

1 Secretary for purposes of determining
2 whether a loss from such an arrange-
3 ment is a theft loss for purposes of
4 section 165.

5 “(B) EXPANDED SMOOTHING PERIOD.—

6 “(i) IN GENERAL.—A multiemployer
7 plan with respect to which the solvency
8 test under subparagraph (C) is met may
9 change its asset valuation method in a
10 manner which—

11 “(I) spreads the difference be-
12 tween expected and actual returns for
13 either or both of the first 2 plan years
14 ending after August 31, 2008, over a
15 period of not more than 10 years,

16 “(II) provides that for either or
17 both of such 2 plan years the value of
18 plan assets at any time shall not be
19 less than 80 percent or greater than
20 130 percent of the fair market value
21 of such assets at such time, or

22 “(III) makes both changes de-
23 scribed in subclauses (I) and (II) to
24 such method.

1 “(ii) ASSET VALUATION METHODS.—

2 If this subparagraph applies for any plan

3 year—

4 “(I) the Secretary shall not treat

5 the asset valuation method of the plan

6 as unreasonable solely because of the

7 changes in such method described in

8 clause (i), and

9 “(II) such changes shall be

10 deemed approved by the Secretary

11 under section 302(d)(1) of the Em-

12 ployee Retirement Income Security

13 Act of 1974 and section 412(d)(1).

14 “(iii) AMORTIZATION OF REDUCTION

15 IN UNFUNDED ACCRUED LIABILITY.—If

16 this subparagraph and subparagraph (A)

17 both apply for any plan year, the plan shall

18 treat any reduction in unfunded accrued li-

19 ability resulting from the application of

20 this subparagraph as a separate experience

21 amortization base, to be amortized in equal

22 annual installments (until fully amortized)

23 over a period of 30 plan years rather than

24 the 15-plan-year period such liability would

25 otherwise be amortized over.

1 pected to be substantially the same as
2 such percentage and balances would
3 have been if the benefit increase had
4 not been adopted, or

5 “(ii) the amendment is required as a
6 condition of qualification under part I of
7 subchapter D or to comply with other ap-
8 plicable law.

9 “(E) REPORTING.—A plan sponsor of a
10 plan to which this paragraph applies shall in-
11 form the Pension Benefit Guaranty Corporation
12 of such application in such form and manner as
13 the Director of the Pension Benefit Guaranty
14 Corporation may prescribe.”.

15 (b) EFFECTIVE DATES.—

16 (1) IN GENERAL.—The amendments made by
17 this section shall take effect as of the first day of
18 the first plan year beginning after August 31, 2008,
19 except that any election a plan makes pursuant to
20 this section that affects the plan’s funding standard
21 account for the first plan year beginning after Au-
22 gust 31, 2008, shall be disregarded for purposes of
23 applying the provisions of section 305 of the Em-
24 ployee Retirement Income Security Act of 1974 and

1 section 432 of the Internal Revenue Code of 1986
2 to such plan year.

3 (2) RESTRICTIONS ON BENEFIT INCREASES.—
4 Notwithstanding paragraph (1), the restrictions on
5 plan amendments increasing benefits in sections
6 304(b)(8)(D) of such Act and 431(b)(8)(D) of such
7 Code, as added by this section, shall take effect on
8 the date of enactment of this Act.

9 **TITLE VIII—OFFSET PROVISIONS**
10 **Subtitle A—Foreign Account Tax**
11 **Compliance**

12 **PART I—INCREASED DISCLOSURE OF**
13 **BENEFICIAL OWNERS**

14 **SEC. 801. REPORTING ON CERTAIN FOREIGN ACCOUNTS.**

15 (a) IN GENERAL.—The Internal Revenue Code of
16 1986 is amended by inserting after chapter 3 the following
17 new chapter:

18 **“CHAPTER 4—TAXES TO ENFORCE RE-**
19 **PORTING ON CERTAIN FOREIGN AC-**
20 **COUNTS**

“Sec. 1471. Withholdable payments to foreign financial institutions.

“Sec. 1472. Withholdable payments to other foreign entities.

“Sec. 1473. Definitions.

“Sec. 1474. Special rules.

1 **“SEC. 1471. WITHHOLDABLE PAYMENTS TO FOREIGN FI-**
2 **NANCIAL INSTITUTIONS.**

3 “(a) IN GENERAL.—In the case of any withholdable
4 payment to a foreign financial institution which does not
5 meet the requirements of subsection (b), the withholding
6 agent with respect to such payment shall deduct and with-
7 hold from such payment a tax equal to 30 percent of the
8 amount of such payment.

9 “(b) REPORTING REQUIREMENTS, ETC.—

10 “(1) IN GENERAL.—The requirements of this
11 subsection are met with respect to any foreign finan-
12 cial institution if an agreement is in effect between
13 such institution and the Secretary under which such
14 institution agrees—

15 “(A) to obtain such information regarding
16 each holder of each account maintained by such
17 institution as is necessary to determine which
18 (if any) of such accounts are United States ac-
19 counts,

20 “(B) to comply with such verification and
21 due diligence procedures as the Secretary may
22 require with respect to the identification of
23 United States accounts,

24 “(C) in the case of any United States ac-
25 count maintained by such institution, to report

1 on an annual basis the information described in
2 subsection (c) with respect to such account,

3 “(D) to deduct and withhold a tax equal to
4 30 percent of—

5 “(i) any passthru payment which is
6 made by such institution to a recalcitrant
7 account holder or another foreign financial
8 institution which does not meet the re-
9 quirements of this subsection, and

10 “(ii) in the case of any passthru pay-
11 ment which is made by such institution to
12 a foreign financial institution which has in
13 effect an election under paragraph (3) with
14 respect to such payment, so much of such
15 payment as is allocable to accounts held by
16 recalcitrant account holders or foreign fi-
17 nancial institutions which do not meet the
18 requirements of this subsection,

19 “(E) to comply with requests by the Sec-
20 retary for additional information with respect to
21 any United States account maintained by such
22 institution, and

23 “(F) in any case in which any foreign law
24 would (but for a waiver described in clause (i))
25 prevent the reporting of any information re-

1 ferred to in this subsection or subsection (c)
2 with respect to any United States account
3 maintained by such institution—

4 “(i) to attempt to obtain a valid and
5 effective waiver of such law from each
6 holder of such account, and

7 “(ii) if a waiver described in clause (i)
8 is not obtained from each such holder
9 within a reasonable period of time, to close
10 such account.

11 Any agreement entered into under this subsection
12 may be terminated by the Secretary upon a deter-
13 mination by the Secretary that the foreign financial
14 institution is out of compliance with such agreement.

15 “(2) FINANCIAL INSTITUTIONS DEEMED TO
16 MEET REQUIREMENTS IN CERTAIN CASES.—A for-
17 eign financial institution may be treated by the Sec-
18 retary as meeting the requirements of this sub-
19 section if—

20 “(A) such institution—

21 “(i) complies with such procedures as
22 the Secretary may prescribe to ensure that
23 such institution does not maintain United
24 States accounts, and

1 “(ii) meets such other requirements as
2 the Secretary may prescribe with respect
3 to accounts of other foreign financial insti-
4 tutions maintained by such institution, or
5 “(B) such institution is a member of a
6 class of institutions with respect to which the
7 Secretary has determined that the application
8 of this section is not necessary to carry out the
9 purposes of this section.

10 “(3) ELECTION TO BE WITHHELD UPON RATH-
11 ER THAN WITHHOLD ON PAYMENTS TO RECAL-
12 CITRANT ACCOUNT HOLDERS AND NONPARTICI-
13 PATING FOREIGN FINANCIAL INSTITUTIONS.—In the
14 case of a foreign financial institution which meets
15 the requirements of this subsection and such other
16 requirements as the Secretary may provide and
17 which elects the application of this paragraph—

18 “(A) the requirements of paragraph (1)(D)
19 shall not apply,

20 “(B) the withholding tax imposed under
21 subsection (a) shall apply with respect to any
22 withholdable payment to such institution to the
23 extent such payment is allocable to accounts
24 held by recalcitrant account holders or foreign

1 financial institutions which do not meet the re-
2 quirements of this subsection, and

3 “(C) the agreement described in paragraph
4 (1) shall—

5 “(i) require such institution to notify
6 the withholding agent with respect to each
7 such payment of the institution’s election
8 under this paragraph and such other infor-
9 mation as may be necessary for the with-
10 holding agent to determine the appropriate
11 amount to deduct and withhold from such
12 payment, and

13 “(ii) include a waiver of any right
14 under any treaty of the United States with
15 respect to any amount deducted and with-
16 held pursuant to an election under this
17 paragraph.

18 To the extent provided by the Secretary, the election
19 under this paragraph may be made with respect to
20 certain classes or types of accounts of the foreign fi-
21 nancial institution.

22 “(c) INFORMATION REQUIRED TO BE REPORTED ON
23 UNITED STATES ACCOUNTS.—

24 “(1) IN GENERAL.—The agreement described in
25 subsection (b) shall require the foreign financial in-

1 stitution to report the following with respect to each
2 United States account maintained by such institu-
3 tion:

4 “(A) The name, address, and TIN of each
5 account holder which is a specified United
6 States person and, in the case of any account
7 holder which is a United States owned foreign
8 entity, the name, address, and TIN of each sub-
9 stantial United States owner of such entity.

10 “(B) The account number.

11 “(C) The account balance or value (deter-
12 mined at such time and in such manner as the
13 Secretary may provide).

14 “(D) Except to the extent provided by the
15 Secretary, the gross receipts and gross with-
16 drawals or payments from the account (deter-
17 mined for such period and in such manner as
18 the Secretary may provide).

19 “(2) ELECTION TO BE SUBJECT TO SAME RE-
20 PORTING AS UNITED STATES FINANCIAL INSTITU-
21 TIONS.—In the case of a foreign financial institution
22 which elects the application of this paragraph—

23 “(A) subparagraphs (C) and (D) of para-
24 graph (1) shall not apply, and

1 “(B) the agreement described in subsection
2 (b) shall require such foreign financial institu-
3 tion to report such information with respect to
4 each United States account maintained by such
5 institution as such institution would be required
6 to report under sections 6041, 6042, 6045, and
7 6049 if—

8 “(i) such institution were a United
9 States person, and

10 “(ii) each holder of such account
11 which is a specified United States person
12 or United States owned foreign entity were
13 a natural person and citizen of the United
14 States.

15 An election under this paragraph shall be made
16 at such time, in such manner, and subject to
17 such conditions as the Secretary may provide.

18 “(3) SEPARATE REQUIREMENTS FOR QUALI-
19 FIED INTERMEDIARIES.—In the case of a foreign fi-
20 nancial institution which is treated as a qualified
21 intermediary by the Secretary for purposes of sec-
22 tion 1441 and the regulations issued thereunder, the
23 requirements of this section shall be in addition to
24 any reporting or other requirements imposed by the
25 Secretary for purposes of such treatment.

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

2 “(1) UNITED STATES ACCOUNT.—

3 “(A) IN GENERAL.—The term ‘United
4 States account’ means any financial account
5 which is held by one or more specified United
6 States persons or United States owned foreign
7 entities.

8 “(B) EXCEPTION FOR CERTAIN ACCOUNTS
9 HELD BY INDIVIDUALS.—Unless the foreign fi-
10 nancial institution elects to not have this sub-
11 paragraph apply, such term shall not include
12 any depository account maintained by such fi-
13 nancial institution if—

14 “(i) each holder of such account is a
15 natural person, and

16 “(ii) with respect to each holder of
17 such account, the aggregate value of all de-
18 pository accounts held (in whole or in part)
19 by such holder and maintained by the
20 same financial institution which maintains
21 such account does not exceed \$50,000.

22 To the extent provided by the Secretary, finan-
23 cial institutions which are members of the same
24 expanded affiliated group shall be treated for

1 purposes of clause (ii) as a single financial in-
2 stitution.

3 “(C) ELIMINATION OF DUPLICATIVE RE-
4 PORTING REQUIREMENTS.—Such term shall not
5 include any financial account in a foreign finan-
6 cial institution if—

7 “(i) such account is held by another
8 financial institution which meets the re-
9 quirements of subsection (b), or

10 “(ii) the holder of such account is oth-
11 erwise subject to information reporting re-
12 quirements which the Secretary determines
13 would make the reporting required by this
14 section with respect to United States ac-
15 counts duplicative.

16 “(2) FINANCIAL ACCOUNT.—Except as other-
17 wise provided by the Secretary, the term ‘financial
18 account’ means, with respect to any financial institu-
19 tion—

20 “(A) any depository account maintained by
21 such financial institution,

22 “(B) any custodial account maintained by
23 such financial institution, and

24 “(C) any equity or debt interest in such fi-
25 nancial institution (other than interests which

1 “(B) as a substantial portion of its busi-
2 ness, holds financial assets for the account of
3 others, or

4 “(C) is engaged (or holding itself out as
5 being engaged) primarily in the business of in-
6 vesting, reinvesting, or trading in securities (as
7 defined in section 475(c)(2) without regard to
8 the last sentence thereof), partnership interests,
9 commodities (as defined in section 475(e)(2)),
10 or any interest (including a futures or forward
11 contract or option) in such securities, partner-
12 ship interests, or commodities.

13 “(6) RECALCITRANT ACCOUNT HOLDER.—The
14 term ‘recalcitrant account holder’ means any ac-
15 count holder which—

16 “(A) fails to comply with reasonable re-
17 quests for the information referred to in sub-
18 section (b)(1)(A) or (c)(1)(A), or

19 “(B) fails to provide a waiver described in
20 subsection (b)(1)(F) upon request.

21 “(7) PASSTHRU PAYMENT.—The term ‘passthru
22 payment’ means any withholdable payment or other
23 payment to the extent attributable to a withholdable
24 payment.

25 “(e) AFFILIATED GROUPS.—

1 “(1) IN GENERAL.—The requirements of sub-
2 sections (b) and (c)(1) shall apply—

3 “(A) with respect to United States ac-
4 counts maintained by the foreign financial insti-
5 tution, and

6 “(B) except as otherwise provided by the
7 Secretary, with respect to United States ac-
8 counts maintained by each other foreign finan-
9 cial institution (other than any foreign financial
10 institution which meets the requirements of
11 subsection (b)) which is a member of the same
12 expanded affiliated group as such foreign finan-
13 cial institution.

14 “(2) EXPANDED AFFILIATED GROUP.—For pur-
15 poses of this section, the term ‘expanded affiliated
16 group’ means an affiliated group as defined in sec-
17 tion 1504(a), determined—

18 “(A) by substituting ‘more than 50 per-
19 cent’ for ‘at least 80 percent’ each place it ap-
20 pears, and

21 “(B) without regard to paragraphs (2) and
22 (3) of section 1504(b).

23 A partnership or any other entity (other than a cor-
24 poration) shall be treated as a member of an ex-
25 panded affiliated group if such entity is controlled

1 (within the meaning of section 954(d)(3)) by mem-
2 bers of such group (including any entity treated as
3 a member of such group by reason of this sentence).

4 “(f) EXCEPTION FOR CERTAIN PAYMENTS.—Sub-
5 section (a) shall not apply to any payment to the extent
6 that the beneficial owner of such payment is—

7 “(1) any foreign government, any political sub-
8 division of a foreign government, or any wholly
9 owned agency or instrumentality of any one or more
10 of the foregoing,

11 “(2) any international organization or any
12 wholly owned agency or instrumentality thereof,

13 “(3) any foreign central bank of issue, or

14 “(4) any other class of persons identified by the
15 Secretary for purposes of this subsection as posing
16 a low risk of tax evasion.

17 **“SEC. 1472. WITHHOLDABLE PAYMENTS TO OTHER FOR-**
18 **EIGN ENTITIES.**

19 “(a) IN GENERAL.—In the case of any withholdable
20 payment to a non-financial foreign entity, if—

21 “(1) the beneficial owner of such payment is
22 such entity or any other non-financial foreign entity,
23 and

24 “(2) the requirements of subsection (b) are not
25 met with respect to such beneficial owner,

1 then the withholding agent with respect to such payment
2 shall deduct and withhold from such payment a tax equal
3 to 30 percent of the amount of such payment.

4 “(b) REQUIREMENTS FOR WAIVER OF WITH-
5 HOLDING.—The requirements of this subsection are met
6 with respect to the beneficial owner of a payment if—

7 “(1) such beneficial owner or the payee provides
8 the withholding agent with either—

9 “(A) a certification that such beneficial
10 owner does not have any substantial United
11 States owners, or

12 “(B) the name, address, and TIN of each
13 substantial United States owner of such bene-
14 ficial owner,

15 “(2) the withholding agent does not know, or
16 have reason to know, that any information provided
17 under paragraph (1) is incorrect, and

18 “(3) the withholding agent reports the informa-
19 tion provided under paragraph (1)(B) to the Sec-
20 retary in such manner as the Secretary may provide.

21 “(c) EXCEPTIONS.—Subsection (a) shall not apply
22 to—

23 “(1) except as otherwise provided by the Sec-
24 retary, any payment beneficially owned by—

1 “(A) any corporation the stock of which is
2 regularly traded on an established securities
3 market,

4 “(B) any corporation which is a member of
5 the same expanded affiliated group (as defined
6 in section 1471(e)(2) without regard to the last
7 sentence thereof) as a corporation described in
8 subparagraph (A),

9 “(C) any entity which is organized under
10 the laws of a possession of the United States
11 and which is wholly owned by one or more bona
12 fide residents (as defined in section 937(a)) of
13 such possession,

14 “(D) any foreign government, any political
15 subdivision of a foreign government, or any
16 wholly owned agency or instrumentality of any
17 one or more of the foregoing,

18 “(E) any international organization or any
19 wholly owned agency or instrumentality thereof,

20 “(F) any foreign central bank of issue, or

21 “(G) any other class of persons identified
22 by the Secretary for purposes of this subsection,
23 and

1 “(2) any class of payments identified by the
2 Secretary for purposes of this subsection as posing
3 a low risk of tax evasion.

4 “(d) NON-FINANCIAL FOREIGN ENTITY.—For pur-
5 poses of this section, the term ‘non-financial foreign enti-
6 ty’ means any foreign entity which is not a financial insti-
7 tution (as defined in section 1471(d)(5)).

8 **“SEC. 1473. DEFINITIONS.**

9 “For purposes of this chapter—

10 “(1) WITHHOLDABLE PAYMENT.—Except as
11 otherwise provided by the Secretary—

12 “(A) IN GENERAL.—The term
13 ‘withholdable payment’ means—

14 “(i) any payment of interest (includ-
15 ing any original issue discount), dividends,
16 rents, salaries, wages, premiums, annuities,
17 compensations, remunerations, emolu-
18 ments, and other fixed or determinable an-
19 nual or periodical gains, profits, and in-
20 come, if such payment is from sources
21 within the United States, and

22 “(ii) any gross proceeds from the sale
23 or other disposition of any property of a
24 type which can produce interest or divi-

1 dends from sources within the United
2 States.

3 “(B) EXCEPTION FOR INCOME CONNECTED
4 WITH UNITED STATES BUSINESS.—Such term
5 shall not include any item of income which is
6 taken into account under section 871(b)(1) or
7 882(a)(1) for the taxable year.

8 “(C) SPECIAL RULE FOR SOURCING INTER-
9 EST PAID BY FOREIGN BRANCHES OF DOMESTIC
10 FINANCIAL INSTITUTIONS.—Subparagraph (B)
11 of section 861(a)(1) shall not apply.

12 “(2) SUBSTANTIAL UNITED STATES OWNER.—

13 “(A) IN GENERAL.—The term ‘substantial
14 United States owner’ means—

15 “(i) with respect to any corporation,
16 any specified United States person which
17 owns, directly or indirectly, more than 10
18 percent of the stock of such corporation
19 (by vote or value),

20 “(ii) with respect to any partnership,
21 any specified United States person which
22 owns, directly or indirectly, more than 10
23 percent of the profits interests or capital
24 interests in such partnership, and

25 “(iii) in the case of a trust—

1 “(I) any specified United States
2 person treated as an owner of any
3 portion of such trust under subpart E
4 of part I of subchapter J of chapter
5 1, and

6 “(II) to the extent provided by
7 the Secretary in regulations or other
8 guidance, any specified United States
9 person which holds, directly or indi-
10 rectly, more than 10 percent of the
11 beneficial interests of such trust.

12 “(B) SPECIAL RULE FOR INVESTMENT VE-
13 HICLES.—In the case of any financial institu-
14 tion described in section 1471(d)(5)(C), clauses
15 (i), (ii), and (iii) of subparagraph (A) shall be
16 applied by substituting ‘0 percent’ for ‘10 per-
17 cent’.

18 “(3) SPECIFIED UNITED STATES PERSON.—Ex-
19 cept as otherwise provided by the Secretary, the
20 term ‘specified United States person’ means any
21 United States person other than—

22 “(A) any corporation the stock of which is
23 regularly traded on an established securities
24 market,

1 “(B) any corporation which is a member of
2 the same expanded affiliated group (as defined
3 in section 1471(e)(2) without regard to the last
4 sentence thereof) as a corporation the stock of
5 which is regularly traded on an established se-
6 curities market,

7 “(C) any organization exempt from tax-
8 ation under section 501(a) or an individual re-
9 tirement plan,

10 “(D) the United States or any wholly
11 owned agency or instrumentality thereof,

12 “(E) any State, the District of Columbia,
13 any possession of the United States, any polit-
14 ical subdivision of any of the foregoing, or any
15 wholly owned agency or instrumentality of any
16 one or more of the foregoing,

17 “(F) any bank (as defined in section 581),

18 “(G) any real estate investment trust (as
19 defined in section 856),

20 “(H) any regulated investment company
21 (as defined in section 851),

22 “(I) any common trust fund (as defined in
23 section 584(a)), and

24 “(J) any trust which—

1 “(i) is exempt from tax under section
2 664(e), or

3 “(ii) is described in section
4 4947(a)(1).

5 “(4) WITHHOLDING AGENT.—The term ‘with-
6 holding agent’ means all persons, in whatever capac-
7 ity acting, having the control, receipt, custody, dis-
8 posal, or payment of any withholdable payment.

9 “(5) FOREIGN ENTITY.—The term ‘foreign en-
10 tity’ means any entity which is not a United States
11 person.

12 **“SEC. 1474. SPECIAL RULES.**

13 “(a) LIABILITY FOR WITHHELD TAX.—Every person
14 required to deduct and withhold any tax under this chap-
15 ter is hereby made liable for such tax and is hereby indem-
16 nified against the claims and demands of any person for
17 the amount of any payments made in accordance with the
18 provisions of this chapter.

