S. 1589

At the request of Mr. HUTCHINSON, the name of the Senator from Maine [Ms. COLLINS] was added as a cosponsor of S. 1589, a bill to provide dollars to the classroom.

S. 1638

At the request of Mr. CONRAD, the names of the Senator from Maryland [Ms. MIKULSKI] and the Senator from Maryland [Mr. SARBANES] were added as cosponsors of S. 1638, a bill to help parents keep their children from starting to use tobacco products, to expose the tobacco industry's past misconduct and to stop the tobacco industry from targeting children, to eliminate or greatly reduce the illegal use of tobacco products by children, to improve the public health by reducing the overall use of tobacco, and for other purposes.

S. 1647

At the request of Mr. LEVIN, his name was added as a cosponsor of S. 1647, a bill to reauthorize and make reforms to programs authorized by the Public Works and Economic Development Act of 1965.

S. 1669

At the request of Mr. BOND, the name of the Senator from Oklahoma [Mr. INHOFE] was added as a cosponsor of S. 1669, a bill to restructure the Internal Revenue Service and improve taxpayer rights, and for other purposes.

S. 1673

At the request of Mr. HUTCHINSON, the names of the Senator from Colorado [Mr. CAMPBELL], the Senator from Idaho [Mr. KEMPTHORNE], and the Senator from Arizona [Mr. KYL] were added as cosponsors of S. 1673, a bill to terminate the Internal Revenue Code of 1986.

S. 1677

At the request of Mr. CHAFEE, the names of the Senator from Ohio [Mr. DEWINE], the Senator from Maine [Ms. COLLINS], and the Senator from Nevada [Mr. BRYAN] were added as cosponsors of S. 1677, a bill to reauthorize the North American Wetlands Conservation Act and the Partnerships for Wildlife Act.

S. 1682

At the request of Mr. D'AMATO, the name of the Senator from Ohio [Mr. DEWINE] was added as a cosponsor of S. 1682, a bill to amend the Internal Revenue Code of 1986 to repeal joint and several liability of spouses on joint returns of Federal income tax, and for other purposes.

S. 1701

At the request of Ms. COLLINS, the name of the Senator from Rhode Island [Mr. CHAFEE] was added as a cosponsor of S. 1701, a bill to amend the Higher Education Act of 1965 in order to increase the dependent care allowance used to calculate Pell Grant Awards.

S. 1708

At the request of Mr. DASCHLE, the names of the Senator from Georgia [Mr. CLELAND] and the Senator from Maryland [Ms. MIKULSKI] were added as cosponsors of S. 1708, a bill to improve education.

SENATE JOINT RESOLUTION 41

At the request of Mr. SARBANES, the name of the Senator from Georgia [Mr. CLELAND] was added as a cosponsor of Senate Joint Resolution 41, a joint resolution approving the location of a Martin Luther King, Jr., Memorial in the Nation's Capital.

SENATE CONCURRENT RESOLUTION 77

At the request of Mr. SESSIONS, the names of the Senator from Nebraska [Mr. HAGEL] and the Senator from New Hampshire [Mr. GREGG] were added as cosponsors of Senate Concurrent Resolution 77, a concurrent resolution expressing the sense of the Congress that the Federal government should acknowledge the importance of at-home parents and should not discriminate against families who forego a second income in order for a mother or father to be at home with their children.

SENATE RESOLUTION 155

At the request of Mr. LOTT, the name of the Senator from New York (Mr. MOYNIHAN) was added as a cosponsor of Senate Resolution 155, a resolution designating April 6 of each year as ''National Tartan Day'' to recognize the outstanding achievements and contributions made by Scottish Americans to the United States.

AMENDMENT NO. 1387

At the request of Mr. DOMENICI the name of the Senator from New Mexico (Mr. BINGAMAN) was added as a cosponsor of amendment No. 1387 proposed to S. 1173, a bill to authorize funds for construction of highways, for highway safety programs, and for mass transit programs, and for other purposes.

AMENDMENT NO. 1393

At the request of Mr. DOMENICI the name of the Senator from New Mexico (Mr. BINGAMAN) was added as a cosponsor of amendment No. 1393 proposed to S. 1173, a bill to authorize funds for construction of highways, for highway safety programs, and for mass transit programs, and for other purposes.

AMENDMENT NO. 1684

At the request of Mr. CHAFEE the name of the Senator from Maine (Ms. COLLINS) was added as a cosponsor of amendment No. 1684 proposed to S. 1173, a bill to authorize funds for construction of highways, for highway safety programs, and for mass transit programs, and for other purposes.