19 “(b) CREDITS AND REFUNDS.—

20 “(1) IN GENERAL.—Except as provided in para-
21 graph (2), the determination of whether any tax de-
22 ducted and withheld under this chapter results in an
23 overpayment by the beneficial owner of the payment
24 to which such tax is attributable shall be made as

1 if such tax had been deducted and withheld under
2 subchapter A of chapter 3.

3 “(2) SPECIAL RULE WHERE FOREIGN FINAN-
4 CIAL INSTITUTION IS BENEFICIAL OWNER OF PAY-
5 MENT.—

6 “(A) IN GENERAL.—In the case of any tax
7 properly deducted and withheld under section
8 1471 from a specified financial institution pay-
9 ment—

10 “(i) if the foreign financial institution
11 referred to in subparagraph (B) with re-
12 spect to such payment is entitled to a re-
13 duced rate of tax with respect to such pay-
14 ment by reason of any treaty obligation of
15 the United States—

16 “(I) the amount of any credit or
17 refund with respect to such tax shall
18 not exceed the amount of credit or re-
19 fund attributable to such reduction in
20 rate, and

21 “(II) no interest shall be allowed
22 or paid with respect to such credit or
23 refund, and

24 “(ii) if such foreign financial institu-
25 tion is not so entitled, no credit or refund

1 shall be allowed or paid with respect to
2 such tax.

3 “(B) SPECIFIED FINANCIAL INSTITUTION
4 PAYMENT.—The term ‘specified financial insti-
5 tution payment’ means any payment if the ben-
6 eficial owner of such payment is a foreign fi-
7 nancial institution.

8 “(3) REQUIREMENT TO IDENTIFY SUBSTANTIAL
9 UNITED STATES OWNERS.—No credit or refund shall
10 be allowed or paid with respect to any tax properly
11 deducted and withheld under this chapter unless the
12 beneficial owner of the payment provides the Sec-
13 retary such information as the Secretary may re-
14 quire to determine whether such beneficial owner is
15 a United States owned foreign entity (as defined in
16 section 1471(d)(3)) and the identity of any substan-
17 tial United States owners of such entity.

18 “(c) CONFIDENTIALITY OF INFORMATION.—

19 “(1) IN GENERAL.—For purposes of this chap-
20 ter, rules similar to the rules of section 3406(f) shall
21 apply.

22 “(2) DISCLOSURE OF LIST OF PARTICIPATING
23 FOREIGN FINANCIAL INSTITUTIONS PERMITTED.—
24 The identity of a foreign financial institution which
25 meets the requirements of section 1471(b) shall not

1 be treated as return information for purposes of sec-
2 tion 6103.

3 “(d) COORDINATION WITH OTHER WITHHOLDING
4 PROVISIONS.—The Secretary shall provide for the coordi-
5 nation of this chapter with other withholding provisions
6 under this title, including providing for the proper cred-
7 iting of amounts deducted and withheld under this chapter
8 against amounts required to be deducted and withheld
9 under such other provisions.

10 “(e) TREATMENT OF WITHHOLDING UNDER AGREE-
11 MENTS.—Any tax deducted and withheld pursuant to an
12 agreement described in section 1471(b) shall be treated
13 for purposes of this title as a tax deducted and withheld
14 by a withholding agent under section 1471(a).

15 “(f) REGULATIONS.—The Secretary shall prescribe
16 such regulations or other guidance as may be necessary
17 or appropriate to carry out the purposes of, and prevent
18 the avoidance of, this chapter.”.

19 (b) SPECIAL RULE FOR INTEREST ON OVERPAY-
20 MENTS.—Subsection (e) of section 6611 is amended by
21 adding at the end the following new paragraph:

22 “(4) CERTAIN WITHHOLDING TAXES.—In the
23 case of any overpayment resulting from tax deducted
24 and withheld under chapter 3 or 4, paragraphs (1),

1 (2), and (3) shall be applied by substituting ‘180
2 days’ for ‘45 days’ each place it appears.”.

3 (c) CONFORMING AMENDMENTS.—

4 (1) Section 6414 is amended by inserting “or
5 4” after “chapter 3”.

6 (2) Paragraph (1) of section 6501(b) is amend-
7 ed by inserting “4,” after “chapter 3,”.

8 (3) Paragraph (2) of section 6501(b) is amend-
9 ed—

10 (A) by inserting “4,” after “chapter 3,” in
11 the text thereof, and

12 (B) by striking “TAXES AND TAX IMPOSED
13 BY CHAPTER 3” in the heading thereof and in-
14 serting “AND WITHHOLDING TAXES”.

15 (4) Paragraph (3) of section 6513(b) is amend-
16 ed—

17 (A) by inserting “or 4” after “chapter 3”,
18 and

19 (B) by inserting “or 1474(b)” after “sec-
20 tion 1462”.

21 (5) Subsection (c) of section 6513 is amended
22 by inserting “4,” after “chapter 3,”.

23 (6) Paragraph (1) of section 6724(d) is amend-
24 ed by inserting “under chapter 4 or” after “filed
25 with the Secretary” in the last sentence thereof.

1 (7) Paragraph (2) of section 6724(d) is amend-
2 ed by inserting “or 4” after “chapter 3”.

3 (8) The table of chapters of the Internal Rev-
4 enue Code of 1986 is amended by adding at the end
5 the following new item:

“CHAPTER 4. TAXES TO ENFORCE REPORTING ON CERTAIN FOREIGN
ACCOUNTS.”.

6 (d) EFFECTIVE DATE.—

7 (1) IN GENERAL.—Except as otherwise pro-
8 vided in this subsection, the amendments made by
9 this section shall apply to payments made after De-
10 cember 31, 2012.

11 (2) GRANDFATHERED TREATMENT OF OUT-
12 STANDING OBLIGATIONS.—The amendments made
13 by this section shall not require any amount to be
14 deducted or withheld from any payment under any
15 obligation outstanding on the date which is 2 years
16 after the date of the enactment of this Act or from
17 the gross proceeds from any disposition of such an
18 obligation.

19 (3) INTEREST ON OVERPAYMENTS.—The
20 amendment made by subsection (b) shall apply—

21 (A) in the case of such amendment’s appli-
22 cation to paragraph (1) of section 6611(e) of
23 the Internal Revenue Code of 1986, to returns
24 the due date for which (determined without re-

1 gard to extensions) is after the date of the en-
2 actment of this Act,

3 (B) in the case of such amendment's appli-
4 cation to paragraph (2) of such section, to
5 claims for credit or refund of any overpayment
6 filed after the date of the enactment of this Act
7 (regardless of the taxable period to which such
8 refund relates), and

9 (C) in the case of such amendment's appli-
10 cation to paragraph (3) of such section, to re-
11 funds paid after the date of the enactment of
12 this Act (regardless of the taxable period to
13 which such refund relates).

14 **SEC. 802. REPEAL OF CERTAIN FOREIGN EXCEPTIONS TO**
15 **REGISTERED BOND REQUIREMENTS.**

16 (a) REPEAL OF EXCEPTION TO DENIAL OF DEDUC-
17 TION FOR INTEREST ON NON-REGISTERED BONDS.—

18 (1) IN GENERAL.—Paragraph (2) of section
19 163(f) is amended by striking subparagraph (B) and
20 by redesignating subparagraph (C) as subparagraph
21 (B).

22 (2) CONFORMING AMENDMENTS.—

23 (A) Paragraph (2) of section 149(a) is
24 amended by inserting “or” at the end of sub-
25 paragraph (A), by striking “, or” at the end of

1 subparagraph (B) and inserting a period, and
2 by striking subparagraph (C).

3 (B) Subparagraph (A) of section 163(f)(2)
4 is amended by inserting “or” at the end of
5 clause (ii), by striking “, or” at the end of
6 clause (iii) and inserting a period, and by strik-
7 ing clause (iv).

8 (C) Subparagraph (B) of section 163(f)(2),
9 as redesignated by paragraph (1), is amended—

10 (i) by striking “, and subparagraph
11 (B),” in the matter preceding clause (i),
12 and

13 (ii) by amending clause (i) to read as
14 follows:

15 “(i) such obligation is of a type which
16 the Secretary has determined by regula-
17 tions to be used frequently in avoiding
18 Federal taxes, and”.

19 (D) Sections 165(j)(2)(A) and 1287(b)(1)
20 are each amended by striking “except that
21 clause (iv) of subparagraph (A), and subpara-
22 graph (B), of such section shall not apply”.

23 (b) REPEAL OF TREATMENT AS PORTFOLIO DEBT.—

24 (1) IN GENERAL.—Paragraph (2) of section
25 871(h) is amended to read as follows:

1 “(2) PORTFOLIO INTEREST.—For purposes of
2 this subsection, the term ‘portfolio interest’ means
3 any interest (including original issue discount)
4 which—

5 “(A) would be subject to tax under sub-
6 section (a) but for this subsection, and

7 “(B) is paid on an obligation—

8 “(i) which is in registered form, and

9 “(ii) with respect to which—

10 “(I) the United States person
11 who would otherwise be required to
12 deduct and withhold tax from such in-
13 terest under section 1441(a) receives
14 a statement (which meets the require-
15 ments of paragraph (5)) that the ben-
16 efiticial owner of the obligation is not a
17 United States person, or

18 “(II) the Secretary has deter-
19 mined that such a statement is not re-
20 quired in order to carry out the pur-
21 poses of this subsection.”.

22 (2) CONFORMING AMENDMENTS.—

23 (A) Section 871(h)(3)(A) is amended by
24 striking “subparagraph (A) or (B) of”.

1 (B) Paragraph (2) of section 881(c) is
2 amended to read as follows:

3 “(2) PORTFOLIO INTEREST.—For purposes of
4 this subsection, the term ‘portfolio interest’ means
5 any interest (including original issue discount)
6 which—

7 “(A) would be subject to tax under sub-
8 section (a) but for this subsection, and

9 “(B) is paid on an obligation—

10 “(i) which is in registered form, and

11 “(ii) with respect to which—

12 “(I) the person who would other-
13 wise be required to deduct and with-
14 hold tax from such interest under sec-
15 tion 1442(a) receives a statement
16 which meets the requirements of sec-
17 tion 871(h)(5) that the beneficial
18 owner of the obligation is not a
19 United States person, or

20 “(II) the Secretary has deter-
21 mined that such a statement is not re-
22 quired in order to carry out the pur-
23 poses of this subsection.”.

24 (c) DEMATERIALIZED BOOK ENTRY SYSTEMS
25 TREATED AS REGISTERED FORM.—Paragraph (3) of sec-

1 tion 163(f) is amended by inserting “, except that a dema-
2 terialized book entry system or other book entry system
3 specified by the Secretary shall be treated as a book entry
4 system described in such section” before the period at the
5 end.

6 (d) REPEAL OF EXCEPTION TO REQUIREMENT THAT
7 TREASURY OBLIGATIONS BE IN REGISTERED FORM.—

8 (1) IN GENERAL.—Subsection (g) of section
9 3121 of title 31, United States Code, is amended by
10 striking paragraph (2) and by redesignating para-
11 graphs (3) and (4) as paragraphs (2) and (3), re-
12 spectively.

13 (2) CONFORMING AMENDMENTS.—Paragraph
14 (1) of section 3121(g) of such title is amended—

15 (A) by adding “or” at the end of subpara-
16 graph (A),

17 (B) by striking “; or” at the end of sub-
18 paragraph (B) and inserting a period, and

19 (C) by striking subparagraph (C).

20 (e) PRESERVATION OF EXCEPTION FOR EXCISE TAX
21 PURPOSES.—Paragraph (1) of section 4701(b) is amend-
22 ed to read as follows:

23 “(1) REGISTRATION-REQUIRED OBLIGATION.—

24 “(A) IN GENERAL.—The term ‘registra-
25 tion-required obligation’ has the same meaning

1 as when used in section 163(f), except that
2 such term shall not include any obligation
3 which—

4 “(i) is required to be registered under
5 section 149(a), or

6 “(ii) is described in subparagraph (B).

7 “(B) CERTAIN OBLIGATIONS NOT IN-
8 CLUDED.—An obligation is described in this
9 subparagraph if—

10 “(i) there are arrangements reason-
11 ably designed to ensure that such obliga-
12 tion will be sold (or resold in connection
13 with the original issue) only to a person
14 who is not a United States person,

15 “(ii) interest on such obligation is
16 payable only outside the United States and
17 its possessions, and

18 “(iii) on the face of such obligation
19 there is a statement that any United
20 States person who holds such obligation
21 will be subject to limitations under the
22 United States income tax laws.”.

23 (f) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to obligations issued after the date

1 which is 2 years after the date of the enactment of this
2 Act.

3 **PART II—UNDER REPORTING WITH RESPECT TO**
4 **FOREIGN ASSETS**

5 **SEC. 811. DISCLOSURE OF INFORMATION WITH RESPECT**
6 **TO FOREIGN FINANCIAL ASSETS.**

7 (a) IN GENERAL.—Subpart A of part III of sub-
8 chapter A of chapter 61 is amended by inserting after sec-
9 tion 6038C the following new section:

10 **“SEC. 6038D. INFORMATION WITH RESPECT TO FOREIGN FI-**
11 **NANCIAL ASSETS.**

12 “(a) IN GENERAL.—Any individual who, during any
13 taxable year, holds any interest in a specified foreign fi-
14 nancial asset shall attach to such person’s return of tax
15 imposed by subtitle A for such taxable year the informa-
16 tion described in subsection (c) with respect to each such
17 asset if the aggregate value of all such assets exceeds
18 \$50,000 (or such higher dollar amount as the Secretary
19 may prescribe).

20 “(b) SPECIFIED FOREIGN FINANCIAL ASSETS.—For
21 purposes of this section, the term ‘specified foreign finan-
22 cial asset’ means—

23 “(1) any financial account (as defined in section
24 1471(d)(2)) maintained by a foreign financial insti-
25 tution (as defined in section 1471(d)(4)), and

1 “(2) any of the following assets which are not
2 held in an account maintained by a financial institu-
3 tion (as defined in section 1471(d)(5))—

4 “(A) any stock or security issued by a per-
5 son other than a United States person,

6 “(B) any financial instrument or contract
7 held for investment that has an issuer or
8 counterparty which is other than a United
9 States person, and

10 “(C) any interest in a foreign entity (as
11 defined in section 1473).

12 “(c) REQUIRED INFORMATION.—The information de-
13 scribed in this subsection with respect to any asset is:

14 “(1) In the case of any account, the name and
15 address of the financial institution in which such ac-
16 count is maintained and the number of such ac-
17 count.

18 “(2) In the case of any stock or security, the
19 name and address of the issuer and such informa-
20 tion as is necessary to identify the class or issue of
21 which such stock or security is a part.

22 “(3) In the case of any other instrument, con-
23 tract, or interest—

1 “(A) such information as is necessary to
2 identify such instrument, contract, or interest,
3 and

4 “(B) the names and addresses of all
5 issuers and counterparties with respect to such
6 instrument, contract, or interest.

7 “(4) The maximum value of the asset during
8 the taxable year.

9 “(d) PENALTY FOR FAILURE TO DISCLOSE.—

10 “(1) IN GENERAL.—If any individual fails to
11 furnish the information described in subsection (c)
12 with respect to any taxable year at the time and in
13 the manner described in subsection (a), such person
14 shall pay a penalty of \$10,000.

15 “(2) INCREASE IN PENALTY WHERE FAILURE
16 CONTINUES AFTER NOTIFICATION.—If any failure
17 described in paragraph (1) continues for more than
18 90 days after the day on which the Secretary mails
19 notice of such failure to the individual, such indi-
20 vidual shall pay a penalty (in addition to the pen-
21 alties under paragraph (1)) of \$10,000 for each 30-
22 day period (or fraction thereof) during which such
23 failure continues after the expiration of such 90-day
24 period. The penalty imposed under this paragraph
25 with respect to any failure shall not exceed \$50,000.

1 “(e) PRESUMPTION THAT VALUE OF SPECIFIED
2 FOREIGN FINANCIAL ASSETS EXCEEDS DOLLAR
3 THRESHOLD.—If—

4 “(1) the Secretary determines that an indi-
5 vidual has an interest in one or more specified for-
6 eign financial assets, and

7 “(2) such individual does not provide sufficient
8 information to demonstrate the aggregate value of
9 such assets,

10 then the aggregate value of such assets shall be treated
11 as being in excess of \$50,000 (or such higher dollar
12 amount as the Secretary prescribes for purposes of sub-
13 section (a)) for purposes of assessing the penalties im-
14 posed under this section.

15 “(f) APPLICATION TO CERTAIN ENTITIES.—To the
16 extent provided by the Secretary in regulations or other
17 guidance, the provisions of this section shall apply to any
18 domestic entity which is formed or availed of for purposes
19 of holding, directly or indirectly, specified foreign financial
20 assets, in the same manner as if such entity were an indi-
21 vidual.

22 “(g) REASONABLE CAUSE EXCEPTION.—No penalty
23 shall be imposed by this section on any failure which is
24 shown to be due to reasonable cause and not due to willful
25 neglect. The fact that a foreign jurisdiction would impose

1 a civil or criminal penalty on the taxpayer (or any other
2 person) for disclosing the required information is not rea-
3 sonable cause.

4 “(h) REGULATIONS.—The Secretary shall prescribe
5 such regulations or other guidance as may be necessary
6 or appropriate to carry out the purposes of this section,
7 including regulations or other guidance which provide ap-
8 propriate exceptions from the application of this section
9 in the case of—

10 “(1) classes of assets identified by the Sec-
11 retary, including any assets with respect to which
12 the Secretary determines that disclosure under this
13 section would be duplicative of other disclosures,

14 “(2) nonresident aliens, and

15 “(3) bona fide residents of any possession of
16 the United States.”.

17 (b) CLERICAL AMENDMENT.—The table of sections
18 for subpart A of part III of subchapter A of chapter 61
19 is amended by inserting after the item relating to section
20 6038C the following new item:

“Sec. 6038D. Information with respect to foreign financial assets.”.

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

1 **SEC. 812. PENALTIES FOR UNDERPAYMENTS ATTRIB-**
2 **UTABLE TO UNDISCLOSED FOREIGN FINAN-**
3 **CIAL ASSETS.**

4 (a) IN GENERAL.—Section 6662, as amended by this
5 Act, is amended—

6 (1) in subsection (b), by inserting after para-
7 graph (6) the following new paragraph:

8 “(7) Any undisclosed foreign financial asset un-
9 derstatement.”, and

10 (2) by adding at the end the following new sub-
11 section:

12 “(j) UNDISCLOSED FOREIGN FINANCIAL ASSET UN-
13 DERSTATEMENT.—

14 “(1) IN GENERAL.—For purposes of this sec-
15 tion, the term ‘undisclosed foreign financial asset
16 understatement’ means, for any taxable year, the
17 portion of the understatement for such taxable year
18 which is attributable to any transaction involving an
19 undisclosed foreign financial asset.

20 “(2) UNDISCLOSED FOREIGN FINANCIAL
21 ASSET.—For purposes of this subsection, the term
22 ‘undisclosed foreign financial asset’ means, with re-
23 spect to any taxable year, any asset with respect to
24 which information was required to be provided under
25 section 6038, 6038B, 6038D, 6046A, or 6048 for
26 such taxable year but was not provided by the tax-

1 payer as required under the provisions of those sec-
2 tions.

3 “(3) INCREASE IN PENALTY FOR UNDISCLOSED
4 FOREIGN FINANCIAL ASSET UNDERSTATEMENTS.—
5 In the case of any portion of an underpayment
6 which is attributable to any undisclosed foreign fi-
7 nancial asset understatement, subsection (a) shall be
8 applied with respect to such portion by substituting
9 ‘40 percent’ for ‘20 percent’.”

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

13 **SEC. 813. MODIFICATION OF STATUTE OF LIMITATIONS**
14 **FOR SIGNIFICANT OMISSION OF INCOME IN**
15 **CONNECTION WITH FOREIGN ASSETS.**

16 (a) EXTENSION OF STATUTE OF LIMITATIONS.—

17 (1) IN GENERAL.—Paragraph (1) of section
18 6501(e) is amended by redesignating subparagraphs
19 (A) and (B) as subparagraphs (B) and (C), respec-
20 tively, and by inserting before subparagraph (B) (as
21 so redesignated) the following new subparagraph:

22 “(A) GENERAL RULE.—If the taxpayer
23 omits from gross income an amount properly
24 includible therein and—

1 “(i) such amount is in excess of 25
2 percent of the amount of gross income
3 stated in the return, or

4 “(ii) such amount—

5 “(I) is attributable to one or
6 more assets with respect to which in-
7 formation is required to be reported
8 under section 6038D (or would be so
9 required if such section were applied
10 without regard to the dollar threshold
11 specified in subsection (a) thereof and
12 without regard to any exceptions pro-
13 vided pursuant to subsection (h)(1)
14 thereof), and

15 “(II) is in excess of \$5,000,
16 the tax may be assessed, or a proceeding in
17 court for collection of such tax may be begun
18 without assessment, at any time within 6 years
19 after the return was filed.”.

20 (2) CONFORMING AMENDMENTS.—

21 (A) Subparagraph (B) of section
22 6501(e)(1), as redesignated by paragraph (1),
23 is amended by striking all that precedes clause
24 (i) and inserting the following:

1 “(B) DETERMINATION OF GROSS IN-
2 COME.—For purposes of subparagraph (A)—”.

3 (B) Paragraph (2) of section 6229(c) is
4 amended by striking “which is in excess of 25
5 percent of the amount of gross income stated in
6 its return” and inserting “and such amount is
7 described in clause (i) or (ii) of section
8 6501(e)(1)(A)”.

9 (b) ADDITIONAL REPORTS SUBJECT TO EXTENDED
10 PERIOD.—Paragraph (8) of section 6501(c) is amended—

11 (1) by inserting “pursuant to an election under
12 section 1295(b) or” before “under section 6038”,

13 (2) by inserting “1298(f),” before “6038”, and

14 (3) by inserting “6038D,” after “6038B,”.

15 (c) CLARIFICATIONS RELATED TO FAILURE TO DIS-
16 CLOSE FOREIGN TRANSFERS.—Paragraph (8) of section
17 6501(c) is amended by striking “event” and inserting “tax
18 return, event,”.

19 (d) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to—

21 (1) returns filed after the date of the enactment
22 of this Act; and

23 (2) returns filed on or before such date if the
24 period specified in section 6501 of the Internal Rev-
25 enue Code of 1986 (determined without regard to

1 such amendments) for assessment of such taxes has
2 not expired as of such date.

3 **PART III—OTHER DISCLOSURE PROVISIONS**

4 **SEC. 821. REPORTING OF ACTIVITIES WITH RESPECT TO**
5 **PASSIVE FOREIGN INVESTMENT COMPANIES.**

6 (a) IN GENERAL.—Section 1298 is amended by re-
7 designating subsection (f) as subsection (g) and by insert-
8 ing after subsection (e) the following new subsection:

9 “(f) REPORTING REQUIREMENT.—Except as other-
10 wise provided by the Secretary, each United States person
11 who is a shareholder of a passive foreign investment com-
12 pany shall file an annual report containing such informa-
13 tion as the Secretary may require.”.

14 (b) CONFORMING AMENDMENT.—Subsection (e) of
15 section 1291 is amended by striking “, (d), and (f)” and
16 inserting “and (d)”.

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

1 **SEC. 822. SECRETARY PERMITTED TO REQUIRE FINANCIAL**
2 **INSTITUTIONS TO FILE CERTAIN RETURNS**
3 **RELATED TO WITHHOLDING ON FOREIGN**
4 **TRANSFERS ELECTRONICALLY.**

5 (a) **IN GENERAL.**—Subsection (e) of section 6011 is
6 amended by adding at the end the following new para-
7 graph:

8 “(4) **SPECIAL RULE FOR RETURNS FILED BY**
9 **FINANCIAL INSTITUTIONS WITH RESPECT TO WITH-**
10 **HOLDING ON FOREIGN TRANSFERS.**—The numerical
11 limitation under paragraph (2)(A) shall not apply to
12 any return filed by a financial institution (as defined
13 in section 1471(d)(5)) with respect to tax for which
14 such institution is made liable under section 1461 or
15 1474(a).”.

16 (b) **CONFORMING AMENDMENT.**—Subsection (c) of
17 section 6724 is amended by inserting “or with respect to
18 a return described in section 6011(e)(4)” before the end
19 period.

20 (c) **EFFECTIVE DATE.**—The amendment made by
21 this section shall apply to returns the due date for which
22 (determined without regard to extensions) is after the date
23 of the enactment of this Act.

1 **PART IV—PROVISIONS RELATED TO FOREIGN**

2 **TRUSTS**

3 **SEC. 831. CLARIFICATIONS WITH RESPECT TO FOREIGN**

4 **TRUSTS WHICH ARE TREATED AS HAVING A**

5 **UNITED STATES BENEFICIARY.**

6 (a) IN GENERAL.—Paragraph (1) of section 679(c)
7 is amended by adding at the end the following:

8 “For purposes of subparagraph (A), an amount
9 shall be treated as accumulated for the benefit of a
10 United States person even if the United States per-
11 son’s interest in the trust is contingent on a future
12 event.”.

13 (b) CLARIFICATION REGARDING DISCRETION TO
14 IDENTIFY BENEFICIARIES.—Subsection (c) of section 679
15 is amended by adding at the end the following new para-
16 graph:

17 “(4) SPECIAL RULE IN CASE OF DISCRETION TO
18 IDENTIFY BENEFICIARIES.—For purposes of para-
19 graph (1)(A), if any person has the discretion (by
20 authority given in the trust agreement, by power of
21 appointment, or otherwise) of making a distribution
22 from the trust to, or for the benefit of, any person,
23 such trust shall be treated as having a beneficiary
24 who is a United States person unless—

1 “(A) the terms of the trust specifically
2 identify the class of persons to whom such dis-
3 tributions may be made, and

4 “(B) none of those persons are United
5 States persons during the taxable year.”.

6 (c) CLARIFICATION THAT CERTAIN AGREEMENTS
7 AND UNDERSTANDINGS ARE TERMS OF THE TRUST.—
8 Subsection (c) of section 679, as amended by subsection
9 (b), is amended by adding at the end the following new
10 paragraph:

11 “(5) CERTAIN AGREEMENTS AND UNDER-
12 STANDINGS TREATED AS TERMS OF THE TRUST.—
13 For purposes of paragraph (1)(A), if any United
14 States person who directly or indirectly transfers
15 property to the trust is directly or indirectly involved
16 in any agreement or understanding (whether writ-
17 ten, oral, or otherwise) that may result in the in-
18 come or corpus of the trust being paid or accumu-
19 lated to or for the benefit of a United States person,
20 such agreement or understanding shall be treated as
21 a term of the trust.”.

1 **SEC. 832. PRESUMPTION THAT FOREIGN TRUST HAS**
2 **UNITED STATES BENEFICIARY.**

3 (a) **IN GENERAL.**—Section 679 is amended by redес-
4 ignating subsection (d) as subsection (e) and inserting
5 after subsection (e) the following new subsection:

6 “(d) **PRESUMPTION THAT FOREIGN TRUST HAS**
7 **UNITED STATES BENEFICIARY.**—If a United States per-
8 son directly or indirectly transfers property to a foreign
9 trust (other than a trust described in section
10 6048(a)(3)(B)(ii)), the Secretary may treat such trust as
11 having a United States beneficiary for purposes of apply-
12 ing this section to such transfer unless such person—

13 “(1) submits such information to the Secretary
14 as the Secretary may require with respect to such
15 transfer, and

16 “(2) demonstrates to the satisfaction of the
17 Secretary that such trust satisfies the requirements
18 of subparagraphs (A) and (B) of subsection (c)(1).”.

19 (b) **EFFECTIVE DATE.**—The amendments made by
20 this section shall apply to transfers of property after the
21 date of the enactment of this Act.

22 **SEC. 833. UNCOMPENSATED USE OF TRUST PROPERTY.**

23 (a) **IN GENERAL.**—Paragraph (1) of section 643(i)
24 is amended—

1 (1) by striking “directly or indirectly to” and
2 inserting “(or permits the use of any other trust
3 property) directly or indirectly to or by”, and

4 (2) by inserting “(or the fair market value of
5 the use of such property)” after “the amount of
6 such loan”.

7 (b) EXCEPTION FOR COMPENSATED USE.—Para-
8 graph (2) of section 643(i) is amended by adding at the
9 end the following new subparagraph:

10 “(E) EXCEPTION FOR COMPENSATED USE
11 OF PROPERTY.—In the case of the use of any
12 trust property other than a loan of cash or
13 marketable securities, paragraph (1) shall not
14 apply to the extent that the trust is paid the
15 fair market value of such use within a reason-
16 able period of time of such use.”.

17 (c) APPLICATION TO GRANTOR TRUSTS.—Subsection
18 (c) of section 679, as amended by this Act, is amended
19 by adding at the end the following new paragraph:

20 “(6) UNCOMPENSATED USE OF TRUST PROP-
21 ERTY TREATED AS A PAYMENT.—For purposes of
22 this subsection, a loan of cash or marketable securi-
23 ties (or the use of any other trust property) directly
24 or indirectly to or by any United States person
25 (whether or not a beneficiary under the terms of the

1 trust) shall be treated as paid or accumulated for
2 the benefit of a United States person. The preceding
3 sentence shall not apply to the extent that the
4 United States person repays the loan at a market
5 rate of interest (or pays the fair market value of the
6 use of such property) within a reasonable period of
7 time.”.

8 (d) CONFORMING AMENDMENTS.—Paragraph (3) of
9 section 643(i) is amended—

10 (1) by inserting “(or use of property)” after “If
11 any loan”,

12 (2) by inserting “or the return of such prop-
13 erty” before “shall be disregarded”, and

14 (3) by striking “REGARDING LOAN PRINCIPAL”
15 in the heading thereof.

16 (e) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to loans made, and uses of prop-
18 erty, after the date of the enactment of this Act.

19 **SEC. 834. REPORTING REQUIREMENT OF UNITED STATES**
20 **OWNERS OF FOREIGN TRUSTS.**

21 (a) IN GENERAL.—Paragraph (1) of section 6048(b)
22 is amended by inserting “shall submit such information
23 as the Secretary may prescribe with respect to such trust
24 for such year and” before “shall be responsible to ensure”.

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

4 **SEC. 835. MINIMUM PENALTY WITH RESPECT TO FAILURE**
5 **TO REPORT ON CERTAIN FOREIGN TRUSTS.**

6 (a) IN GENERAL.—Subsection (a) of section 6677 is
7 amended—

8 (1) by inserting “the greater of \$10,000 or” be-
9 fore “35 percent”, and

10 (2) by striking the last sentence and inserting
11 the following: “At such time as the gross reportable
12 amount with respect to any failure can be deter-
13 mined by the Secretary, any subsequent penalty im-
14 posed under this subsection with respect to such fail-
15 ure shall be reduced as necessary to assure that the
16 aggregate amount of such penalties do not exceed
17 the gross reportable amount (and to the extent that
18 such aggregate amount already exceeds the gross re-
19 reportable amount the Secretary shall refund such ex-
20 cess to the taxpayer).”

21 (b) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to notices and returns required to
23 be filed after December 31, 2009.

1 **PART V—SUBSTITUTE DIVIDENDS AND DIVIDEND**
2 **EQUIVALENT PAYMENTS RECEIVED BY FOR-**
3 **IGN PERSONS TREATED AS DIVIDENDS**

4 **SEC. 841. SUBSTITUTE DIVIDENDS AND DIVIDEND EQUIVA-**
5 **LENT PAYMENTS RECEIVED BY FOREIGN**
6 **PERSONS TREATED AS DIVIDENDS.**

7 (a) IN GENERAL.—Section 871 is amended by redess-
8 ignating subsection (l) as subsection (m) and by inserting
9 after subsection (k) the following new subsection:

10 “(l) TREATMENT OF DIVIDEND EQUIVALENT PAY-
11 MENTS.—

12 “(1) IN GENERAL.—For purposes of subsection
13 (a), sections 881 and 4948(a), and chapters 3 and
14 4, a dividend equivalent shall be treated as a divi-
15 dend from sources within the United States.

16 “(2) DIVIDEND EQUIVALENT.—For purposes of
17 this subsection, the term ‘dividend equivalent’
18 means—

19 “(A) any substitute dividend made pursu-
20 ant to a securities lending or a sale-repurchase
21 transaction that (directly or indirectly) is con-
22 tingent upon, or determined by reference to, the
23 payment of a dividend from sources within the
24 United States,

25 “(B) any payment made pursuant to a
26 specified notional principal contract that (di-

1 rectly or indirectly) is contingent upon, or de-
2 termined by reference to, the payment of a divi-
3 dend from sources within the United States,
4 and

5 “(C) any other payment determined by the
6 Secretary to be substantially similar to a pay-
7 ment described in subparagraph (A) or (B).

8 “(3) SPECIFIED NOTIONAL PRINCIPAL CON-
9 TRACT.—For purposes of this subsection, the term
10 ‘specified notional principal contract’ means—

11 “(A) any notional principal contract if—

12 “(i) in connection with entering into
13 such contract, any long party to the con-
14 tract transfers the underlying security to
15 any short party to the contract,

16 “(ii) in connection with the termi-
17 nation of such contract, any short party to
18 the contract transfers the underlying secu-
19 rity to any long party to the contract,

20 “(iii) the underlying security is not
21 readily tradable on an established securi-
22 ties market,

23 “(iv) in connection with entering into
24 such contract, the underlying security is
25 posted as collateral by any short party to

1 the contract with any long party to the
2 contract, or

3 “(v) such contract is identified by the
4 Secretary as a specified notional principal
5 contract,

6 “(B) in the case of payments made after
7 the date which is 2 years after the date of the
8 enactment of this subsection, any notional prin-
9 cipal contract unless the Secretary determines
10 that such contract is of a type which does not
11 have the potential for tax avoidance.

12 “(4) DEFINITIONS.—For purposes of paragraph
13 (3)(A)—

14 “(A) LONG PARTY.—The term ‘long party’
15 means, with respect to any underlying security
16 of any notional principal contract, any party to
17 the contract which is entitled to receive any
18 payment pursuant to such contract which is
19 contingent upon, or determined by reference to,
20 the payment of a dividend from sources within
21 the United States with respect to such under-
22 lying security.

23 “(B) SHORT PARTY.—The term ‘short
24 party’ means, with respect to any underlying se-
25 curity of any notional principal contract, any

1 party to the contract which is not a long party
2 with respect to such underlying security.

3 “(C) UNDERLYING SECURITY.—The term
4 ‘underlying security’ means, with respect to any
5 notional principal contract, the security with re-
6 spect to which the dividend referred to in para-
7 graph (2)(B) is paid. For purposes of this para-
8 graph, any index or fixed basket of securities
9 shall be treated as a single security.

10 “(5) PAYMENTS DETERMINED ON GROSS
11 BASIS.—For purposes of this subsection, the term
12 ‘payment’ includes any gross amount which is used
13 in computing any net amount which is transferred to
14 or from the taxpayer.

15 “(6) PREVENTION OF OVER-WITHHOLDING.—In
16 the case of any chain of dividend equivalents one or
17 more of which is subject to tax under subsection (a)
18 or section 881, the Secretary may reduce such tax,
19 but only to the extent that the taxpayer can estab-
20 lish that such tax has been paid with respect to an-
21 other dividend equivalent in such chain, or is not
22 otherwise due, or as the Secretary determines is ap-
23 propriate to address the role of financial inter-
24 mediaries in such chain. For purposes of this para-

1 graph, a dividend shall be treated as a dividend
2 equivalent.

3 “(7) COORDINATION WITH CHAPTERS 3 AND
4 4.—For purposes of chapters 3 and 4, each person
5 that is a party to any contract or other arrangement
6 that provides for the payment of a dividend equiva-
7 lent shall be treated as having control of such pay-
8 ment.”.

9 (b) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to payments made on or after the
11 date that is 180 days after the date of the enactment of
12 this Act.

13 **Subtitle B—Black Liquor**

14 **SEC. 851. EXCLUSION OF UNPROCESSED FUELS FROM THE** 15 **CELLULOSIC BIOFUEL PRODUCER CREDIT.**

16 (a) IN GENERAL.—Subparagraph (E) of section
17 40(b)(6) is amended by adding at the end the following
18 new clause:

19 “(iii) EXCLUSION OF UNPROCESSED
20 FUELS.—The term ‘cellulosic biofuel’ shall
21 not include any fuel if—

22 “(I) more than 4 percent of such
23 fuel (determined by weight) is any
24 combination of water and sediment, or

1 “(II) the ash content of such fuel
2 is more than 1 percent (determined by
3 weight).”.

4 (b) **EFFECTIVE DATE.**—The amendment made by
5 this section shall apply to fuels sold or used after the date
6 of the enactment of this Act.

7 **SEC. 852. PROHIBITION ON ALTERNATIVE FUEL CREDIT**
8 **AND ALTERNATIVE FUEL MIXTURE CREDIT**
9 **FOR BLACK LIQUOR.**

10 (a) **IN GENERAL.**—The last sentence of section
11 6426(d)(2) is amended by striking “or biodiesel” and in-
12 serting “biodiesel, or any fuel (including lignin, wood resi-
13 dues, or spent pulping liquors) derived from the produc-
14 tion of paper or pulp”.

15 (b) **EFFECTIVE DATE.**—The amendment made by
16 this section shall apply to fuel sold or used on or after
17 the date of the enactment of this Act.

18 **Subtitle C—Homebuyer Credit**

19 **SEC. 861. TECHNICAL MODIFICATIONS TO HOMEBUYER**
20 **CREDIT.**

21 (a) **EXPANDED DOCUMENTATION REQUIREMENT.**—
22 Subsection (d) of section 36, as amended by the Worker,
23 Homeownership, and Business Assistance Act of 2009, is
24 amended—

1 (1) by striking “or” at the end of paragraph
2 (3),

3 (2) by striking the period at the end of para-
4 graph (4) and inserting a comma, and

5 (3) by adding at the end the following new
6 paragraphs:

7 “(5) in the case of a taxpayer to whom such a
8 credit would be allowed (but for this paragraph) by
9 reason of subsection (c)(6), the taxpayer fails to at-
10 tach to the return of tax for such taxable year a
11 copy of such property tax bills or other documenta-
12 tion as are required by the Secretary to demonstrate
13 compliance with the requirements of subsection
14 (c)(6), or

15 “(6) in the case of a taxpayer to whom such a
16 credit would be allowed (but for this paragraph) by
17 reason of subsection (h)(2), the taxpayer fails to at-
18 tach to the return of tax for such taxable year a
19 copy of the binding contract which meets the re-
20 quirements of subsection (h)(2).”.

21 (b) MODIFICATION OF EFFECTIVE DATE OF DOCU-
22 MENTATION REQUIREMENTS.—Paragraph (2) of section
23 12(e) of the Worker, Homeownership, and Business As-
24 sistance Act of 2009 is amended by striking “returns for
25 taxable years ending after the date of the enactment of

1 this Act” and inserting “returns filed after the date of
2 the enactment of this Act”.

3 (c) EFFECTIVE DATES.—

4 (1) DOCUMENTATION REQUIREMENTS.—The
5 amendments made by subsection (a) shall apply to
6 purchases on or after the date of the enactment of
7 this Act.

8 (2) EFFECTIVE DATE OF WORKER, HOMEOWN-
9 ERSHIP, AND BUSINESS ASSISTANCE ACT.—The
10 amendment made by subsection (b) shall apply to
11 purchases of a principal residence on or after the
12 date of the enactment of the Worker, Homeowner-
13 ship, and Business Assistance Act of 2009.

14 **Subtitle D—Economic Substance**

15 **SEC. 871. CODIFICATION OF ECONOMIC SUBSTANCE DOC-** 16 **TRINE; PENALTIES.**

17 (a) IN GENERAL.—Section 7701 is amended by re-
18 designating subsection (o) as subsection (p) and by insert-
19 ing after subsection (n) the following new subsection:

20 “(o) CLARIFICATION OF ECONOMIC SUBSTANCE
21 DOCTRINE.—

22 “(1) APPLICATION OF DOCTRINE.—In the case
23 of any transaction to which the economic substance
24 doctrine is relevant, such transaction shall be treated
25 as having economic substance only if—

1 “(A) the transaction changes in a mean-
2 ingful way (apart from Federal income tax ef-
3 fects) the taxpayer’s economic position, and

4 “(B) the taxpayer has a substantial pur-
5 pose (apart from Federal income tax effects)
6 for entering into such transaction.

7 “(2) SPECIAL RULE WHERE TAXPAYER RELIES
8 ON PROFIT POTENTIAL.—

9 “(A) IN GENERAL.—The potential for
10 profit of a transaction shall be taken into ac-
11 count in determining whether the requirements
12 of subparagraphs (A) and (B) of paragraph (1)
13 are met with respect to the transaction only if
14 the present value of the reasonably expected
15 pre-tax profit from the transaction is substan-
16 tial in relation to the present value of the ex-
17 pected net tax benefits that would be allowed if
18 the transaction were respected.

19 “(B) TREATMENT OF FEES AND FOREIGN
20 TAXES.—Fees and other transaction expenses
21 shall be taken into account as expenses in de-
22 termining pre-tax profit under subparagraph
23 (A). The Secretary may issue regulations re-
24 quiring foreign taxes to be treated as expenses

1 in determining pre-tax profit in appropriate
2 cases.

3 “(3) STATE AND LOCAL TAX BENEFITS.—For
4 purposes of paragraph (1), any State or local income
5 tax effect which is related to a Federal income tax
6 effect shall be treated in the same manner as a Fed-
7 eral income tax effect.

8 “(4) FINANCIAL ACCOUNTING BENEFITS.—For
9 purposes of paragraph (1)(B), achieving a financial
10 accounting benefit shall not be taken into account as
11 a purpose for entering into a transaction if the ori-
12 gin of such financial accounting benefit is a reduc-
13 tion of Federal income tax.

14 “(5) DEFINITIONS AND SPECIAL RULES.—For
15 purposes of this subsection—

16 “(A) ECONOMIC SUBSTANCE DOCTRINE.—
17 The term ‘economic substance doctrine’ means
18 the common law doctrine under which tax bene-
19 fits under subtitle A with respect to a trans-
20 action are not allowable if the transaction does
21 not have economic substance or lacks a business
22 purpose.

23 “(B) EXCEPTION FOR PERSONAL TRANS-
24 ACTIONS OF INDIVIDUALS.—In the case of an
25 individual, paragraph (1) shall apply only to

1 transactions entered into in connection with a
2 trade or business or an activity engaged in for
3 the production of income.

4 “(C) OTHER COMMON LAW DOCTRINES
5 NOT AFFECTED.—Except as specifically pro-
6 vided in this subsection, the provisions of this
7 subsection shall not be construed as altering or
8 supplanting any other rule of law, and the re-
9 quirements of this subsection shall be construed
10 as being in addition to any such other rule of
11 law.

12 “(D) DETERMINATION OF APPLICATION OF
13 DOCTRINE NOT AFFECTED.—The determination
14 of whether the economic substance doctrine is
15 relevant to a transaction shall be made in the
16 same manner as if this subsection had never
17 been enacted.

18 “(E) TRANSACTION.—The term ‘trans-
19 action’ includes a series of transactions.

20 “(6) REGULATIONS.—The Secretary shall pre-
21 scribe such regulations as may be necessary or ap-
22 propriate to carry out the purposes of this sub-
23 section.”.

24 (b) PENALTY FOR UNDERPAYMENTS ATTRIBUTABLE
25 TO TRANSACTIONS LACKING ECONOMIC SUBSTANCE.—

1 (1) IN GENERAL.—Subsection (b) of section
2 6662 is amended by inserting after paragraph (5)
3 the following new paragraph:

4 “(6) Any disallowance of claimed tax benefits
5 by reason of a transaction lacking economic sub-
6 stance (within the meaning of section 7701(o)) or
7 failing to meet the requirements of any similar rule
8 of law.”.

9 (2) INCREASED PENALTY FOR NONDISCLOSED
10 TRANSACTIONS.—Section 6662 is amended by add-
11 ing at the end the following new subsection:

12 “(i) INCREASE IN PENALTY IN CASE OF NONDIS-
13 CLOSED NONECONOMIC SUBSTANCE TRANSACTIONS.—

14 “(1) IN GENERAL.—In the case of any portion
15 of an underpayment which is attributable to one or
16 more nondisclosed noneconomic substance trans-
17 actions, subsection (a) shall be applied with respect
18 to such portion by substituting ‘40 percent’ for ‘20
19 percent’.

20 “(2) NONDISCLOSED NONECONOMIC SUB-
21 STANCE TRANSACTIONS.—For purposes of this sub-
22 section, the term ‘nondisclosed noneconomic sub-
23 stance transaction’ means any portion of a trans-
24 action described in subsection (b)(6) with respect to
25 which the relevant facts affecting the tax treatment

1 are not adequately disclosed in the return nor in a
2 statement attached to the return.