AMENDMENTS SUBMITTED

THE INTERMODAL SURFACE TRANSPORTATION EFFICIENCY ACT OF 1998

BINGAMAN (AND BYRD) AMENDMENT NO. 1696

Mr. BINGAMAN (for himself and Mr. BYRD) proposed an amendment to amendment No. 1676 proposed by Mr. CHAFEE to the bill (S. 1173) to authorize funds for construction of highways, for highway safety programs, and for mass transit programs, and for other purposes; as follows:

On page 236, between lines 16 and 17, insert the following:

SEC. 14___. BAN ON SALE OF ALCOHOL THROUGH DRIVE-UP OR DRIVE-THROUGH SALES WINDOWS.

(a) IN GENERAL.—Chapter 1 of title 23, United States Code, is amended by inserting after section 153 the following:

''§ 154. Ban on sale of alcohol through drive-up or drive-through sales windows

''(a) WITHHOLDING OF APPORTIONMENTS FOR NONCOMPLIANCE.—

''(1) FISCAL YEAR 2000.—The Secretary shall withhold 5 percent of the amount required to be apportioned to any State under each of paragraphs (1)(A), (1)(C), and (3) of section 104(b) on October 1, 2000, if the State does not meet the requirements of paragraph (3) on that date.

''(2) SUBSEQUENT FISCAL YEARS.—The Secretary shall withhold 10 percent (including any amounts withheld under paragraph (1)) of the amount required to be apportioned to any State under each of paragraphs (1)(A), (1)(C), and (3) of section 104(b) on October 1, 2001, and on October 1 of each fiscal year thereafter, if the State does not meet the requirements of paragraph (3) on that date.

''(3) REQUIREMENTS.—A State meets the requirements of this paragraph if the State has enacted and is enforcing a law (including a regulation) that bans the sale of alcohol through a drive-up or drive-through sales window.

''(b) PERIOD OF AVAILABILITY; EFFECT OF COMPLIANCE AND NONCOMPLIANCE.—

''(1) PERIOD OF AVAILABILITY OF WITHHELD FUNDS.—

''(A) FUNDS WITHHELD ON OR BEFORE SEPTEMBER 30, 2002.—Any funds withheld under subsection (a) from apportionment to any State on or before September 30, 2002, shall remain available until the end of the third fiscal year following the fiscal year for which the funds are authorized to be appropriated.

''(B) FUNDS WITHHELD AFTER SEPTEMBER 30, 2002.—No funds withheld under this section from apportionment to any State after September 30, 2002, shall be available for apportionment to the State.

''(2) APPORTIONMENT OF WITHHELD FUNDS AFTER COMPLIANCE.—If, before the last day of the period for which funds withheld under subsection (a) from apportionment are to remain available for apportionment to a State under paragraph (1)(A), the State meets the requirements of subsection (a)(3), the Secretary shall, on the first day on which the State meets the requirements, apportion to the State the funds withheld under subsection (a) that remain available for apportionment to the State.

''(3) PERIOD OF AVAILABILITY OF SUBSEQUENTLY APPORTIONED FUNDS.—

''(A) IN GENERAL.—Any funds apportioned under paragraph (2) shall remain available for expenditure until the end of the third fiscal year following the fiscal year in which the funds are so apportioned.

''(B) TREATMENT OF CERTAIN FUNDS.—Sums not obligated at the end of the period referred to in subparagraph (A) shall lapse.

''(4) EFFECT OF NONCOMPLIANCE.—If, at the end of the period for which funds withheld under subsection (a) from apportionment are available for apportionment to a State under paragraph (1), the State does not meet the requirements of subsection (a)(3), the funds shall lapse.''.

(b) CONFORMING AMENDMENT.—The analysis for chapter 1 of title 23, United States Code,

is amended by inserting after the item relating to section 153 the following:

''154. Ban on sale of alcohol through drive-up or drive-through sales windows.''.

DORGAN (AND OTHERS) AMENDMENT NO. 1697

Mr. DORGAN (for himself, Mr. LAUTENBERG, Mr. BUMBERS, Mr. CONRAD, Mr. WELLSTONE, Mr. GLENN, Mr. BINGAMAN, Mr. INOUYE, Mr. TORRICELLI, and Mr. REID) proposed an amendment to amendment No. 1676 proposed by Mr. CHAFEE to the bill, S. 1173, supra; as follows:

At the end of subtitle D of title I, add the following:

SEC. 14___. OPEN CONTAINER LAWS.