3 “(3) SPECIAL RULE FOR AMENDED RE-
4 TURNS.—Except as provided in regulations, in no
5 event shall any amendment or supplement to a re-
6 turn of tax be taken into account for purposes of
7 this subsection if the amendment or supplement is
8 filed after the earlier of the date the taxpayer is first
9 contacted by the Secretary regarding the examina-
10 tion of the return or such other date as is specified
11 by the Secretary.”.

12 (3) CONFORMING AMENDMENT.—Subparagraph
13 (B) of section 6662A(e)(2) is amended—

14 (A) by striking “section 6662(h)” and in-
15 serting “subsections (h) or (i) of section 6662”;
16 and

17 (B) by striking “GROSS VALUATION
18 MISSTATEMENT PENALTY” in the heading and
19 inserting “CERTAIN INCREASED UNDER-
20 PAYMENT PENALTIES”.

21 (c) REASONABLE CAUSE EXCEPTION NOT APPLICA-
22 BLE TO NONECONOMIC SUBSTANCE TRANSACTIONS.—

23 (1) REASONABLE CAUSE EXCEPTION FOR UN-
24 DERPAYMENTS.—Subsection (c) of section 6664 is
25 amended—

1 (A) by redesignating paragraphs (2) and
2 (3) as paragraphs (3) and (4), respectively;

3 (B) by striking “paragraph (2)” in para-
4 graph (4)(A), as so redesignated, and inserting
5 “paragraph (3)”; and

6 (C) by inserting after paragraph (1) the
7 following new paragraph:

8 “(2) EXCEPTION.—Paragraph (1) shall not
9 apply to any portion of an underpayment which is
10 attributable to one or more transactions described in
11 section 6662(b)(6).”.

12 (2) REASONABLE CAUSE EXCEPTION FOR RE-
13 PORTABLE TRANSACTION UNDERSTATEMENTS.—
14 Subsection (d) of section 6664 is amended—

15 (A) by redesignating paragraphs (2) and
16 (3) as paragraphs (3) and (4), respectively;

17 (B) by striking “paragraph (2)(C)” in
18 paragraph (4), as so redesignated, and inserting
19 “paragraph (3)(C)”; and

20 (C) by inserting after paragraph (1) the
21 following new paragraph:

22 “(2) EXCEPTION.—Paragraph (1) shall not
23 apply to any portion of a reportable transaction un-
24 derstatement which is attributable to one or more
25 transactions described in section 6662(b)(6).”.

1 (d) APPLICATION OF PENALTY FOR ERRONEOUS
2 CLAIM FOR REFUND OR CREDIT TO NONECONOMIC SUB-
3 STANCE TRANSACTIONS.—Section 6676 is amended by re-
4 designating subsection (c) as subsection (d) and inserting
5 after subsection (b) the following new subsection:

6 “(c) NONECONOMIC SUBSTANCE TRANSACTIONS
7 TREATED AS LACKING REASONABLE BASIS.—For pur-
8 poses of this section, any excessive amount which is attrib-
9 utable to any transaction described in section 6662(b)(6)
10 shall not be treated as having a reasonable basis.”.

11 (e) EFFECTIVE DATE.—

12 (1) IN GENERAL.—Except as otherwise pro-
13 vided in this subsection, the amendments made by
14 this section shall apply to transactions entered into
15 after the date of the enactment of this Act.

16 (2) UNDERPAYMENTS.—The amendments made
17 by subsections (b) and (c)(1) shall apply to under-
18 payments attributable to transactions entered into
19 after the date of the enactment of this Act.

20 (3) UNDERSTATEMENTS.—The amendments
21 made by subsection (c)(2) shall apply to understate-
22 ments attributable to transactions entered into after
23 the date of the enactment of this Act.

24 (4) REFUNDS AND CREDITS.—The amendment
25 made by subsection (d) shall apply to refunds and

1 credits attributable to transactions entered into after
2 the date of the enactment of this Act.

3 **Subtitle E—Additional Provisions**

4 **SEC. 881. REVISION TO THE MEDICARE IMPROVEMENT** 5 **FUND.**

6 Section 1898(b)(1)(A) of the Social Security Act (42
7 U.S.C. 1395iii(b)(1)(A)), as amended by section 1011(b)
8 of the Department of Defense Appropriations Act, 2010
9 (Public Law 111–118), is amended by striking
10 “\$20,740,000,000” and inserting “\$**[16,740,000,000]**”.

11 **SEC. 882. AUTHORITY FOR SECRETARIAL CODING INTEN-** 12 **SITY ADJUSTMENT AUTHORITY.**

13 Section 1853(a)(1)(C)(ii) of the Social Security Act
14 (42 U.S.C. 1395w–23(a)(1)(C)(ii)) is amended—

15 (1) in the heading, by striking “DURING PHASE-
16 OUT OF BUDGET NEUTRALITY FACTOR” and insert-
17 ing after “OF CODING ADJUSTMENT”;

18 (2) in the matter before subclause (I), by strik-
19 ing “through 2010” and inserting “through 2011”;
20 and

21 (3) in subclause (II), by striking “and 2010”
22 and inserting “2010, and 2011”. **[]**

1 **TITLE IX—SATELLITE**
2 **TELEVISION EXTENSION**

3 **SEC. 901. SHORT TITLE.**

4 This title may be cited as the “Satellite Television
5 Extension and Localism Act of 2010”.

6 **Subtitle A—Statutory Licenses**

7 **SEC. 901. REFERENCE.**

8 Except as otherwise provided, whenever in this sub-
9 title an amendment is made to a section or other provision,
10 the reference shall be considered to be made to such sec-
11 tion or provision of title 17, United States Code.

12 **SEC. 902. MODIFICATIONS TO STATUTORY LICENSE FOR**
13 **SATELLITE CARRIERS.**

14 (a) **HEADING RENAMED.—**

15 (1) **IN GENERAL.—**The heading of section 119
16 is amended by striking “**superstations and net-**
17 **work stations for private home viewing**”
18 and inserting “**distant television program-**
19 **ming by satellite**”.

20 (2) **TABLE OF CONTENTS.—**The table of con-
21 tents for chapter 1 is amended by striking the item
22 relating to section 119 and inserting the following:

“119. Limitations on exclusive rights: Secondary transmissions of distant tele-
vision programming by satellite.”.

23 (b) **UNSERVED HOUSEHOLD DEFINED.—**

1 (1) IN GENERAL.—Section 119(d)(10) is
2 amended—

3 (A) by striking subparagraph (A) and in-
4 sserting the following:

5 “(A) cannot receive, through the use of an
6 antenna, an over-the-air signal containing the
7 primary stream, or, on or after the qualifying
8 date, the multicast stream, originating in that
9 household’s local market and affiliated with
10 that network of—

11 “(i) if the signal originates as an ana-
12 log signal, Grade B intensity as defined by
13 the Federal Communications Commission
14 in section 73.683(a) of title 47, Code of
15 Federal Regulations, as in effect on Janu-
16 ary 1, 1999; or

17 “(ii) if the signal originates as a dig-
18 ital signal, intensity defined in the values
19 for the digital television noise-limited serv-
20 ice contour, as defined in regulations
21 issued by the Federal Communications
22 Commission (section 73.622(e) of title 47,
23 Code of Federal Regulations), as such reg-
24 ulations may be amended from time to
25 time;”;

1 (B) in subparagraph (B)—

2 (i) by striking “subsection (a)(14)”

3 and inserting “subsection (a)(13),”; and

4 (ii) by striking “Satellite Home View-

5 er Extension and Reauthorization Act of

6 2004” and inserting “Satellite Television

7 Extension and Localism Act of 2010”; and

8 (C) in subparagraph (D), by striking

9 “(a)(12)” and inserting “(a)(11)”.

10 (2) QUALIFYING DATE DEFINED.—Section

11 119(d) is amended by adding at the end the fol-

12 lowing:

13 “(14) QUALIFYING DATE.—The term ‘quali-

14 fying date’, for purposes of paragraph (10)(A),

15 means—

16 “(A) July 1, 2010, for multicast streams

17 that exist on December 31, 2009; and

18 “(B) January 1, 2011, for all other

19 multicast streams.”.

20 (c) FILING FEE.—Section 119(b)(1) is amended—

21 (1) in subparagraph (A), by striking “and”

22 after the semicolon at the end;

23 (2) in subparagraph (B), by striking the period

24 and inserting “; and”; and

25 (3) by adding at the end the following:

1 “(C) a filing fee, as determined by the
2 Register of Copyrights pursuant to section
3 708(a).”.

4 (d) DEPOSIT OF STATEMENTS AND FEES;
5 VERIFICATION PROCEDURES.—Section 119(b) is amend-
6 ed—

7 (1) by amending the subsection heading to read
8 as follows: “(b) DEPOSIT OF STATEMENTS AND
9 FEES; VERIFICATION PROCEDURES.—”;

10 (2) in paragraph (1), by striking subparagraph
11 (B) and inserting the following:

12 “(B) a royalty fee payable to copyright
13 owners pursuant to paragraph (4) for that 6-
14 month period, computed by multiplying the
15 total number of subscribers receiving each sec-
16 ondary transmission of a primary stream or
17 multicast stream of each non-network station or
18 network station during each calendar year
19 month by the appropriate rate in effect under
20 this subsection; and”;

21 (3) by redesignating paragraphs (2), (3), and
22 (4) as paragraphs (3), (4), and (5), respectively;

23 (4) by inserting after paragraph (1) the fol-
24 lowing:

1 “(2) VERIFICATION OF ACCOUNTS AND FEE
2 PAYMENTS.—The Register of Copyrights shall issue
3 regulations to permit interested parties to verify and
4 audit the statements of account and royalty fees
5 submitted by satellite carriers under this sub-
6 section.”;

7 (5) in paragraph (3), as redesignated, in the
8 first sentence—

9 (A) by inserting “(including the filing fee
10 specified in paragraph (1)(C))” after “shall re-
11 ceive all fees”; and

12 (B) by striking “paragraph (4)” and in-
13 serting “paragraph (5)”;

14 (6) in paragraph (4), as redesignated—

15 (A) by striking “paragraph (2)” and in-
16 serting “paragraph (3)”;

17 (B) by striking “paragraph (4)” each place
18 it appears and inserting “paragraph (5)”;

19 (7) in paragraph (5), as redesignated, by strik-
20 ing “paragraph (2)” and inserting “paragraph (3)”.

21 (e) ADJUSTMENT OF ROYALTY FEES.—Section
22 119(c) is amended as follows:

23 (1) Paragraph (1) is amended—

24 (A) in the heading for such paragraph, by
25 striking “ANALOG”;

1 (B) in subparagraph (A)—

2 (i) by striking “primary analog trans-
3 missions” and inserting “primary trans-
4 missions”; and

5 (ii) by striking “July 1, 2004” and in-
6 serting “July 1, 2009”;

7 (C) in subparagraph (B)—

8 (i) by striking “January 2, 2005, the
9 Librarian of Congress” and inserting
10 “March 1, 2010, the Copyright Royalty
11 Judges”; and

12 (ii) by striking “primary analog trans-
13 mission” and inserting “primary trans-
14 missions”;

15 (D) in subparagraph (C), by striking “Li-
16 brarian of Congress” and inserting “Copyright
17 Royalty Judges”;

18 (E) in subparagraph (D)—

19 (i) in clause (i)—

20 (I) by striking “(i) Voluntary
21 agreements” and inserting the fol-
22 lowing:

23 “(i) VOLUNTARY AGREEMENTS; FIL-
24 ING.—Voluntary agreements”; and

1 (II) by striking “that a parties”
2 and inserting “that are parties”; and
3 (ii) in clause (ii)—

4 (I) by striking “(ii)(I) Within”
5 and inserting the following:

6 “(ii) PROCEDURE FOR ADOPTION OF
7 FEES.—

8 “(I) PUBLICATION OF NOTICE.—
9 Within”;

10 (II) in subclause (I), by striking
11 “an arbitration proceeding pursuant
12 to subparagraph (E)” and inserting
13 “a proceeding under subparagraph
14 (F)”;

15 (III) in subclause (II), by strik-
16 ing “(II) Upon receiving a request
17 under subclause (I), the Librarian of
18 Congress” and inserting the following:

19 “(II) PUBLIC NOTICE OF
20 FEES.—Upon receiving a request
21 under subclause (I), the Copyright
22 Royalty Judges”; and

23 (IV) in subclause (III)—

1 (aa) by striking “(III) The
2 Librarian” and inserting the fol-
3 lowing:

4 “(III) ADOPTION OF FEES.—The
5 Copyright Royalty Judges”;

6 (bb) by striking “an arbitra-
7 tion proceeding” and inserting
8 “the proceeding under subpara-
9 graph (F)”;

10 (cc) by striking “the arbitra-
11 tion proceeding” and inserting
12 “that proceeding”;

13 (F) in subparagraph (E)—

14 (i) by striking “Copyright Office” and
15 inserting “Copyright Royalty Judges”; and

16 (ii) by striking “February 28, 2010”
17 and inserting “December 31, 2014”; and

18 (G) in subparagraph (F)—

19 (i) in the heading, by striking “COM-
20 PULSORY ARBITRATION” and inserting “
21 COPYRIGHT ROYALTY JUDGES PRO-
22 CEEDING”;

23 (ii) in clause (i)—

1 (I) in the heading, by striking
2 “PROCEEDINGS” and inserting “THE
3 PROCEEDING”;

4 (II) in the matter preceding sub-
5 clause (I)—

6 (aa) by striking “May 1,
7 2005, the Librarian of Congress”
8 and inserting “May 3, 2010, the
9 Copyright Royalty Judges”;

10 (bb) by striking “arbitration
11 proceedings” and inserting “a
12 proceeding”;

13 (cc) by striking “fee to be
14 paid” and inserting “fees to be
15 paid”;

16 (dd) by striking “primary
17 analog transmission” and insert-
18 ing “the primary transmissions”;
19 and

20 (ee) by striking “distribu-
21 tors” and inserting “distribu-
22 tors—”;

23 (III) in subclause (II)—

1 (aa) by striking “Librarian
2 of Congress” and inserting
3 “Copyright Royalty Judges”; and

4 (bb) by striking “arbitra-
5 tion”; and

6 (IV) by amending the last sen-
7 tence to read as follows: “Such pro-
8 ceeding shall be conducted under
9 chapter 8.”;

10 (iii) in clause (ii), by amending the
11 matter preceding subclause (I) to read as
12 follows:

13 “(ii) ESTABLISHMENT OF ROYALTY
14 FEES.—In determining royalty fees under
15 this subparagraph, the Copyright Royalty
16 Judges shall establish fees for the sec-
17 ondary transmissions of the primary trans-
18 missions of network stations and non-net-
19 work stations that most clearly represent
20 the fair market value of secondary trans-
21 missions, except that the Copyright Roy-
22 alty Judges shall adjust royalty fees to ac-
23 count for the obligations of the parties
24 under any applicable voluntary agreement
25 filed with the Copyright Royalty Judges in

1 accordance with subparagraph (D). In de-
2 termining the fair market value, the
3 Judges shall base their decision on eco-
4 nomic, competitive, and programming in-
5 formation presented by the parties, includ-
6 ing—”;

7 (iv) by amending clause (iii) to read
8 as follows:

9 “(iii) EFFECTIVE DATE FOR DECISION
10 OF COPYRIGHT ROYALTY JUDGES.—The
11 obligation to pay the royalty fees estab-
12 lished under a determination that is made
13 by the Copyright Royalty Judges in a pro-
14 ceeding under this paragraph shall be ef-
15 fective as of January 1, 2010.”; and

16 (v) in clause (iv)—

17 (I) in the heading, by striking
18 “FEE” and inserting “FEES”; and

19 (II) by striking “fee referred to
20 in (iii)” and inserting “fees referred
21 to in clause (iii)”.

22 (2) Paragraph (2) is amended to read as fol-
23 lows:

24 “(2) ANNUAL ROYALTY FEE ADJUSTMENT.—
25 Effective January 1 of each year, the royalty fee

1 payable under subsection (b)(1)(B) for the sec-
2 ondary transmission of the primary transmissions of
3 network stations and non-network stations shall be
4 adjusted by the Copyright Royalty Judges to reflect
5 any changes occurring in the cost of living as deter-
6 mined by the most recent Consumer Price Index (for
7 all consumers and for all items) published by the
8 Secretary of Labor before December 1 of the pre-
9 ceding year. Notification of the adjusted fees shall
10 be published in the Federal Register at least 25 days
11 before January 1.”.

12 (f) DEFINITIONS.—

13 (1) SUBSCRIBER.—Section 119(d)(8) is amend-
14 ed to read as follows:

15 “(8) SUBSCRIBER; SUBSCRIBE.—

16 “(A) SUBSCRIBER.—The term ‘subscriber’
17 means a person or entity that receives a sec-
18 ondary transmission service from a satellite car-
19 rier and pays a fee for the service, directly or
20 indirectly, to the satellite carrier or to a dis-
21 tributor.

22 “(B) SUBSCRIBE.—The term ‘subscribe’
23 means to elect to become a subscriber.”.

24 (2) LOCAL MARKET.—Section 119(d)(11) is
25 amended to read as follows:

1 “(11) LOCAL MARKET.—The term ‘local mar-
2 ket’ has the meaning given such term under section
3 122(j).”.

4 (3) LOW POWER TELEVISION STATION.—Sec-
5 tion 119(d) is amended by striking paragraph (12)
6 and redesignating paragraphs (13) and (14) as
7 paragraphs (12) and (13), respectively.

8 (4) MULTICAST STREAM.—Section 119(d), as
9 amended by paragraph (3), is further amended by
10 adding at the end the following new paragraph:

11 “(14) MULTICAST STREAM.—The term
12 ‘multicast stream’ means a digital stream containing
13 programming and program-related material affili-
14 ated with a television network, other than the pri-
15 mary stream.”.

16 (5) PRIMARY STREAM.—Section 119(d), as
17 amended by paragraph (4), is further amended by
18 adding at the end the following new paragraph:

19 “(15) PRIMARY STREAM.—The term ‘primary
20 stream’ means—

21 “(A) the single digital stream of program-
22 ming as to which a television broadcast station
23 has the right to mandatory carriage with a sat-
24 ellite carrier under the rules of the Federal

1 Communications Commission in effect on July
2 1, 2009; or

3 “(B) if there is no stream described in
4 subparagraph (A), then either—

5 “(i) the single digital stream of pro-
6 gramming associated with the network last
7 transmitted by the station as an analog
8 signal; or

9 “(ii) if there is no stream described in
10 clause (i), then the single digital stream of
11 programming affiliated with the network
12 that, as of July 1, 2009, had been offered
13 by the television broadcast station for the
14 longest period of time.”.

15 (6) CLERICAL AMENDMENT.—Section 119(d) is
16 amended in paragraphs (1), (2), and (5) by striking
17 “which” each place it appears and inserting “that”.

18 (g) SUPERSTATION REDESIGNATED AS NON-NET-
19 WORK STATION.—Section 119 is amended—

20 (1) by striking “superstation” each place it ap-
21 pears in a heading and each place it appears in text
22 and inserting “non-network station”; and

23 (2) by striking “superstations” each place it ap-
24 pears in a heading and each place it appears in text
25 and inserting “non-network stations”.

1 (h) REMOVAL OF CERTAIN PROVISIONS.—

2 (1) REMOVAL OF PROVISIONS.—Section 119(a)

3 is amended—

4 (A) in paragraph (2), by striking subpara-
5 graph (C) and redesignating subparagraph (D)
6 as subparagraph (C);

7 (B) by striking paragraph (3) and redesign-
8 ating paragraphs (4) through (14) as para-
9 graphs (3) through (13), respectively; and

10 (C) by striking paragraph (15) and redesi-
11 gnating paragraph (16) as paragraph (14).

12 (2) CONFORMING AMENDMENTS.—Section 119
13 is amended—

14 (A) in subsection (a)—

15 (i) in paragraph (1), by striking “(5),
16 (6), and (8)” and inserting “(4), (5), and
17 (7)”;

18 (ii) in paragraph (2)—

19 (I) in subparagraph (A), by strik-
20 ing “subparagraphs (B) and (C) of
21 this paragraph and paragraphs (5),
22 (6), (7), and (8)” and inserting “sub-
23 paragraph (B) of this paragraph and
24 paragraphs (4), (5), (6), and (7)”;

1 (II) in subparagraph (B)(i), by
2 striking the second sentence; and

3 (III) in subparagraph (C) (as re-
4 designated), by striking clauses (i)
5 and (ii) and inserting the following:

6 “(i) INITIAL LISTS.—A satellite car-
7 rier that makes secondary transmissions of
8 a primary transmission made by a network
9 station pursuant to subparagraph (A)
10 shall, not later than 90 days after com-
11 mencing such secondary transmissions,
12 submit to the network that owns or is af-
13 filiated with the network station a list
14 identifying (by name and address, includ-
15 ing street or rural route number, city,
16 State, and 9-digit zip code) all subscribers
17 to which the satellite carrier makes sec-
18 ondary transmissions of that primary
19 transmission to subscribers in unserved
20 households.

21 “(ii) MONTHLY LISTS.—After the sub-
22 mission of the initial lists under clause (i),
23 the satellite carrier shall, not later than
24 the 15th of each month, submit to the net-
25 work a list, aggregated by designated mar-

1 ket area, identifying (by name and ad-
2 dress, including street or rural route num-
3 ber, city, State, and 9-digit zip code) any
4 persons who have been added or dropped
5 as subscribers under clause (i) since the
6 last submission under this subparagraph.”;
7 and

8 (iii) in subparagraph (E) of para-
9 graph (3) (as redesignated)—

10 (I) by striking “under paragraph
11 (3) or”; and

12 (II) by striking “paragraph (12)”
13 and inserting “paragraph (11)”; and

14 (B) in subsection (b)(1), by striking the
15 final sentence.

16 (i) MODIFICATIONS TO PROVISIONS FOR SECONDARY
17 TRANSMISSIONS BY SATELLITE CARRIERS.—

18 (1) PREDICTIVE MODEL.—Section
19 119(a)(2)(B)(ii) is amended by adding at the end
20 the following:

21 “(III) ACCURATE PREDICTIVE
22 MODEL WITH RESPECT TO DIGITAL
23 SIGNALS.—Notwithstanding subclause
24 (I), in determining presumptively
25 whether a person resides in an

1 unserved household under subsection
2 (d)(10)(A) with respect to digital sig-
3 nals, a court shall rely on a predictive
4 model set forth by the Federal Com-
5 munications Commission pursuant to
6 a rulemaking as provided in section
7 339(c)(3) of the Communications Act
8 of 1934 (47 U.S.C. 339(c)(3)), as
9 that model may be amended by the
10 Commission over time under such sec-
11 tion to increase the accuracy of that
12 model. Until such time as the Com-
13 mission sets forth such model, a court
14 shall rely on the predictive model as
15 recommended by the Commission with
16 respect to digital signals in its Report
17 to Congress in ET Docket No. 05-
18 182, FCC 05-199 (released December
19 9, 2005).”.

20 (2) MODIFICATIONS TO STATUTORY LICENSE
21 WHERE RETRANSMISSIONS INTO LOCAL MARKET
22 AVAILABLE.—Section 119(a)(3) (as redesignated) is
23 amended—

24 (A) by striking “analog” each place it ap-
25 pears in a heading and text;

1 (B) by striking subparagraphs (B), (C),
2 and (D), and inserting the following:

3 “(B) RULES FOR LAWFUL SUBSCRIBERS
4 AS OF DATE OF ENACTMENT OF 2009 ACT.—In
5 the case of a subscriber of a satellite carrier
6 who, on the day before the date of the enact-
7 ment of the Satellite Television Extension and
8 Localism Act of 2010, was lawfully receiving
9 the secondary transmission of the primary
10 transmission of a network station under the
11 statutory license under paragraph (2) (in this
12 subparagraph referred to as the ‘distant sig-
13 nal’), other than subscribers to whom subpara-
14 graph (A) applies, the statutory license under
15 paragraph (2) shall apply to secondary trans-
16 missions by that satellite carrier to that sub-
17 scriber of the distant signal of a station affili-
18 ated with the same television network, and the
19 subscriber’s household shall continue to be con-
20 sidered to be an unserved household with re-
21 spect to such network, until such time as the
22 subscriber elects to terminate such secondary
23 transmissions, whether or not the subscriber
24 elects to subscribe to receive the secondary
25 transmission of the primary transmission of a

1 local network station affiliated with the same
2 network pursuant to the statutory license under
3 section 122.

4 “(C) FUTURE APPLICABILITY.—

5 “(i) WHEN LOCAL SIGNAL AVAILABLE
6 AT TIME OF SUBSCRIPTION.—The statu-
7 tory license under paragraph (2) shall not
8 apply to the secondary transmission by a
9 satellite carrier of the primary trans-
10 mission of a network station to a person
11 who is not a subscriber lawfully receiving
12 such secondary transmission as of the date
13 of the enactment of the Satellite Television
14 Extension and Localism Act of 2010 and,
15 at the time such person seeks to subscribe
16 to receive such secondary transmission, re-
17 sides in a local market where the satellite
18 carrier makes available to that person the
19 secondary transmission of the primary
20 transmission of a local network station af-
21 filiated with the same network pursuant to
22 the statutory license under section 122.

23 “(ii) WHEN LOCAL SIGNAL AVAILABLE
24 AFTER SUBSCRIPTION.—In the case of a
25 subscriber who lawfully subscribes to and

1 receives the secondary transmission by a
2 satellite carrier of the primary trans-
3 mission of a network station under the
4 statutory license under paragraph (2) (in
5 this clause referred to as the ‘distant sig-
6 nal’) on or after the date of the enactment
7 of the Satellite Television Extension and
8 Localism Act of 2010, the statutory license
9 under paragraph (2) shall apply to sec-
10 ondary transmissions by that satellite car-
11 rier to that subscriber of the distant signal
12 of a station affiliated with the same tele-
13 vision network, and the subscriber’s house-
14 hold shall continue to be considered to be
15 an unserved household with respect to such
16 network, until such time as the subscriber
17 elects to terminate such secondary trans-
18 missions, but only if such subscriber sub-
19 scribes to the secondary transmission of
20 the primary transmission of a local net-
21 work station affiliated with the same net-
22 work within 60 days after the satellite car-
23 rier makes available to the subscriber such
24 secondary transmission of the primary

1 transmission of such local network sta-
2 tion.”;

3 (C) by redesignating subparagraphs (E),
4 (F), and (G) as subparagraphs (D), (E), and
5 (F), respectively;

6 (D) in subparagraph (E) (as redesignated),
7 by striking “(C) or (D)” and inserting “(B) or
8 (C)”;

9 (E) in subparagraph (F) (as redesignated),
10 by inserting “9-digit” before “zip code”.

11 (3) STATUTORY DAMAGES FOR TERRITORIAL
12 RESTRICTIONS.—Section 119(a)(6) (as redesignated)
13 is amended—

14 (A) in subparagraph (A)(ii), by striking
15 “\$5” and inserting “\$250”;

16 (B) in subparagraph (B)—

17 (i) in clause (i), by striking
18 “\$250,000 for each 6-month period” and
19 inserting “\$2,500,000 for each 3-month
20 period”;

21 (ii) in clause (ii), by striking
22 “\$250,000” and inserting “\$2,500,000”;
23 and

24 (C) by adding at the end the following
25 flush sentences:

1 “The court shall direct one half of any statu-
2 tory damages ordered under clause (i) to be de-
3 posited with the Register of Copyrights for dis-
4 tribution to copyright owners pursuant to sub-
5 section (b). The Copyright Royalty Judges shall
6 issue regulations establishing procedures for
7 distributing such funds, on a proportional basis,
8 to copyright owners whose works were included
9 in the secondary transmissions that were the
10 subject of the statutory damages.”.

11 (4) TECHNICAL AMENDMENT.—Section
12 119(a)(4) (as redesignated) is amended by striking
13 “and 509”.

14 (5) CLERICAL AMENDMENT.—Section
15 119(a)(2)(B)(iii)(II) is amended by striking “In this
16 clause” and inserting “In this clause,”.

17 (j) MORATORIUM EXTENSION.—Section 119(e) is
18 amended by striking “February 28, 2010” and inserting
19 “December 31, 2014”.

20 (k) CLERICAL AMENDMENTS.—Section 119 is
21 amended—

22 (1) by striking “of the Code of Federal Regula-
23 tions” each place it appears and inserting “, Code
24 of Federal Regulations”; and

1 (2) in subsection (d)(6), by striking “or the Di-
2 rect” and inserting “, or the Direct”.

3 **SEC. 903. MODIFICATIONS TO STATUTORY LICENSE FOR**
4 **SATELLITE CARRIERS IN LOCAL MARKETS.**

5 (a) HEADING RENAMED.—

6 (1) IN GENERAL.—The heading of section 122
7 is amended by striking “**by satellite carriers**
8 **within local markets**” and inserting “**of local**
9 **television programming by satellite**”.

10 (2) TABLE OF CONTENTS.—The table of con-
11 tents for chapter 1 is amended by striking the item
12 relating to section 122 and inserting the following:

“122. Limitations on exclusive rights: Secondary transmissions of local television
programming by satellite.”.

13 (b) STATUTORY LICENSE.—Section 122(a) is amend-
14 ed to read as follows:

15 “(a) SECONDARY TRANSMISSIONS INTO LOCAL MAR-
16 KETS.—

17 “(1) SECONDARY TRANSMISSIONS OF TELE-
18 VISION BROADCAST STATIONS WITHIN A LOCAL MAR-
19 KET.—A secondary transmission of a performance
20 or display of a work embodied in a primary trans-
21 mission of a television broadcast station into the sta-
22 tion’s local market shall be subject to statutory li-
23 censing under this section if—

1 “(A) the secondary transmission is made
2 by a satellite carrier to the public;

3 “(B) with regard to secondary trans-
4 missions, the satellite carrier is in compliance
5 with the rules, regulations, or authorizations of
6 the Federal Communications Commission gov-
7 erning the carriage of television broadcast sta-
8 tion signals; and

9 “(C) the satellite carrier makes a direct or
10 indirect charge for the secondary transmission
11 to—

12 “(i) each subscriber receiving the sec-
13 ondary transmission; or

14 “(ii) a distributor that has contracted
15 with the satellite carrier for direct or indi-
16 rect delivery of the secondary transmission
17 to the public.

18 “(2) SIGNIFICANTLY VIEWED STATIONS.—

19 “(A) IN GENERAL.—A secondary trans-
20 mission of a performance or display of a work
21 embodied in a primary transmission of a tele-
22 vision broadcast station to subscribers who re-
23 ceive secondary transmissions of primary trans-
24 missions under paragraph (1) shall be subject
25 to statutory licensing under this paragraph if

1 the secondary transmission is of the primary
2 transmission of a network station or a non-net-
3 work station to a subscriber who resides outside
4 the station's local market but within a commu-
5 nity in which the signal has been determined by
6 the Federal Communications Commission to be
7 significantly viewed in such community, pursu-
8 ant to the rules, regulations, and authorizations
9 of the Federal Communications Commission in
10 effect on April 15, 1976, applicable to deter-
11 mining with respect to a cable system whether
12 signals are significantly viewed in a community.

13 “(B) WAIVER.—A subscriber who is denied
14 the secondary transmission of the primary
15 transmission of a network station or a non-net-
16 work station under subparagraph (A) may re-
17 quest a waiver from such denial by submitting
18 a request, through the subscriber's satellite car-
19 rier, to the network station or non-network sta-
20 tion in the local market affiliated with the same
21 network or non-network where the subscriber is
22 located. The network station or non-network
23 station shall accept or reject the subscriber's re-
24 quest for a waiver within 30 days after receipt
25 of the request. If the network station or non-

1 network station fails to accept or reject the sub-
2 scriber's request for a waiver within that 30-
3 day period, that network station or non-network
4 station shall be deemed to agree to the waiver
5 request.

6 “(3) SECONDARY TRANSMISSION OF LOW
7 POWER PROGRAMMING.—

8 “(A) IN GENERAL.—Subject to subpara-
9 graphs (B) and (C), a secondary transmission
10 of a performance or display of a work embodied
11 in a primary transmission of a television broad-
12 cast station to subscribers who receive sec-
13 ondary transmissions of primary transmissions
14 under paragraph (1) shall be subject to statu-
15 tory licensing under this paragraph if the sec-
16 ondary transmission is of the primary trans-
17 mission of a television broadcast station that is
18 licensed as a low power television station, to a
19 subscriber who resides within the same des-
20 ignated market area as the station that origi-
21 nates the transmission.

22 “(B) NO APPLICABILITY TO REPEATERS
23 AND TRANSLATORS.—Secondary transmissions
24 provided for in subparagraph (A) shall not
25 apply to any low power television station that

1 retransmits the programs and signals of an-
2 other television station for more than 2 hours
3 each day.

4 “(C) NO IMPACT ON OTHER SECONDARY
5 TRANSMISSIONS OBLIGATIONS.—A satellite car-
6 rier that makes secondary transmissions of a
7 primary transmission of a low power television
8 station under a statutory license provided under
9 this section is not required, by reason of such
10 secondary transmissions, to make any other sec-
11 ondary transmissions.

12 “(4) SPECIAL EXCEPTIONS.—A secondary
13 transmission of a performance or display of a work
14 embodied in a primary transmission of a television
15 broadcast station to subscribers who receive sec-
16 ondary transmissions of primary transmissions
17 under paragraph (1) shall, if the secondary trans-
18 mission is made by a satellite carrier that complies
19 with the requirements of paragraph (1), be subject
20 to statutory licensing under this paragraph as fol-
21 lows:

22 “(A) STATES WITH SINGLE FULL-POWER
23 NETWORK STATION.—In a State in which there
24 is licensed by the Federal Communications
25 Commission a single full-power station that was

1 a network station on January 1, 1995, the stat-
2 tutory license provided for in this paragraph
3 shall apply to the secondary transmission by a
4 satellite carrier of the primary transmission of
5 that station to any subscriber in a community
6 that is located within that State and that is not
7 within the first 50 television markets as listed
8 in the regulations of the Commission as in ef-
9 fect on such date (47 C.F.R. 76.51).

10 “(B) STATES WITH ALL NETWORK STA-
11 TIONS AND NON-NETWORK STATIONS IN SAME
12 LOCAL MARKET.—In a State in which all net-
13 work stations and non-network stations licensed
14 by the Federal Communications Commission
15 within that State as of January 1, 1995, are
16 assigned to the same local market and that
17 local market does not encompass all counties of
18 that State, the statutory license provided under
19 this paragraph shall apply to the secondary
20 transmission by a satellite carrier of the pri-
21 mary transmissions of such station to all sub-
22 scribers in the State who reside in a local mar-
23 ket that is within the first 50 major television
24 markets as listed in the regulations of the Com-

1 mission as in effect on such date (section 76.51
2 of title 47, Code of Federal Regulations).

3 “(C) ADDITIONAL STATIONS.—In the case
4 of that State in which are located 4 counties
5 that—

6 “(i) on January 1, 2004, were in local
7 markets principally comprised of counties
8 in another State, and

9 “(ii) had a combined total of 41,340
10 television households, according to the U.S.
11 Television Household Estimates by Nielsen
12 Media Research for 2004,

13 the statutory license provided under this para-
14 graph shall apply to secondary transmissions by
15 a satellite carrier to subscribers in any such
16 county of the primary transmissions of any net-
17 work station located in that State, if the sat-
18 ellite carrier was making such secondary trans-
19 missions to any subscribers in that county on
20 January 1, 2004.

21 “(D) CERTAIN ADDITIONAL STATIONS.—If
22 2 adjacent counties in a single State are in a
23 local market comprised principally of counties
24 located in another State, the statutory license
25 provided for in this paragraph shall apply to

1 the secondary transmission by a satellite carrier
2 to subscribers in those 2 counties of the pri-
3 mary transmissions of any network station lo-
4 cated in the capital of the State in which such
5 2 counties are located, if—

6 “(i) the 2 counties are located in a
7 local market that is in the top 100 markets
8 for the year 2003 according to Nielsen
9 Media Research; and

10 “(ii) the total number of television
11 households in the 2 counties combined did
12 not exceed 10,000 for the year 2003 ac-
13 cording to Nielsen Media Research.

14 “(E) NETWORKS OF NONCOMMERCIAL
15 EDUCATIONAL BROADCAST STATIONS.—In the
16 case of a system of three or more noncommer-
17 cial educational broadcast stations licensed to a
18 single State, public agency, or political, edu-
19 cational, or special purpose subdivision of a
20 State, the statutory license provided for in this
21 paragraph shall apply to the secondary trans-
22 mission of the primary transmission of such
23 system to any subscriber in any county or coun-
24 ty equivalent within such State, if such sub-
25 scriber is located in a designated market area

1 that is not otherwise eligible to receive the sec-
2 ondary transmission of the primary trans-
3 mission of a noncommercial educational broad-
4 cast station located within the State pursuant
5 to paragraph (1).

6 “(5) APPLICABILITY OF ROYALTY RATES AND
7 PROCEDURES.—The royalty rates and procedures
8 under section 119(b) shall apply to the secondary
9 transmissions to which the statutory license under
10 paragraph (4) applies.”.

11 (c) REPORTING REQUIREMENTS.—Section 122(b) is
12 amended—

13 (1) in paragraph (1), by striking “station a
14 list” and all that follows through the end and insert-
15 ing the following: “station—

16 “(A) a list identifying (by name in alpha-
17 betical order and street address, including coun-
18 ty and 9-digit zip code) all subscribers to which
19 the satellite carrier makes secondary trans-
20 missions of that primary transmission under
21 subsection (a); and

22 “(B) a separate list, aggregated by des-
23 ignated market area (by name and address, in-
24 cluding street or rural route number, city,
25 State, and 9-digit zip code), which shall indicate

1 those subscribers being served pursuant to
2 paragraph (2) of subsection (a).”; and

3 (2) in paragraph (2), by striking “network a
4 list” and all that follows through the end and insert-
5 ing the following: “network—

6 “(A) a list identifying (by name in alpha-
7 betical order and street address, including coun-
8 ty and 9-digit zip code) any subscribers who
9 have been added or dropped as subscribers
10 since the last submission under this subsection;
11 and

12 “(B) a separate list, aggregated by des-
13 ignated market area (by name and street ad-
14 dress, including street or rural route number,
15 city, State, and 9-digit zip code), identifying
16 those subscribers whose service pursuant to
17 paragraph (2) of subsection (a) has been added
18 or dropped since the last submission under this
19 subsection.”.

20 (d) NO ROYALTY FEE FOR CERTAIN SECONDARY
21 TRANSMISSIONS.—Section 122(c) is amended—

22 (1) in the heading, by inserting “FOR CERTAIN
23 SECONDARY TRANSMISSIONS” after “REQUIRED”;
24 and

1 (2) by striking “subsection (a)” and inserting
2 “paragraphs (1), (2), and (3) of subsection (a)”.

3 (e) VIOLATIONS FOR TERRITORIAL RESTRICTIONS.—

4 (1) MODIFICATION TO STATUTORY DAMAGES.—

5 Section 122(f) is amended—

6 (A) in paragraph (1)(B), by striking “\$5”
7 and inserting “\$250”; and

8 (B) in paragraph (2), by striking
9 “\$250,000” each place it appears and inserting
10 “\$2,500,000”.

11 (2) CONFORMING AMENDMENTS FOR ADDI-
12 TIONAL STATIONS.—Section 122 is amended—

13 (A) in subsection (f), by striking “section
14 119 or” each place it appears and inserting the
15 following: “section 119, subject to statutory li-
16 censing by reason of paragraph (2)(A), (3), or
17 (4) of subsection (a), or subject to”; and

18 (B) in subsection (g), by striking “section
19 119 or” and inserting the following: “section
20 119, paragraph (2)(A), (3), or (4) of subsection
21 (a), or”.

22 (f) DEFINITIONS.—Section 122(j) is amended—

23 (1) in paragraph (1), by striking “which con-
24 tracts” and inserting “that contracts”;

1 (2) by redesignating paragraphs (4) and (5) as
2 paragraphs (6) and (7), respectively;

3 (3) in paragraph (3)—

4 (A) by redesignating such paragraph as
5 paragraph (4);

6 (B) in the heading of such paragraph, by
7 inserting “NON-NETWORK STATION;” after
8 “NETWORK STATION;”; and

9 (C) by inserting “‘non-network station’,”
10 after “‘network station’,”;

11 (4) by inserting after paragraph (2) the fol-
12 lowing:

13 “(3) LOW POWER TELEVISION STATION.—The
14 term ‘low power television station’ means a low
15 power TV station as defined in section 74.701(f) of
16 title 47, Code of Federal Regulations, as in effect on
17 June 1, 2004. For purposes of this paragraph, the
18 term ‘low power television station’ includes a low
19 power television station that has been accorded pri-
20 mary status as a Class A television licensee under
21 section 73.6001(a) of title 47, Code of Federal Reg-
22 ulations.”;

23 (5) by inserting after paragraph (4) (as redesign-
24 dated) the following:

1 “(5) NONCOMMERCIAL EDUCATIONAL BROAD-
2 CAST STATION.—The term ‘noncommercial edu-
3 cational broadcast station’ means a television broad-
4 cast station that is a noncommercial educational
5 broadcast station as defined in section 397 of the
6 Communications Act of 1934, as in effect on the
7 date of the enactment of the Satellite Television Ex-
8 tension and Localism Act of 2010.”; and

9 (6) by amending paragraph (6) (as redesign-
10 nated) to read as follows:

11 “(6) SUBSCRIBER.—The term ‘subscriber’
12 means a person or entity that receives a secondary
13 transmission service from a satellite carrier and pays
14 a fee for the service, directly or indirectly, to the sat-
15 ellite carrier or to a distributor.”.

16 **SEC. 904. MODIFICATIONS TO CABLE SYSTEM SECONDARY**
17 **TRANSMISSION RIGHTS UNDER SECTION 111.**

18 (a) **HEADING RENAMED.—**

19 (1) **IN GENERAL.—**The heading of section 111
20 is amended by inserting at the end the following:
21 **“of broadcast programming by cable”**.

22 (2) **TABLE OF CONTENTS.—**The table of con-
23 tents for chapter 1 is amended by striking the item
24 relating to section 111 and inserting the following:

“111. Limitations on exclusive rights: Secondary transmissions of broadcast pro-
gramming by cable.”.

1 (b) TECHNICAL AMENDMENT.—Section 111(a)(4) is
2 amended by striking “; or” and inserting “or section
3 122;”.

4 (c) STATUTORY LICENSE FOR SECONDARY TRANS-
5 MISSIONS BY CABLE SYSTEMS.—Section 111(d) is amend-
6 ed—

7 (1) in paragraph (1)—

8 (A) in the matter preceding subparagraph

9 (A)—

10 (i) by striking “A cable system whose
11 secondary” and inserting the following:
12 “STATEMENT OF ACCOUNT AND ROYALTY
13 FEES.—Subject to paragraph (5), a cable
14 system whose secondary”; and

15 (ii) by striking “by regulation—” and
16 inserting “by regulation the following:”;

17 (B) in subparagraph (A)—

18 (i) by striking “a statement of ac-
19 count” and inserting “A statement of ac-
20 count”; and

21 (ii) by striking “; and” and inserting
22 a period; and

23 (C) by striking subparagraphs (B), (C),
24 and (D) and inserting the following:

1 “(B) Except in the case of a cable system
2 whose royalty fee is specified in subparagraph
3 (E) or (F), a total royalty fee payable to copy-
4 right owners pursuant to paragraph (3) for the
5 period covered by the statement, computed on
6 the basis of specified percentages of the gross
7 receipts from subscribers to the cable service
8 during such period for the basic service of pro-
9 viding secondary transmissions of primary
10 broadcast transmitters, as follows:

11 “(i) 1.064 percent of such gross re-
12 ceipts for the privilege of further transmit-
13 ting, beyond the local service area of such
14 primary transmitter, any non-network pro-
15 gramming of a primary transmitter in
16 whole or in part, such amount to be ap-
17 plied against the fee, if any, payable pursu-
18 ant to clauses (ii) through (iv);

19 “(ii) 1.064 percent of such gross re-
20 ceipts for the first distant signal equiva-
21 lent;

22 “(iii) 0.701 percent of such gross re-
23 ceipts for each of the second, third, and
24 fourth distant signal equivalents; and

1 “(iv) 0.330 percent of such gross re-
2 receipts for the fifth distant signal equivalent
3 and each distant signal equivalent there-
4 after.