(a) ESTABLISHMENT.—Chapter 1 of title 23, United States Code, is amended by inserting after section 153 the following:

''§ 154. Open container requirements

''(a) DEFINITIONS.—In this section:

''(1) ALCOHOLIC BEVERAGE.—The term 'alcoholic beverage' has the meaning given the term in section 158(c).

''(2) MOTOR VEHICLE.—The term 'motor vehicle' means a vehicle driven or drawn by mechanical power and manufactured primarily for use on public highways, but does not include a vehicle operated exclusively on a rail or rails.

''(3) OPEN ALCOHOLIC BEVERAGE CONTAINER.—The term 'open alcoholic beverage container' has the meaning given the term in section 410(i).

''(4) PASSENGER AREA.—The term 'passenger area' shall have the meaning given the term by the Secretary by regulation.

''(b) WITHHOLDING OF APPORTIONMENTS FOR NONCOMPLIANCE.—

''(1) FISCAL YEAR 2002.—The Secretary shall withhold 5 percent of the amount required to be apportioned to any State under each of paragraphs (1)(A), (1)(C), and (3) of section 104(b) on October 1, 2001, if the State does not have in effect a law described in paragraph (3) on that date.

''(2) SUBSEQUENT FISCAL YEARS.—The Secretary shall withhold 10 percent (including any amounts withheld under paragraph (1)) of the amount required to be apportioned to any State under each of paragraphs (1)(A), (1)(C), and (3) of section 104(b) on October 1, 2002, and on October 1 of each fiscal year thereafter, if the State does not have in effect a law described in paragraph (3) on that date.

''(3) OPEN CONTAINER LAWS.—

''(A) IN GENERAL.—For the purposes of this section, each State shall have in effect a law that prohibits the possession of any open alcoholic beverage container, or the consumption of any alcoholic beverage, in the passenger area of any motor vehicle (including possession or consumption by the driver of the vehicle) located on a public highway, or the right-of-way of a public highway, in the State.

''(B) MOTOR VEHICLES DESIGNED TO TRANSPORT MANY PASSENGERS.—For the purposes of this section, if a State has in effect a law that makes unlawful the possession of any open alcoholic beverage container in the passenger area by the driver (but not by a passenger) of a motor vehicle designed, maintained, or used primarily for the transportation of persons for compensation, or to the living quarters of a house coach or house trailer, the State shall be deemed to have in effect a law described in this subsection with respect to such a motor vehicle for each fiscal year during which the law is in effect.

''(c) PERIOD OF AVAILABILITY; EFFECT OF COMPLIANCE AND NONCOMPLIANCE.—

''(1) PERIOD OF AVAILABILITY OF WITHHELD FUNDS.—

''(A) FUNDS WITHHELD ON OR BEFORE SEPTEMBER 30, 2003.—Any funds withheld under subsection (b) from apportionment to any State on or before September 30, 2003, shall remain available until the end of the third fiscal year following the fiscal year for which the funds are authorized to be appropriated.

''(B) FUNDS WITHHELD AFTER SEPTEMBER 30, 2003.—No funds withheld under this section from apportionment to any State after September 30, 2003, shall be available for apportionment to the State.

''(2) APPORTIONMENT OF WITHHELD FUNDS AFTER COMPLIANCE.—If, before the last day of the period for which funds withheld under subsection (b) from apportionment are to remain available for apportionment to a State under paragraph (1)(A), the State has in effect a law described in subsection (b)(3), the Secretary shall, on the first day on which the State has in effect such a law, apportion to the State the funds withheld under subsection (b) that remain available for apportionment to the State.

''(3) PERIOD OF AVAILABILITY OF SUBSEQUENTLY APPORTIONED FUNDS.—

''(A) IN GENERAL.—Any funds apportioned under paragraph (2) shall remain available for expenditure until the end of the third fiscal year following the fiscal year in which the funds are so apportioned.

''(B) TREATMENT OF CERTAIN FUNDS.—Sums not obligated at the end of the period referred to in subparagraph (A) shall—

''(i) lapse; or

''(ii) in the case of funds apportioned under section 104(b)(1)(A), lapse and be made available by the Secretary for projects in accordance with section 118.

''(4) EFFECT OF NONCOMPLIANCE.—If, at the end of the period for which funds withheld under subsection (b) from apportionment are available for apportionment to a State under paragraph (1)(A), the State does not have in effect a law described in subsection (b)(3), the funds shall—

''(A) lapse; or

''(B) in the case of funds withheld from apportionment under section 104(b)(1)(A), lapse and be made available by the Secretary for projects in accordance with section 118.''.