5 “(C) In computing amounts under clauses
6 (ii) through (iv) of subparagraph (B)—

7 “(i) any fraction of a distant signal
8 equivalent shall be computed at its frac-
9 tional value;

10 “(ii) in the case of any cable system
11 located partly within and partly outside of
12 the local service area of a primary trans-
13 mitter, gross receipts shall be limited to
14 those gross receipts derived from sub-
15 scribers located outside of the local service
16 area of such primary transmitter; and

17 “(iii) if a cable system provides a sec-
18 ondary transmission of a primary trans-
19 mitter to some but not all communities
20 served by that cable system—

21 “(I) the gross receipts and the
22 distant signal equivalent values for
23 such secondary transmission shall be
24 derived solely on the basis of the sub-
25 scribers in those communities where

1 the cable system provides such sec-
2 ondary transmission; and

3 “(II) the total royalty fee for the
4 period paid by such system shall not
5 be less than the royalty fee calculated
6 under subparagraph (B)(i) multiplied
7 by the gross receipts from all sub-
8 sscribers to the system.

9 “(D) A cable system that, on a statement
10 submitted before the date of the enactment of
11 the Satellite Television Extension and Localism
12 Act of 2010, computed its royalty fee consistent
13 with the methodology under subparagraph
14 (C)(iii), or that amends a statement filed before
15 such date of enactment to compute the royalty
16 fee due using such methodology, shall not be
17 subject to an action for infringement, or eligible
18 for any royalty refund or offset, arising out of
19 its use of such methodology on such statement.

20 “(E) If the actual gross receipts paid by
21 subscribers to a cable system for the period cov-
22 ered by the statement for the basic service of
23 providing secondary transmissions of primary
24 broadcast transmitters are \$263,800 or less—

1 “(i) gross receipts of the cable system
2 for the purpose of this paragraph shall be
3 computed by subtracting from such actual
4 gross receipts the amount by which
5 \$263,800 exceeds such actual gross re-
6 ceipts, except that in no case shall a cable
7 system’s gross receipts be reduced to less
8 than \$10,400; and

9 “(ii) the royalty fee payable under this
10 paragraph to copyright owners pursuant to
11 paragraph (3) shall be 0.5 percent, regard-
12 less of the number of distant signal equiva-
13 lents, if any.

14 “(F) If the actual gross receipts paid by
15 subscribers to a cable system for the period cov-
16 ered by the statement for the basic service of
17 providing secondary transmissions of primary
18 broadcast transmitters are more than \$263,800
19 but less than \$527,600, the royalty fee payable
20 under this paragraph to copyright owners pur-
21 suant to paragraph (3) shall be—

22 “(i) 0.5 percent of any gross receipts
23 up to \$263,800, regardless of the number
24 of distant signal equivalents, if any; and

1 “(ii) 1 percent of any gross receipts in
2 excess of \$263,800, but less than
3 \$527,600, regardless of the number of dis-
4 tant signal equivalents, if any.

5 “(G) A filing fee, as determined by the
6 Register of Copyrights pursuant to section
7 708(a).”;

8 (2) in paragraph (2), in the first sentence—

9 (A) by striking “The Register of Copy-
10 rights” and inserting the following “HANDLING
11 OF FEES.—The Register of Copyrights”; and

12 (B) by inserting “(including the filing fee
13 specified in paragraph (1)(G))” after “shall re-
14 ceive all fees”;

15 (3) in paragraph (3)—

16 (A) by striking “The royalty fees” and in-
17 serting the following: “DISTRIBUTION OF ROY-
18 ALTY FEES TO COPYRIGHT OWNERS.—The roy-
19 alty fees”;

20 (B) in subparagraph (A)—

21 (i) by striking “any such” and insert-
22 ing “Any such”; and

23 (ii) by striking “; and” and inserting
24 a period;

25 (C) in subparagraph (B)—

1 (i) by striking “any such” and insert-
2 ing “Any such”; and

3 (ii) by striking the semicolon and in-
4 sserting a period; and

5 (D) in subparagraph (C), by striking “any
6 such” and inserting “Any such”;

7 (4) in paragraph (4), by striking “The royalty
8 fees” and inserting the following: “PROCEDURES
9 FOR ROYALTY FEE DISTRIBUTION.—The royalty
10 fees”; and

11 (5) by adding at the end the following new
12 paragraphs:

13 “(5) 3.75 PERCENT RATE AND SYNDICATED EX-
14 CLUSIVITY SURCHARGE NOT APPLICABLE TO
15 MULTICAST STREAMS.—The royalty rates specified
16 in sections 256.2(c) and 256.2(d) of title 37, Code
17 of Federal Regulations (commonly referred to as the
18 ‘3.75 percent rate’ and the ‘syndicated exclusivity
19 surcharge’, respectively), as in effect on the date of
20 the enactment of the Satellite Television Extension
21 and Localism Act of 2010, as such rates may be ad-
22 justed, or such sections redesignated, thereafter by
23 the Copyright Royalty Judges, shall not apply to the
24 secondary transmission of a multicast stream.

1 “(B) establish procedures for safeguarding
2 all non-public financial and business informa-
3 tion provided under this paragraph;

4 “(C)(i) require a consultation period for
5 the independent auditor to review its conclu-
6 sions with a designee of the cable system;

7 “(ii) establish a mechanism for the cable
8 system to remedy any errors identified in the
9 auditor’s report and to cure any underpayment
10 identified; and

11 “(iii) provide an opportunity to remedy any
12 disputed facts or conclusions;

13 “(D) limit the frequency of requests for
14 verification for a particular cable system and
15 the number of audits that a multiple system op-
16 erator can be required to undergo in a single
17 year; and

18 “(E) permit requests for verification of a
19 statement of account to be made only within 3
20 years after the last day of the year in which the
21 statement of account is filed.

22 “(7) ACCEPTANCE OF ADDITIONAL DEPOSITS.—
23 Any royalty fee payments received by the Copyright
24 Office from cable systems for the secondary trans-
25 mission of primary transmissions that are in addi-

1 tion to the payments calculated and deposited in ac-
2 cordance with this subsection shall be deemed to
3 have been deposited for the particular accounting pe-
4 riod for which they are received and shall be distrib-
5 uted as specified under this subsection.”.

6 (d) EFFECTIVE DATE OF NEW ROYALTY FEE
7 RATES.—The royalty fee rates established in section
8 111(d)(1)(B) of title 17, United States Code, as amended
9 by subsection (c)(1)(C) of this section, shall take effect
10 commencing with the first accounting period occurring in
11 2010.

12 (e) DEFINITIONS.—Section 111(f) is amended—

13 (1) by striking the first undesignated paragraph
14 and inserting the following:

15 “(1) PRIMARY TRANSMISSION.—A ‘primary
16 transmission’ is a transmission made to the public
17 by a transmitting facility whose signals are being re-
18 ceived and further transmitted by a secondary trans-
19 mission service, regardless of where or when the per-
20 formance or display was first transmitted. In the
21 case of a television broadcast station, the primary
22 stream and any multicast streams transmitted by
23 the station constitute primary transmissions.”;

24 (2) in the second undesignated paragraph—

1 (A) by striking “A ‘secondary trans-
2 mission’” and inserting the following:

3 “(2) SECONDARY TRANSMISSION.—A ‘secondary
4 transmission’”; and

5 (B) by striking “‘cable system’” and in-
6 serting “cable system”;

7 (3) in the third undesignated paragraph—

8 (A) by striking “A ‘cable system’” and in-
9 serting the following:

10 “(3) CABLE SYSTEM.—A ‘cable system’”; and

11 (B) by striking “Territory, Trust Terri-
12 tory, or Possession” and inserting “territory,
13 trust territory, or possession of the United
14 States”;

15 (4) in the fourth undesignated paragraph, in
16 the first sentence—

17 (A) by striking “The ‘local service area of
18 a primary transmitter’, in the case of a tele-
19 vision broadcast station, comprises the area in
20 which such station is entitled to insist” and in-
21 serting the following:

22 “(4) LOCAL SERVICE AREA OF A PRIMARY
23 TRANSMITTER.—The ‘local service area of a primary
24 transmitter’, in the case of both the primary stream
25 and any multicast streams transmitted by a primary

1 transmitter that is a television broadcast station,
2 comprises the area where such primary transmitter
3 could have insisted”;

4 (B) by striking “76.59 of title 47 of the
5 Code of Federal Regulations” and inserting the
6 following: “76.59 of title 47, Code of Federal
7 Regulations, or within the noise-limited contour
8 as defined in 73.622(e)(1) of title 47, Code of
9 Federal Regulations”; and

10 (C) by striking “as defined by the rules
11 and regulations of the Federal Communications
12 Commission,”;

13 (5) by amending the fifth undesignated para-
14 graph to read as follows:

15 “(5) DISTANT SIGNAL EQUIVALENT.—

16 “(A) IN GENERAL.—Except as provided
17 under subparagraph (B), a ‘distant signal
18 equivalent’—

19 “(i) is the value assigned to the sec-
20 ondary transmission of any non-network
21 television programming carried by a cable
22 system in whole or in part beyond the local
23 service area of the primary transmitter of
24 such programming; and

1 “(ii) is computed by assigning a value
2 of one to each primary stream and to each
3 multicast stream (other than a simulcast)
4 that is an independent station, and by as-
5 signing a value of one-quarter to each pri-
6 mary stream and to each multicast stream
7 (other than a simulcast) that is a network
8 station or a noncommercial educational
9 station.

10 “(B) EXCEPTIONS.—The values for inde-
11 pendent, network, and noncommercial edu-
12 cational stations specified in subparagraph (A)
13 are subject to the following:

14 “(i) Where the rules and regulations
15 of the Federal Communications Commis-
16 sion require a cable system to omit the fur-
17 ther transmission of a particular program
18 and such rules and regulations also permit
19 the substitution of another program em-
20 bodying a performance or display of a
21 work in place of the omitted transmission,
22 or where such rules and regulations in ef-
23 fect on the date of the enactment of the
24 Copyright Act of 1976 permit a cable sys-
25 tem, at its election, to effect such omission

1 and substitution of a nonlive program or to
2 carry additional programs not transmitted
3 by primary transmitters within whose local
4 service area the cable system is located, no
5 value shall be assigned for the substituted
6 or additional program.

7 “(ii) Where the rules, regulations, or
8 authorizations of the Federal Communica-
9 tions Commission in effect on the date of
10 the enactment of the Copyright Act of
11 1976 permit a cable system, at its election,
12 to omit the further transmission of a par-
13 ticular program and such rules, regula-
14 tions, or authorizations also permit the
15 substitution of another program embodying
16 a performance or display of a work in
17 place of the omitted transmission, the
18 value assigned for the substituted or addi-
19 tional program shall be, in the case of a
20 live program, the value of one full distant
21 signal equivalent multiplied by a fraction
22 that has as its numerator the number of
23 days in the year in which such substitution
24 occurs and as its denominator the number
25 of days in the year.

1 “(iii) In the case of the secondary
2 transmission of a primary transmitter that
3 is a television broadcast station pursuant
4 to the late-night or specialty programming
5 rules of the Federal Communications Com-
6 mission, or the secondary transmission of a
7 primary transmitter that is a television
8 broadcast station on a part-time basis
9 where full-time carriage is not possible be-
10 cause the cable system lacks the activated
11 channel capacity to retransmit on a full-
12 time basis all signals that it is authorized
13 to carry, the values for independent, net-
14 work, and noncommercial educational sta-
15 tions set forth in subparagraph (A), as the
16 case may be, shall be multiplied by a frac-
17 tion that is equal to the ratio of the broad-
18 cast hours of such primary transmitter re-
19 transmitted by the cable system to the
20 total broadcast hours of the primary trans-
21 mitter.

22 “(iv) No value shall be assigned for
23 the secondary transmission of the primary
24 stream or any multicast streams of a pri-
25 mary transmitter that is a television broad-

1 networks described in subparagraph (A);

2 and

3 “(ii) offers programming on a regular
4 basis for 15 or more hours per week to at
5 least 25 of the affiliated television licensees
6 of the interconnected program service in
7 10 or more States.”;

8 (7) by striking the seventh undesignated para-
9 graph and inserting the following:

10 “(7) INDEPENDENT STATION.—The term ‘inde-
11 pendent station’ shall be applied to the primary
12 stream or a multicast stream of a television broad-
13 cast station that is not a network station or a non-
14 commercial educational station.”;

15 (8) by striking the eighth undesignated para-
16 graph and inserting the following:

17 “(8) NONCOMMERCIAL EDUCATIONAL STA-
18 TION.—The term ‘noncommercial educational sta-
19 tion’ shall be applied to the primary stream or a
20 multicast stream of a television broadcast station
21 that is a noncommercial educational broadcast sta-
22 tion as defined in section 397 of the Communica-
23 tions Act of 1934, as in effect on the date of the en-
24 actment of the Satellite Television Extension and
25 Localism Act of 2010.”; and

1 (9) by adding at the end the following:

2 “(9) PRIMARY STREAM.—A ‘primary stream’
3 is—

4 “(A) the single digital stream of program-
5 ming that, before June 12, 2009, was substan-
6 tially duplicating the programming transmitted
7 by the television broadcast station as an analog
8 signal; or

9 “(B) if there is no stream described in
10 subparagraph (A), then the single digital
11 stream of programming transmitted by the tele-
12 vision broadcast station for the longest period
13 of time.

14 “(10) PRIMARY TRANSMITTER.—A ‘primary
15 transmitter’ is a television or radio broadcast station
16 licensed by the Federal Communications Commis-
17 sion, or by an appropriate governmental authority of
18 Canada or Mexico, that makes primary trans-
19 missions to the public.

20 “(11) MULTICAST STREAM.—A ‘multicast
21 stream’ is a digital stream of programming that is
22 transmitted by a television broadcast station and is
23 not the station’s primary stream.

24 “(12) SIMULCAST.—A ‘simulcast’ is a multicast
25 stream of a television broadcast station that dupli-

1 cates the programming transmitted by the primary
2 stream or another multicast stream of such station.

3 “(13) SUBSCRIBER; SUBSCRIBE.—

4 “(A) SUBSCRIBER.—The term ‘subscriber’
5 means a person or entity that receives a sec-
6 ondary transmission service from a cable sys-
7 tem and pays a fee for the service, directly or
8 indirectly, to the cable system.

9 “(B) SUBSCRIBE.—The term ‘subscribe’
10 means to elect to become a subscriber.”.

11 (f) TIMING OF SECTION 111 PROCEEDINGS.—Section
12 804(b)(1) is amended by striking “2005” each place it ap-
13 pears and inserting “2015”.

14 (g) TECHNICAL AND CONFORMING AMENDMENTS.—

15 (1) CORRECTIONS TO FIX LEVEL DESIGNA-
16 TIONS.—Section 111 is amended—

17 (A) in subsections (a), (c), and (e), by
18 striking “clause” each place it appears and in-
19 serting “paragraph”;

20 (B) in subsection (c)(1), by striking
21 “clauses” and inserting “paragraphs”; and

22 (C) in subsection (e)(1)(F), by striking
23 “subclause” and inserting “subparagraph”.

24 (2) CONFORMING AMENDMENT TO HYPHENATE
25 NONNETWORK.—Section 111 is amended by striking

1 “nonnetwork” each place it appears and inserting
2 “non-network”.

3 (3) PREVIOUSLY UNDESIGNATED PARA-
4 GRAPH.—Section 111(e)(1) is amended by striking
5 “second paragraph of subsection (f)” and inserting
6 “subsection (f)(2)”.

7 (4) REMOVAL OF SUPERFLUOUS ANDS.—Sec-
8 tion 111(e) is amended—

9 (A) in paragraph (1)(A), by striking “and”
10 at the end;

11 (B) in paragraph (1)(B), by striking
12 “and” at the end;

13 (C) in paragraph (1)(C), by striking “and”
14 at the end;

15 (D) in paragraph (1)(D), by striking
16 “and” at the end; and

17 (E) in paragraph (2)(A), by striking “and”
18 at the end.

19 (5) REMOVAL OF VARIANT FORMS REF-
20 ERENCES.—Section 111 is amended—

21 (A) in subsection (e)(4), by striking “, and
22 each of its variant forms,”; and

23 (B) in subsection (f), by striking “and
24 their variant forms”.

1 (6) CORRECTION TO TERRITORY REFERENCE.—
2 Section 111(e)(2) is amended in the matter pre-
3 ceding subparagraph (A) by striking “three terri-
4 tories” and inserting “five entities”.

5 (h) EFFECTIVE DATE WITH RESPECT TO
6 MULTICAST STREAMS.—

7 (1) IN GENERAL.—Subject to paragraphs (2)
8 and (3), the amendments made by this section, to
9 the extent such amendments assign a distant signal
10 equivalent value to the secondary transmission of the
11 multicast stream of a primary transmitter, shall take
12 effect on the date of the enactment of this Act.

13 (2) DELAYED APPLICABILITY.—

14 (A) SECONDARY TRANSMISSIONS OF A
15 MULTICAST STREAM BEYOND THE LOCAL SERV-
16 ICE AREA OF ITS PRIMARY TRANSMITTER BE-
17 FORE 2009 ACT.—In any case in which a cable
18 system was making secondary transmissions of
19 a multicast stream beyond the local service area
20 of its primary transmitter before the date of the
21 enactment of this Act, a distant signal equiva-
22 lent value (referred to in paragraph (1)) shall
23 not be assigned to secondary transmissions of
24 such multicast stream that are made on or be-
25 fore June 30, 2010.

1 (B) MULTICAST STREAMS SUBJECT TO
2 PREEXISTING WRITTEN AGREEMENTS FOR THE
3 SECONDARY TRANSMISSION OF SUCH
4 STREAMS.—In any case in which the secondary
5 transmission of a multicast stream of a primary
6 transmitter is the subject of a written agree-
7 ment entered into on or before June 30, 2009,
8 between a cable system or an association rep-
9 resenting the cable system and a primary trans-
10 mitter or an association representing the pri-
11 mary transmitter, a distant signal equivalent
12 value (referred to in paragraph (1)) shall not be
13 assigned to secondary transmissions of such
14 multicast stream beyond the local service area
15 of its primary transmitter that are made on or
16 before the date on which such written agree-
17 ment expires.

18 (C) NO REFUNDS OR OFFSETS FOR PRIOR
19 STATEMENTS OF ACCOUNT.—A cable system
20 that has reported secondary transmissions of a
21 multicast stream beyond the local service area
22 of its primary transmitter on a statement of ac-
23 count deposited under section 111 of title 17,
24 United States Code, before the date of the en-
25 actment of this Act shall not be entitled to any

1 refund, or offset, of royalty fees paid on ac-
2 count of such secondary transmissions of such
3 multicast stream.

4 (3) DEFINITIONS.—In this subsection, the
5 terms “cable system”, “secondary transmission”,
6 “multicast stream”, and “local service area of a pri-
7 mary transmitter” have the meanings given those
8 terms in section 111(f) of title 17, United States
9 Code, as amended by this section.

10 **SEC. 905. CERTAIN WAIVERS GRANTED TO PROVIDERS OF**
11 **LOCAL-INTO-LOCAL SERVICE FOR ALL DMAS.**

12 Section 119 is amended by adding at the end the fol-
13 lowing new subsection:

14 “(g) CERTAIN WAIVERS GRANTED TO PROVIDERS OF
15 LOCAL-INTO-LOCAL SERVICE TO ALL DMAS.—

16 “(1) INJUNCTION WAIVER.—A court that issued
17 an injunction pursuant to subsection (a)(7)(B) be-
18 fore the date of the enactment of this subsection
19 shall waive such injunction if the court recognizes
20 the entity against which the injunction was issued as
21 a qualified carrier.

22 “(2) LIMITED TEMPORARY WAIVER.—

23 “(A) IN GENERAL.—Upon a request made
24 by a satellite carrier, a court that issued an in-
25 junction against such carrier under subsection

1 (a)(7)(B) before the date of the enactment of
2 this subsection shall waive such injunction with
3 respect to the statutory license provided under
4 subsection (a)(2) to the extent necessary to
5 allow such carrier to make secondary trans-
6 missions of primary transmissions made by a
7 network station to unserved households located
8 in short markets in which such carrier was not
9 providing local service pursuant to the license
10 under section 122 as of December 31, 2009.

11 “(B) EXPIRATION OF TEMPORARY WAIV-
12 ER.—A temporary waiver of an injunction
13 under subparagraph (A) shall expire after the
14 end of the 120-day period beginning on the
15 date such temporary waiver is issued unless ex-
16 tended for good cause by the court making the
17 temporary waiver.

18 “(C) FAILURE TO PROVIDE LOCAL-INTO-
19 LOCAL SERVICE TO ALL DMAS.—

20 “(i) FAILURE TO ACT IN GOOD
21 FAITH.—If the court issuing a temporary
22 waiver under subparagraph (A) determines
23 that the satellite carrier that made the re-
24 quest for such waiver has failed to make a

1 good faith effort to provide local-into-local
2 service to all DMAs, such failure—

3 “(I) is actionable as an act of in-
4 fringement under section 501 and the
5 court may in its discretion impose the
6 remedies provided for in sections 502
7 through 506 and subsection (a)(6)(B)
8 of this section; and

9 “(II) shall result in the termi-
10 nation of the waiver issued under sub-
11 paragraph (A).

12 “(ii) FAILURE TO PROVIDE LOCAL-
13 INTO-LOCAL SERVICE.—If the court issuing
14 a temporary waiver under subparagraph
15 (A) determines that the satellite carrier
16 that made the request for such waiver has
17 failed to provide local-into-local service to
18 all DMAs, but determines that the carrier
19 acted in good faith, the court may in its
20 discretion impose financial penalties that
21 reflect—

22 “(I) the degree of control the
23 carrier had over the circumstances
24 that resulted in the failure;

1 “(II) the quality of the carrier’s
2 efforts to remedy the failure; and

3 “(III) the severity and duration
4 of any service interruption.

5 “(D) SINGLE TEMPORARY WAIVER AVAIL-
6 ABLE.—An entity may only receive one tem-
7 porary waiver under this paragraph.

8 “(E) SHORT MARKET DEFINED.—For pur-
9 poses of this paragraph, the term ‘short mar-
10 ket’ means a local market in which program-
11 ming of one or more of the four most widely
12 viewed television networks nationwide as meas-
13 ured on the date of the enactment of this sub-
14 section is not offered on the primary stream
15 transmitted by any local television broadcast
16 station.

17 “(3) ESTABLISHMENT OF QUALIFIED CARRIER
18 RECOGNITION.—

19 “(A) STATEMENT OF ELIGIBILITY.—An
20 entity seeking to be recognized as a qualified
21 carrier under this subsection shall file a state-
22 ment of eligibility with the court that imposed
23 the injunction. A statement of eligibility must
24 include—

1 “(i) an affidavit that the entity is pro-
2 viding local-into-local service to all DMAs;

3 “(ii) a request for a waiver of the in-
4 junction; and

5 “(iii) a certification issued pursuant
6 to section 342(a) of Communications Act
7 of 1934.

8 “(B) GRANT OF RECOGNITION AS A QUALI-
9 FIED CARRIER.—Upon receipt of a statement of
10 eligibility, the court shall recognize the entity as
11 a qualified carrier and issue the waiver under
12 paragraph (1).

13 “(C) VOLUNTARY TERMINATION.—At any
14 time, an entity recognized as a qualified carrier
15 may file a statement of voluntary termination
16 with the court certifying that it no longer wish-
17 es to be recognized as a qualified carrier. Upon
18 receipt of such statement, the court shall rein-
19 state the injunction waived under paragraph
20 (1).

21 “(D) LOSS OF RECOGNITION PREVENTS
22 FUTURE RECOGNITION.—No entity may be rec-
23 ognized as a qualified carrier if such entity had
24 previously been recognized as a qualified carrier
25 and subsequently lost such recognition or volun-

1 qualified carrier is recognized as such
2 under paragraph (3)(B) and ending on De-
3 cember 31, 2011.

4 “(ii) RECORDS OF QUALIFIED CAR-
5 RIER.—Beginning on the date that is one
6 year after the date on which the qualified
7 carrier is recognized as such under para-
8 graph (3)(B), the qualified carrier shall
9 provide the Comptroller General with all
10 records that the Comptroller General, in
11 consultation with the Register of Copy-
12 rights, considers to be directly pertinent to
13 the following requirements under this sec-
14 tion:

15 “(I) Proper calculation and pay-
16 ment of royalties under the statutory
17 license under this section.

18 “(II) Provision of service under
19 this license to eligible subscribers
20 only.

21 “(iii) SUBMISSION OF REPORT.—The
22 Comptroller General shall file the report
23 required by clause (i) not later than March
24 1, 2012, with the court referred to in para-
25 graph (1) that issued the injunction, the

1 Register of Copyrights, the Committees on
2 the Judiciary and on Energy and Com-
3 merce of the House of Representatives,
4 and the Committees on the Judiciary and
5 on Commerce, Science, and Transportation
6 of the Senate.

7 “(iv) EVIDENCE OF INFRINGEMENT.—
8 The Comptroller General shall include in
9 the report a statement of whether the ex-
10 amination by the Comptroller General indi-
11 cated that there is substantial evidence
12 that a copyright holder could bring a suc-
13 cessful action under this section against
14 the qualified carrier for infringement. The
15 Comptroller General shall consult with the
16 Register of Copyrights in preparing such
17 statement.

18 “(v) SUBSEQUENT EXAMINATION.—If
19 the report includes the Comptroller Gen-
20 eral’s statement that there is substantial
21 evidence that a copyright holder could
22 bring a successful action under this section
23 against the qualified carrier for infringe-
24 ment, the Comptroller General shall, not
25 later than 6 months after the report under

1 clause (i) is published, initiate another ex-
2 amination of the qualified carrier's compli-
3 ance with the royalty payment and house-
4 hold eligibility requirements of the license
5 under this section since the last report was
6 filed under clause (iii). The Comptroller
7 General shall file a report on such exam-
8 ination with the court referred to in para-
9 graph (1) that issued the injunction, the
10 Register of Copyrights, the Committees on
11 the Judiciary and on Energy and Com-
12 merce of the House of Representatives,
13 and the Committees on the Judiciary and
14 on Commerce, Science, and Transportation
15 of the Senate. The report shall include a
16 statement described in clause (iv), pre-
17 pared in consultation with the Register of
18 Copyrights.

19 “(vi) COMPLIANCE.—Upon motion
20 filed by an aggrieved copyright owner, the
21 court recognizing an entity as a qualified
22 carrier shall terminate such designation
23 upon finding that the entity has failed to
24 cooperate with the examinations required
25 by this subparagraph.

1 “(C) AFFIRMATION.—A qualified carrier
2 shall file an affidavit with the district court and
3 the Register of Copyrights 30 months after
4 such status was granted stating that, to the
5 best of the affiant’s knowledge, it is in compli-
6 ance with the requirements for a qualified car-
7 rier.

8 “(D) COMPLIANCE DETERMINATION.—
9 Upon the motion of an aggrieved television
10 broadcast station, the court recognizing an enti-
11 ty as a qualified carrier may make a determina-
12 tion of whether the entity is providing local-
13 into-local service to all DMAs.

14 “(E) PLEADING REQUIREMENT.—In any
15 motion brought under subparagraph (D), the
16 party making such motion shall specify one or
17 more designated market areas (as such term is
18 defined in section 122(j)(2)(C)) for which the
19 failure to provide service is being alleged, and,
20 for each such designated market area, shall
21 plead with particularity the circumstances of
22 the alleged failure.

23 “(F) BURDEN OF PROOF.—In any pro-
24 ceeding to make a determination under sub-
25 paragraph (D), and with respect to a des-

1 ignated market area for which failure to provide
2 service is alleged, the entity recognized as a
3 qualified carrier shall have the burden of prov-
4 ing that the entity provided local-into-local serv-
5 ice with a good quality satellite signal to at
6 least 90 percent of the households in such des-
7 ignated market area (based on the most recent
8 census data released by the United States Cen-
9 sus Bureau) at the time and place alleged.

10 “(5) FAILURE TO PROVIDE SERVICE.—

11 “(A) PENALTIES.—If the court recognizing
12 an entity as a qualified carrier finds that such
13 entity has willfully failed to provide local-into-
14 local service to all DMAs, such finding shall re-
15 sult in the loss of recognition of the entity as
16 a qualified carrier and the termination of the
17 waiver provided under paragraph (1), and the
18 court may, in its discretion—

19 “(i) treat such failure as an act of in-
20 fringement under section 501, and subject
21 such infringement to the remedies provided
22 for in sections 502 through 506 and sub-
23 section (a)(6)(B) of this section; and

24 “(ii) impose a fine of not more than
25 \$250,000.

1 “(B) EXCEPTION FOR NONWILLFUL VIOLA-
2 TION.—If the court determines that the failure
3 to provide local-into-local service to all DMAs is
4 nonwillful, the court may in its discretion im-
5 pose financial penalties for noncompliance that
6 reflect—

7 “(i) the degree of control the entity
8 had over the circumstances that resulted in
9 the failure;

10 “(ii) the quality of the entity’s efforts
11 to remedy the failure and restore service;
12 and

13 “(iii) the severity and duration of any
14 service interruption.

15 “(6) PENALTIES FOR VIOLATIONS OF LI-
16 CENSE.—A court that finds, under subsection
17 (a)(6)(A), that an entity recognized as a qualified
18 carrier has willfully made a secondary transmission
19 of a primary transmission made by a network sta-
20 tion and embodying a performance or display of a
21 work to a subscriber who is not eligible to receive
22 the transmission under this section shall reinstate
23 the injunction waived under paragraph (1), and the
24 court may order statutory damages of not more than
25 \$2,500,000.

1 “(7) LOCAL-INTO-LOCAL SERVICE TO ALL DMAS
2 DEFINED.—For purposes of this subsection:

3 “(A) IN GENERAL.—An entity provides
4 ‘local-into-local service to all DMAs’ if the enti-
5 ty provides local service in all designated mar-
6 ket areas (as such term is defined in section
7 122(j)(2)(C)) pursuant to the license under sec-
8 tion 122.

9 “(B) HOUSEHOLD COVERAGE.—For pur-
10 poses of subparagraph (A), an entity that
11 makes available local-into-local service with a
12 good quality satellite signal to at least 90 per-
13 cent of the households in a designated market
14 area based on the most recent census data re-
15 leased by the United States Census Bureau
16 shall be considered to be providing local service
17 to such designated market area.

18 “(C) GOOD QUALITY SATELLITE SIGNAL
19 DEFINED.—The term ‘good quality signal’ has
20 the meaning given such term under section
21 342(e)(2) of Communications Act of 1934.”.

22 **SEC. 906. COPYRIGHT OFFICE FEES.**

23 Section 708(a) is amended—

24 (1) in paragraph (8), by striking “and” after
25 the semicolon;

1 (2) in paragraph (9), by striking the period and
2 inserting a semicolon;

3 (3) by inserting after paragraph (9) the fol-
4 lowing:

5 “(10) on filing a statement of account based on
6 secondary transmissions of primary transmissions
7 pursuant to section 119 or 122; and

8 “(11) on filing a statement of account based on
9 secondary transmissions of primary transmissions
10 pursuant to section 111.”; and

11 (4) by adding at the end the following new sen-
12 tence: “Fees established under paragraphs (10) and
13 (11) shall be reasonable and may not exceed one-half
14 of the cost necessary to cover reasonable expenses
15 incurred by the Copyright Office for the collection
16 and administration of the statements of account and
17 any royalty fees deposited with such statements.”.

18 **SEC. 907. TERMINATION OF LICENSE.**

19 Section 1003(a)(2)(A) of Public Law 111-118 is
20 amended by striking “February 28, 2010” and inserting
21 “December 31, 2014”.

22 **SEC. 908. CONSTRUCTION.**

23 Nothing in section 111, 119, or 122 of title 17,
24 United States Code, including the amendments made to
25 such sections by this subtitle, shall be construed to affect

1 the meaning of any terms under the Communications Act
2 of 1934, except to the extent that such sections are specifi-
3 cally cross-referenced in such Act or the regulations issued
4 thereunder.

5 **Subtitle B—Communications** 6 **Provisions**

7 **SEC. 921. REFERENCE.**

8 Except as otherwise provided, whenever in this sub-
9 title an amendment is made to a section or other provision,
10 the reference shall be considered to be made to such sec-
11 tion or provision of the Communications Act of 1934 (47
12 U.S.C. 151 et seq.).

13 **SEC. 922. EXTENSION OF AUTHORITY.**

14 Section 325(b) is amended—

15 (1) in paragraph (2)(C), by striking “February
16 28, 2010” and inserting “December 31, 2014”; and

17 (2) in paragraph (3)(C), by striking “March 1,
18 2010” each place it appears in clauses (ii) and (iii)
19 and inserting “January 1, 2015”.

20 **SEC. 923. SIGNIFICANTLY VIEWED STATIONS.**

21 (a) IN GENERAL.—Paragraphs (1) and (2) of section
22 340(b) are amended to read as follows:

23 “(1) SERVICE LIMITED TO SUBSCRIBERS TAK-
24 ING LOCAL-INTO-LOCAL SERVICE.—This section shall
25 apply only to retransmissions to subscribers of a sat-

1 elite carrier who receive retransmissions of a signal
2 from that satellite carrier pursuant to section 338.

3 “(2) SERVICE LIMITATIONS.—A satellite carrier
4 may retransmit to a subscriber in high definition
5 format the signal of a station determined by the
6 Commission to be significantly viewed under sub-
7 section (a) only if such carrier also retransmits in
8 high definition format the signal of a station located
9 in the local market of such subscriber and affiliated
10 with the same network whenever such format is
11 available from such station.”.

12 (b) RULEMAKING REQUIRED.—Within 180 days after
13 the date of the enactment of this Act, the Federal Commu-
14 nications Commission shall take all actions necessary to
15 promulgate a rule to implement the amendments made by
16 subsection (a).

17 **SEC. 924. DIGITAL TELEVISION TRANSITION CONFORMING**
18 **AMENDMENTS.**

19 (a) SECTION 338.—Section 338 is amended—

20 (1) in subsection (a), by striking “(3) EFFEC-
21 TIVE DATE.—No satellite” and all that follows
22 through “until January 1, 2002.”; and

23 (2) by amending subsection (g) to read as fol-
24 lows:

1 “(g) CARRIAGE OF LOCAL STATIONS ON A SINGLE
2 RECEPTION ANTENNA.—

3 “(1) SINGLE RECEPTION ANTENNA.—Each sat-
4 ellite carrier that retransmits the signals of local tel-
5 evision broadcast stations in a local market shall re-
6 transmit such stations in such market so that a sub-
7 scriber may receive such stations by means of a sin-
8 gle reception antenna and associated equipment.

9 “(2) ADDITIONAL RECEPTION ANTENNA.—If
10 the carrier retransmits the signals of local television
11 broadcast stations in a local market in high defini-
12 tion format, the carrier shall retransmit such signals
13 in such market so that a subscriber may receive
14 such signals by means of a single reception antenna
15 and associated equipment, but such antenna and as-
16 sociated equipment may be separate from the single
17 reception antenna and associated equipment used to
18 comply with paragraph (1).”.

19 (b) SECTION 339.—Section 339 is amended—

20 (1) in subsection (a)—

21 (A) in paragraph (1)(B), by striking “Such
22 two network stations” and all that follows
23 through “more than two network stations.”;
24 and

25 (B) in paragraph (2)—

- 1 (i) in the heading for subparagraph
2 (A), by striking “TO ANALOG SIGNALS”;
- 3 (ii) in subparagraph (A)—
- 4 (I) in the heading for clause (i),
5 by striking “ANALOG”;
- 6 (II) in clause (i)—
- 7 (aa) by striking “analog”
8 each place it appears; and
- 9 (bb) by striking “October 1,
10 2004” and inserting “October 1,
11 2009”;
- 12 (III) in the heading for clause
13 (ii), by striking “ANALOG”; and
- 14 (IV) in clause (ii)—
- 15 (aa) by striking “analog”
16 each place it appears; and
- 17 (bb) by striking “2004” and
18 inserting “2009”;
- 19 (iii) by amending subparagraph (B) to
20 read as follows:
- 21 “(B) RULES FOR OTHER SUBSCRIBERS.—
- 22 “(i) IN GENERAL.—In the case of a
23 subscriber of a satellite carrier who is eligi-
24 ble to receive the signal of a network sta-
25 tion under this section (in this subpara-

1 graph referred to as a ‘distant signal’),
2 other than subscribers to whom subpara-
3 graph (A) applies, the following shall
4 apply:

5 “(I) In a case in which the sat-
6 ellite carrier makes available to that
7 subscriber, on January 1, 2005, the
8 signal of a local network station affili-
9 ated with the same television network
10 pursuant to section 338, the carrier
11 may only provide the secondary trans-
12 missions of the distant signal of a sta-
13 tion affiliated with the same network
14 to that subscriber if the subscriber’s
15 satellite carrier, not later than March
16 1, 2005, submits to that television
17 network the list and statement re-
18 quired by subparagraph (F)(i).

19 “(II) In a case in which the sat-
20 ellite carrier does not make available
21 to that subscriber, on January 1,
22 2005, the signal of a local network
23 station pursuant to section 338, the
24 carrier may only provide the sec-
25 ondary transmissions of the distant

333

1 signal of a station affiliated with the
2 same network to that subscriber if—

3 “(aa) that subscriber seeks
4 to subscribe to such distant sig-
5 nal before the date on which such
6 carrier commences to carry pur-
7 suant to section 338 the signals
8 of stations from the local market
9 of such local network station; and

10 “(bb) the satellite carrier,
11 within 60 days after such date,
12 submits to each television net-
13 work the list and statement re-
14 quired by subparagraph (F)(ii).

15 “(ii) SPECIAL CIRCUMSTANCES.—A
16 subscriber of a satellite carrier who was
17 lawfully receiving the distant signal of a
18 network station on the day before the date
19 of enactment of the Satellite Television Ex-
20 tension and Localism Act of 2010 may re-
21 ceive both such distant signal and the local
22 signal of a network station affiliated with
23 the same network until such subscriber
24 chooses to no longer receive such distant
25 signal from such carrier, whether or not

1 such subscriber elects to subscribe to such
2 local signal.”;

3 (iv) in subparagraph (C)—

4 (I) by striking “analog”;

5 (II) in clause (i), by striking “the
6 Satellite Home Viewer Extension and
7 Reauthorization Act of 2004; and”
8 and inserting the following:

9 “the Satellite Television Extension and Lo-
10 calism Act of 2010 and, at the time such
11 person seeks to subscribe to receive such
12 secondary transmission, resides in a local
13 market where the satellite carrier makes
14 available to that person the signal of a
15 local network station affiliated with the
16 same television network pursuant to sec-
17 tion 338 (and the retransmission of such
18 signal by such carrier can reach such sub-
19 scriber); or”;

20 (III) by amending clause (ii) to
21 read as follows:

22 “(ii) lawfully subscribes to and re-
23 ceives a distant signal on or after the date
24 of enactment of the Satellite Television Ex-
25 tension and Localism Act of 2010, and,

1 subsequent to such subscription, the sat-
2 ellite carrier makes available to that sub-
3 scriber the signal of a local network station
4 affiliated with the same network as the dis-
5 tant signal (and the retransmission of such
6 signal by such carrier can reach such sub-
7 scriber), unless such person subscribes to
8 the signal of the local network station
9 within 60 days after such signal is made
10 available.”;

11 (v) in subparagraph (D)—

12 (I) in the heading, by striking
13 “DIGITAL”;

14 (II) by striking clauses (i), (iii)
15 through (v), (vii) through (ix), and
16 (xi);

17 (III) by redesignating clause (vi)
18 as clause (i) and transferring such
19 clause to appear before clause (ii);

20 (IV) by amending such clause (i)
21 (as so redesignated) to read as fol-
22 lows:

23 “(i) ELIGIBILITY AND SIGNAL TEST-
24 ING.—A subscriber of a satellite carrier
25 shall be eligible to receive a distant signal

1 of a network station affiliated with the
2 same network under this section if, with
3 respect to a local network station, such
4 subscriber—

5 “(I) is a subscriber whose house-
6 hold is not predicted by the model
7 specified in subsection (c)(3) to re-
8 ceive the signal intensity required
9 under section 73.622(e)(1) or, in the
10 case of a low-power station or trans-
11 lator station transmitting an analog
12 signal, section 73.683(a) of title 47,
13 Code of Federal Regulations, or a suc-
14 cessor regulation;

15 “(II) is determined, based on a
16 test conducted in accordance with sec-
17 tion 73.686(d) of title 47, Code of
18 Federal Regulations, or any successor
19 regulation, not to be able to receive a
20 signal that exceeds the signal intensity
21 standard in section 73.622(e)(1) or,
22 in the case of a low-power station or
23 translator station transmitting an
24 analog signal, section 73.683(a) of

1 such title, or a successor regulation;
2 or

3 “(III) is in an unserved house-
4 hold, as determined under section
5 119(d)(10)(A) of title 17, United
6 States Code.”;

7 (V) in clause (ii)—

8 (aa) by striking “DIGITAL”
9 in the heading;

10 (bb) by striking “digital”
11 the first two places such term ap-
12 pears;

13 (cc) by striking “Satellite
14 Home Viewer Extension and Re-
15 authorization Act of 2004” and
16 inserting “Satellite Television
17 Extension and Localism Act of
18 2010”; and

19 (dd) by striking “, whether
20 or not such subscriber elects to
21 subscribe to local digital signals”;

22 (VI) by inserting after clause (ii)
23 the following new clause:

24 “(iii) TIME-SHIFTING PROHIBITED.—

25 In a case in which the satellite carrier

1 makes available to an eligible subscriber
2 under this subparagraph the signal of a
3 local network station pursuant to section
4 338, the carrier may only provide the dis-
5 tant signal of a station affiliated with the
6 same network to that subscriber if, in the
7 case of any local market in the 48 contig-
8 uous States of the United States, the dis-
9 tant signal is the secondary transmission
10 of a station whose prime time network pro-
11 gramming is generally broadcast simulta-
12 neously with, or later than, the prime time
13 network programming of the affiliate of
14 the same network in the local market.”;
15 and

16 (VII) by redesignating clause (x)
17 as clause (iv); and

18 (vi) in subparagraph (E), by striking
19 “distant analog signal or” and all that fol-
20 lows through “(B), or (D))” and inserting
21 “distant signal”;

22 (2) in subsection (c)—

23 (A) by amending paragraph (3) to read as
24 follows:

1 “(3) ESTABLISHMENT OF IMPROVED PRE-
2 DICTIVE MODEL AND ON-LOCATION TESTING RE-
3 QUIRED.—

4 “(A) PREDICTIVE MODEL.—Within 180
5 days after the date of the enactment of the Sat-
6 ellite Television Extension and Localism Act of
7 2010, the Commission shall develop and pre-
8 scribe by rule a point-to-point predictive model
9 for reliably and presumptively determining the
10 ability of individual locations, through the use
11 of an antenna, to receive signals in accordance
12 with the signal intensity standard in section
13 73.622(e)(1) of title 47, Code of Federal Regu-
14 lations, or a successor regulation, including to
15 account for the continuing operation of trans-
16 lator stations and low power television stations.
17 In prescribing such model, the Commission
18 shall rely on the Individual Location Longley-
19 Rice model set forth by the Commission in CS
20 Docket No. 98–201, as previously revised with
21 respect to analog signals, and as recommended
22 by the Commission with respect to digital sig-
23 nals in its Report to Congress in ET Docket
24 No. 05–182, FCC 05–199 (released December
25 9, 2005). The Commission shall establish proce-

1 dures for the continued refinement in the appli-
2 cation of the model by the use of additional
3 data as it becomes available.

4 “(B) ON-LOCATION TESTING.—The Com-
5 mission shall issue an order completing its rule-
6 making proceeding in ET Docket No. 06–94
7 within 180 days after the date of enactment of
8 the Satellite Television Extension and Localism
9 Act of 2010. In conducting such rulemaking,
10 the Commission shall seek ways to minimize
11 consumer burdens associated with on-location
12 testing.”;

13 (B) by amending paragraph (4)(A) to read
14 as follows:

15 “(A) IN GENERAL.—If a subscriber’s re-
16 quest for a waiver under paragraph (2) is re-
17 jected and the subscriber submits to the sub-
18 scriber’s satellite carrier a request for a test
19 verifying the subscriber’s inability to receive a
20 signal of the signal intensity referenced in
21 clause (i) of subsection (a)(2)(D), the satellite
22 carrier and the network station or stations as-
23 serting that the retransmission is prohibited
24 with respect to that subscriber shall select a
25 qualified and independent person to conduct the

1 test referenced in such clause. Such test shall
2 be conducted within 30 days after the date the
3 subscriber submits a request for the test. If the
4 written findings and conclusions of a test con-
5 ducted in accordance with such clause dem-
6 onstrate that the subscriber does not receive a
7 signal that meets or exceeds the requisite signal
8 intensity standard in such clause, the subscriber
9 shall not be denied the retransmission of a sig-
10 nal of a network station under section
11 119(d)(10)(A) of title 17, United States
12 Code.”;

13 (C) in paragraph (4)(B), by striking “the
14 signal intensity” and all that follows through
15 “United States Code” and inserting “such req-
16 uisite signal intensity standard”; and

17 (D) in paragraph (4)(E), by striking
18 “Grade B intensity”.

19 (c) SECTION 340.—Section 340(i) is amended by
20 striking paragraph (4).

21 **SEC. 925. APPLICATION PENDING COMPLETION OF**
22 **RULEMAKINGS.**

23 (a) IN GENERAL.—During the period beginning on
24 the date of the enactment of this Act and ending on the
25 date on which the Federal Communications Commission

1 adopts rules pursuant to the amendments to the Commu-
2 nications Act of 1934 made by section 923 and section
3 924 of this title, the Federal Communications Commission
4 shall follow its rules and regulations promulgated pursu-
5 ant to sections 338, 339, and 340 of the Communications
6 Act of 1934 as in effect on the day before the date of
7 the enactment of this Act.

8 (b) TRANSLATOR STATIONS AND LOW POWER TELE-
9 VISION STATIONS.—Notwithstanding subsection (a), for
10 purposes of determining whether a subscriber within the
11 local market served by a translator station or a low power
12 television station affiliated with a television network is eli-
13 gible to receive distant signals under section 339 of the
14 Communications Act of 1934, the rules and regulations
15 of the Federal Communications Commission for deter-
16 mining such subscriber’s eligibility as in effect on the day
17 before the date of the enactment of this Act shall apply
18 until the date on which the translator station or low power
19 television station is licensed to broadcast a digital signal.

20 (c) DEFINITIONS.—As used in this subtitle:

21 (1) LOCAL MARKET; LOW POWER TELEVISION
22 STATION; SATELLITE CARRIER; SUBSCRIBER; TELE-
23 VISION BROADCAST STATION.—The terms “local
24 market”, “low power television station”, “satellite
25 carrier”, “subscriber”, and “television broadcast sta-

1 tion” have the meanings given such terms in section
2 338(k) of the Communications Act of 1934.

3 (2) NETWORK STATION; TELEVISION NET-
4 WORK.—The terms “network station” and “tele-
5 vision network” have the meanings given such terms
6 in section 339(d) of such Act.

7 **SEC. 926. PROCESS FOR ISSUING QUALIFIED CARRIER CER-**
8 **TIFICATION.**

9 Part I of title III is amended by adding at the end
10 the following new section:

11 **“SEC. 342. PROCESS FOR ISSUING QUALIFIED CARRIER**
12 **CERTIFICATION.**

13 “(a) CERTIFICATION.—The Commission shall issue a
14 certification for the purposes of section 119(g)(3)(A)(iii)
15 of title 17, United States Code, if the Commission deter-
16 mines that—

17 “(1) a satellite carrier is providing local service
18 pursuant to the statutory license under section 122
19 of such title in each designated market area; and

20 “(2) with respect to each designated market
21 area in which such satellite carrier was not providing
22 such local service as of the date of enactment of the
23 Satellite Television Extension and Localism Act of
24 2010—

1 “(A) the satellite carrier’s satellite beams
2 are designed, and predicted by the satellite
3 manufacturer’s pre-launch test data, to provide
4 a good quality satellite signal to at least 90 per-
5 cent of the households in each such designated
6 market area based on the most recent census
7 data released by the United States Census Bu-
8 reau; and

9 “(B) there is no material evidence that
10 there has been a satellite or sub-system failure
11 subsequent to the satellite’s launch that pre-
12 cludes the ability of the satellite carrier to sat-
13 isfy the requirements of subparagraph (A).

14 “(b) INFORMATION REQUIRED.—Any entity seeking
15 the certification provided for in subsection (a) shall submit
16 to the Commission the following information:

17 “(1) An affidavit stating that, to the best of the
18 affiant’s knowledge, the satellite carrier provides
19 local service in all designated market areas pursuant
20 to the statutory license provided for in section 122
21 of title 17, United States Code, and listing those
22 designated market areas in which local service was
23 provided as of the date of enactment of the Satellite
24 Television Extension and Localism Act of 2010.

1 “(2) For each designated market area not listed
2 in paragraph (1):

3 “(A) Identification of each such designated
4 market area and the location of its local receive
5 facility.

6 “(B) Data showing the number of house-
7 holds, and maps showing the geographic dis-
8 tribution thereof, in each such designated mar-
9 ket area based on the most recent census data
10 released by the United States Census Bureau.

11 “(C) Maps, with superimposed effective
12 isotropically radiated power predictions ob-
13 tained in the satellite manufacturer’s pre-
14 launch tests, showing that the contours of the
15 carrier’s satellite beams as designed and the ge-
16 ographic area that the carrier’s satellite beams
17 are designed to cover are predicted to provide
18 a good quality satellite signal to at least 90 per-
19 cent of the households in such designated mar-
20 ket area based on the most recent census data
21 released by the United States Census Bureau.

22 “(D) For any satellite relied upon for cer-
23 tification under this section, an affidavit stating
24 that, to the best of the affiant’s knowledge,
25 there have been no satellite or sub-system fail-

1 ures subsequent to the satellite’s launch that
2 would degrade the design performance to such
3 a degree that a satellite transponder used to
4 provide local service to any such designated
5 market area is precluded from delivering a good
6 quality satellite signal to at least 90 percent of
7 the households in such designated market area
8 based on the most recent census data released
9 by the United States Census Bureau.

10 “(E) Any additional engineering, des-
11 ignated market area, or other information the
12 Commission considers necessary to determine
13 whether the Commission shall grant a certifi-
14 cation under this section.

15 “(c) CERTIFICATION ISSUANCE.—

16 “(1) PUBLIC COMMENT.—The Commission shall
17 provide 30 days for public comment on a request for
18 certification under this section.

19 “(2) DEADLINE FOR DECISION.—The Commis-
20 sion shall grant or deny a request for certification
21 within 90 days after the date on which such request
22 is filed.

23 “(d) SUBSEQUENT AFFIRMATION.—An entity grant-
24 ed qualified carrier status pursuant to section 119(g) of
25 title 17, United States Code, shall file an affidavit with

1 the Commission 30 months after such status was granted
2 stating that, to the best of the affiant's knowledge, it is
3 in compliance with the requirements for a qualified car-
4 rier.

5 “(e) DEFINITIONS.—For the purposes of this section:

6 “(1) DESIGNATED MARKET AREA.—The term
7 ‘designated market area’ has the meaning given such
8 term in section 122(j)(2)(C) of title 17, United
9 States Code.

10 “(2) GOOD QUALITY SATELLITE SIGNAL.—

11 “(A) IN GENERAL.—The term “good qual-
12 ity satellite signal” means—

13 “(i) a satellite signal whose power
14 level as designed shall achieve reception
15 and demodulation of the signal at an avail-
16 ability level of at least 99.7 percent
17 using—

18 “(I) models of satellite antennas
19 normally used by the satellite carrier's
20 subscribers; and

21 “(II) the same calculation meth-
22 odology used by the satellite carrier to
23 determine predicted signal availability
24 in the top 100 designated market
25 areas; and

1 “(ii) taking into account whether a
2 signal is in standard definition format or
3 high definition format, compression meth-
4 odology, modulation, error correction,
5 power level, and utilization of advances in
6 technology that do not circumvent the in-
7 tent of this section to provide for non-dis-
8 crimatory treatment with respect to any
9 comparable television broadcast station sig-
10 nal, a video signal transmitted by a sat-
11 ellite carrier such that—

12 “(I) the satellite carrier treats all
13 television broadcast stations’ signals
14 the same with respect to statistical
15 multiplexer prioritization; and

16 “(II) the number of video signals
17 in the relevant satellite transponder is
18 not more than the then current great-
19 est number of video signals carried on
20 any equivalent transponder serving
21 the top 100 designated market areas.

22 “(B) DETERMINATION.—For the purposes
23 of subparagraph (A), the top 100 designated
24 market areas shall be as determined by Nielsen
25 Media Research and published in the Nielsen

1 Station Index Directory and Nielsen Station
2 Index United States Television Household Esti-
3 mates or any successor publication as of the
4 date of a satellite carrier's application for cer-
5 tification under this section.”.

6 **SEC. 927. NONDISCRIMINATION IN CARRIAGE OF HIGH DEF-**
7 **INITION DIGITAL SIGNALS OF NONCOMMER-**
8 **CIAL EDUCATIONAL TELEVISION STATIONS.**

9 (a) IN GENERAL.—Section 338(a) is amended by
10 adding at the end the following new paragraph:

11 “(5) NONDISCRIMINATION IN CARRIAGE OF
12 HIGH DEFINITION SIGNALS OF NONCOMMERCIAL
13 EDUCATIONAL TELEVISION STATIONS.—

14 “(A) EXISTING CARRIAGE OF HIGH DEF-
15 INITION SIGNALS.—If, before the date of enact-
16 ment of the Satellite Television Extension and
17 Localism Act of 2010, an eligible satellite car-
18 rier is providing, under section 122 of title 17,
19 United States Code, any secondary trans-
20 missions in high definition format to sub-
21 scribers located within the local market of a tel-
22 evision broadcast station of a primary trans-
23 mission made by that station, then such sat-
24 ellite carrier shall carry the signals in high-defi-
25 nition format of qualified noncommercial edu-

1 educational television stations located within that
2 local market in accordance with the following
3 schedule:

4 “(i) By December 31, 2010, in at
5 least 50 percent of the markets in which
6 such satellite carrier provides such sec-
7 ondary transmissions in high definition
8 format.

9 “(ii) By December 31, 2011, in every
10 market in which such satellite carrier pro-
11 vides such secondary transmissions in high
12 definition format.

13 “(B) NEW INITIATION OF SERVICE.—If, on
14 or after the date of enactment of the Satellite
15 Television Extension and Localism Act of 2010,
16 an eligible satellite carrier initiates the provi-
17 sion, under section 122 of title 17, United
18 States Code, of any secondary transmissions in
19 high definition format to subscribers located
20 within the local market of a television broadcast
21 station of a primary transmission made by that
22 station, then such satellite carrier shall carry
23 the signals in high-definition format of all
24 qualified noncommercial educational television
25 stations located within that local market.”.

1 (b) DEFINITIONS.—Section 338(k) is amended—

2 (1) by redesignating paragraphs (2) through
3 (8) as paragraphs (3) through (9), respectively;

4 (2) by inserting after paragraph (1) the fol-
5 lowing new paragraph:

6 “(2) ELIGIBLE SATELLITE CARRIER.—The term
7 ‘eligible satellite carrier’ means any satellite carrier
8 that is not a party to a carriage contract that—

9 “(A) governs carriage of at least 30 quali-
10 fied noncommercial educational television sta-
11 tions; and

12 “(B) is in force and effect within 60 days
13 after the date of enactment of the Satellite Tel-
14 evision Extension and Localism Act of 2010.”;

15 (3) by redesignating paragraphs (6) through
16 (9) (as previously redesignated) as paragraphs (7)
17 through (10), respectively; and

18 (4) by inserting after paragraph (5) (as so re-
19 designated) the following new paragraph:

20 “(6) QUALIFIED NONCOMMERCIAL EDU-
21 CATIONAL TELEVISION STATION.—The term ‘quali-
22 fied noncommercial educational television station’
23 means any full-power television broadcast station
24 that—

1 “(A) under the rules and regulations of the
2 Commission in effect on March 29, 1990, is li-
3 censed by the Commission as a noncommercial
4 educational broadcast station and is owned and
5 operated by a public agency, nonprofit founda-
6 tion, nonprofit corporation, or nonprofit asso-
7 ciation; and

8 “(B) has as its licensee an entity that is el-
9 igible to receive a community service grant, or
10 any successor grant thereto, from the Corpora-
11 tion for Public Broadcasting, or any successor
12 organization thereto, on the basis of the for-
13 mula set forth in section 396(k)(6)(B) of this
14 title.”.

15 **SEC. 928. SAVINGS CLAUSE REGARDING DEFINITIONS.**

16 Nothing in this subtitle or the amendments made by
17 this subtitle shall be construed to affect—

18 (1) the meaning of the terms “program re-
19 lated” and “primary video” under the Communica-
20 tions Act of 1934; or

21 (2) the meaning of the term “multicast” in any
22 regulations issued by the Federal Communications
23 Commission.

24 **SEC. 929. STATE PUBLIC AFFAIRS BROADCASTS.**

25 Section 335(b) is amended—

1 (1) by inserting “**STATE PUBLIC AFFAIRS,**”
2 after “**EDUCATIONAL,**” in the heading;

3 (2) by striking paragraph (1) and inserting the
4 following:

5 “(1) CHANNEL CAPACITY REQUIRED.—

6 “(A) IN GENERAL.—Except as provided in
7 subparagraph (B), the Commission shall re-
8 quire, as a condition of any provision, initial au-
9 thorization, or authorization renewal for a pro-
10 vider of direct broadcast satellite service pro-
11 viding video programming, that the provider of
12 such service reserve a portion of its channel ca-
13 pacity, equal to not less than 4 percent nor
14 more than 7 percent, exclusively for non-
15 commercial programming of an educational or
16 informational nature.

17 “(B) REQUIREMENT FOR QUALIFIED SAT-
18 ELLITE PROVIDER.—The Commission shall re-
19 quire, as a condition of any provision, initial au-
20 thorization, or authorization renewal for a
21 qualified satellite provider of direct broadcast
22 satellite service providing video programming,
23 that such provider reserve a portion of its chan-
24 nel capacity, equal to not less than 3.5 percent
25 nor more than 7 percent, exclusively for non-

1 commercial programming of an educational or
2 informational nature.”;

3 (3) in paragraph (5), by striking “For purposes
4 of the subsection—” and inserting “For purposes of
5 this subsection:”; and

6 (4) by adding at the end of paragraph (5) the
7 following:

8 “(C) The term ‘qualified satellite provider’
9 means any provider of direct broadcast satellite
10 service that—

11 “(i) provides the retransmission of the
12 State public affairs networks of at least 15
13 different States;

14 “(ii) offers the programming of State
15 public affairs networks upon reasonable
16 prices, terms, and conditions as determined
17 by the Commission under paragraph (4);
18 and

19 “(iii) does not delete any noncommer-
20 cial programming of an educational or in-
21 formational nature in connection with the
22 carriage of a State public affairs network.

23 “(D) The term ‘State public affairs net-
24 work’ means a non-commercial non-broadcast

1 network or a noncommercial educational tele-
2 vision station—

3 “(i) whose programming consists of
4 information about State government delib-
5 erations and public policy events; and

6 “(ii) that is operated by—

7 “(I) a State government or sub-
8 division thereof;

9 “(II) an organization described
10 in section 501(c)(3) of the Internal
11 Revenue Code of 1986 that is exempt
12 from taxation under section 501(a) of
13 such Code and that is governed by an
14 independent board of directors; or

15 “(III) a cable system.”.

16 **Subtitle C—Reports and Savings**
17 **Provision**

18 **SEC. 931. DEFINITION.**

19 In this subtitle, the term “appropriate Congressional
20 committees” means the Committees on the Judiciary and
21 on Commerce, Science, and Transportation of the Senate
22 and the Committees on the Judiciary and on Energy and
23 Commerce of the House of Representatives.

1 **SEC. 932. REPORT ON MARKET BASED ALTERNATIVES TO**
2 **STATUTORY LICENSING.**

3 Not later than 1 year after the date of the enactment
4 of this Act, and after consultation with the Federal Com-
5 munications Commission, the Register of Copyrights shall
6 submit to the appropriate Congressional committees a re-
7 port containing—

8 (1) proposed mechanisms, methods, and rec-
9 ommendations on how to implement a phase-out of
10 the statutory licensing requirements set forth in sec-
11 tions 111, 119, and 122 of title 17, United States
12 Code, by making such sections inapplicable to the
13 secondary transmission of a performance or display
14 of a work embodied in a primary transmission of a
15 broadcast station that is authorized to license the
16 same secondary transmission directly with respect to
17 all of the performances and displays embodied in
18 such primary transmission;

19 (2) any recommendations for alternative means
20 to implement a timely and effective phase-out of the
21 statutory licensing requirements set forth in sections
22 111, 119, and 122 of title 17, United States Code;
23 and

24 (3) any recommendations for legislative or ad-
25 ministrative actions as may be appropriate to
26 achieve such a phase-out.

1 **SEC. 933. REPORT ON COMMUNICATIONS IMPLICATIONS OF**
2 **STATUTORY LICENSING MODIFICATIONS.**

3 (a) STUDY.—The Comptroller General shall conduct
4 a study that analyzes and evaluates the changes to the
5 carriage requirements currently imposed on multichannel
6 video programming distributors under the Communica-
7 tions Act of 1934 (47 U.S.C. 151 et seq.) and the regula-
8 tions promulgated by the Federal Communications Com-
9 mission that would be required or beneficial to consumers,
10 and such other matters as the Comptroller General deems
11 appropriate, if Congress implemented a phase-out of the
12 current statutory licensing requirements set forth under
13 sections 111, 119, and 122 of title 17, United States
14 Code. Among other things, the study shall consider the
15 impact such a phase-out and related changes to carriage
16 requirements would have on consumer prices and access
17 to programming.

18 (b) REPORT.—Not later than 1 year after the date
19 of the enactment of this Act, the Comptroller General shall
20 report to the appropriate Congressional committees the re-
21 sults of the study, including any recommendations for leg-
22 islative or administrative actions.

23 **SEC. 934. REPORT ON IN-STATE BROADCAST PROGRAM-**
24 **MING.**

25 Not later than 1 year after the date of the enactment
26 of this Act, the Federal Communications Commission shall

1 submit to the appropriate Congressional committees a re-
2 port containing an analysis of—

3 (1) the number of households in a State that
4 receive the signals of local broadcast stations as-
5 signed to a community of license that is located in
6 a different State;

7 (2) the extent to which consumers in each local
8 market have access to in-state broadcast program-
9 ming over the air or from a multichannel video pro-
10 gramming distributor; and

11 (3) whether there are alternatives to the use of
12 designated market areas, as defined in section 122
13 of title 17, United States Code, to define local mar-
14 kets that would provide more consumers with in-
15 state broadcast programming.

16 **SEC. 935. LOCAL NETWORK CHANNEL BROADCAST RE-**
17 **PORTS.**

18 (a) REQUIREMENT.—

19 (1) IN GENERAL.—On the 180th day after the
20 date of the enactment of this Act, and on each suc-
21 ceeding anniversary of such 180th day, each satellite
22 carrier shall submit an annual report to the Federal
23 Communications Commission setting forth—

24 (A) each local market in which it—

1 (i) retransmits signals of 1 or more
2 television broadcast stations with a com-
3 munity of license in that market;

4 (ii) has commenced providing such
5 signals in the preceding 1-year period; and

6 (iii) has ceased to provide such signals
7 in the preceding 1-year period; and

8 (B) detailed information regarding the use
9 and potential use of satellite capacity for the re-
10 transmission of local signals in each local mar-
11 ket.

12 (2) TERMINATION.—The requirement under
13 paragraph (1) shall cease after each satellite carrier
14 has submitted 5 reports under such paragraph.

15 (b) FCC STUDY; REPORT.—

16 (1) STUDY.—If no satellite carrier files a re-
17 quest for a certification under section 342 of the
18 Communications Act of 1934 (as added by section
19 926 of this title) within 180 days after the date of
20 the enactment of this Act, the Federal Communica-
21 tions Commission shall initiate a study of—

22 (A) incentives that would induce a satellite
23 carrier to provide the signals of 1 or more tele-
24 vision broadcast stations licensed to provide sig-

1 nals in local markets in which the satellite car-
2 rier does not provide such signals; and

3 (B) the economic and satellite capacity
4 conditions affecting delivery of local signals by
5 satellite carriers to these markets.

6 (2) REPORT.—Within 1 year after the date of
7 the initiation of the study under paragraph (1), the
8 Federal Communications Commission shall submit a
9 report to the appropriate Congressional committees
10 containing its findings, conclusions, and rec-
11 ommendations.

12 (c) DEFINITIONS.—In this section—

13 (1) the terms “local market” and “satellite car-
14 rier” have the meaning given such terms in section
15 339(d) of the Communications Act of 1934 (47
16 U.S.C. 339(d)); and

17 (2) the term “television broadcast station” has
18 the meaning given such term in section 325(b)(7) of
19 such Act (47 U.S.C. 325(b)(7)).

20 **SEC. 936. SAVINGS PROVISION REGARDING USE OF NEGO-**
21 **TIATED LICENSES.**

22 (a) IN GENERAL.—Nothing in this title, title 17,
23 United States Code, the Communications Act of 1934,
24 regulations promulgated by the Register of Copyrights
25 under this title or title 17, United States Code, or regula-

1 tions promulgated by the Federal Communications Com-
2 mission under this title or the Communications Act of
3 1934 shall be construed to prevent a multichannel video
4 programming distributor from retransmitting a perform-
5 ance or display of a work pursuant to an authorization
6 granted by the copyright owner or, if within the scope of
7 its authorization, its licensee.

8 (b) LIMITATION.—Nothing in subsection (a) shall be
9 construed to affect any obligation of a multichannel video
10 programming distributor under section 325(b) of the
11 Communications Act of 1934 to obtain the authority of
12 a television broadcast station before retransmitting that
13 station’s signal.

14 **Subtitle D—Severability**

15 **SEC. 941. SEVERABILITY.**

16 If any provision of this title, an amendment made by
17 this title, or the application of such provision or amend-
18 ment to any person or circumstance is held to be unconsti-
19 tutional, the remainder of this title, the amendments made
20 by this title, and the application of such provision or
21 amendment to any person or circumstance shall not be af-
22 fected thereby.

1 **TITLE X—EMERGENCY**
2 **DESIGNATION**

3 **SEC. 1001. EMERGENCY DESIGNATION.**

4 (a) **IN GENERAL.**—One-half of the amounts in each
5 of titles V and VI are designated as an emergency require-
6 ment pursuant to section 4(g) of the Statutory Pay-As-
7 You-Go Act of 2010, and designated as an emergency re-
8 quirement pursuant to section 403(a) of S. Con. Res. 13
9 (111th Congress), the concurrent resolution on the budget
10 for fiscal year 2010.

11 (b) **DETERMINATION OF BUDGETARY EFFECTS.**—
12 The budgetary effects of this Act, for the purpose of com-
13 plying with the Statutory Pay-As-You-Go-Act of 2010,
14 shall be determined by reference to the latest statement
15 titled “Budgetary Effects of PAYGO Legislation” for this
16 Act, submitted for printing in the Congressional Record
17 by the Chairman of the Committee on the Budget of the
18 Senate, provided that such statement has been submitted
19 prior to the vote on passage.