(b) CONFORMING AMENDMENT.—The analysis for chapter 1 of title 23, United States Code, is amended by inserting after the item relating to section 153 the following:

''154. Open container requirements.''.

DOMENICI (AND BINGAMAN) AMENDMENT NO. 1698

Mr. DOMENICI (for himself and Mr. BINGAMAN) proposed an amendment to amendment No. 1676 proposed by Mr. CHAFEE to the bill, S. 1173, supra; as follows:

On page 337, after line 6, the chapter analysis for Chapter 5 of Title 23, United States Code is amended by striking ''501. Definition of Safety.'' and inserting ''501. Definitions''.

On page 338, strike lines 2 through 8, and insert the following:

''§ 501. DEFINITIONS

''In this chapter:

''(1) SAFETY.—The term 'safety' includes highway and traffic safety systems, research, and development relating to vehicle, highway, driver, passenger, bicyclist, and pedestrian characteristics, accident investigations, communications, emergency medical care, and transportation of the injured.

''(2) FEDERAL LABORATORY.—The term 'Federal laboratory' includes a government-owned, government-operated laboratory and a government-owned, contractor-operated laboratory.

BINGAMAN (AND DOMENICI) AMENDMENTS NOS. 1699–1701

Mr. BINGAMAN (for himself and Mr. DOMENICI) proposed three amendments to amendment No. 1676 proposed by Mr. CHAFEE to the bill, S. 1173, supra; as follows:

AMENDMENT NO. 1699

On page 310, strike lines 9 through 17, and insert the following:

''§ 5211. Transactional authority

''To further the objectives of this chapter, the Secretary may make grants to, and enter into contracts, cooperative agreements, and other transactions with—

''(1) any person or any agency or instrumentality of the United States;

''(2) any unit of State or local government;

''(3) any educational institution;

''(4) any Federal laboratory; and

''(5) any other entity.''

AMENDMENT NO. 1700

On page 312, strike line 20 and all that follows through page 313, line 2, and insert the following:

''(B) to promote the exchange of information on transportation-related research and development activities among the operating elements of the Department, other Federal departments and agencies, Federal laboratories, State and local governments, colleges, and universities, industry, and other private and public sector organizations engaged in the activities;''.

AMENDMENT NO. 1701

On page 317, strike lines 1 through 6, and insert the following:

''(2) identify and apply innovative research performed by the Federal Government, Federal laboratories, academia, and the private sector to the intermodal and multimodal transportation research, development, and deployment needs of the Department and the transportation enterprise of the United States;''.

CHAFEE (AND OTHERS) AMENDMENT NO. 1702

Mr. CHAFEE (for himself, Mr. WYDEN, and Mr. GRAHAM) proposed an amendment to amendment No. 1676 proposed by Mr. CHAFEE to the bill, S. 1173, supra; as follows:

On page 162, after the end of line 25, insert the following:

''(5) CONCURRENT PROCESSING.—The term, 'concurrent processing' means to the fullest extent practicable, and to the extent otherwise required, agencies shall prepare environmental impact statements and environmental assessments concurrently with and integrated with environmental analyses and related surveys and studies required by the Fish and Wildlife Coordination Act (16 U.S.C. 661 et seq.), the National Historic Preservation Act of 1966 (16 U.S.C. 470 et seq.), the Endangered Species Act of 1973 (16 U.S.C. 1531 et seq.) and other environmental review laws and executive orders.''

On page 163, lines 10–12, strike ''with the requirements'' through the end of the sentence, and insert ''for surface transportation projects at the earliest possible time, including, to the extent appropriate, at the planning stage with the agreement of the State transportation agencies and the cooperating agencies.''

On page 163, lines 17–18, strike ''with the planning, predesign stage, and decision making''.

On page 164, line 2, strike ''initiatives.'' and insert ''initiatives, economic development and transportation initiatives.''

On page 164, lines 17–18, strike ''with the transportation planning and decisionmaking of the'', and insert ''for surface transportation projects by''.

On page 166, line 2, delete ''(rather than sequential)''.

On page 167, line 7, insert ''and the public on request'' after ''cooperating agencies''.

On page 168, line 11, strike ''grant'', and insert ''take action on''.

On page 169, after the end of line 10, insert the following:

''and assure early consideration of alternatives to a proposed project, including alternatives that address transportation demand consistent with 23 U.S.C. 134(i)(3).''

On page 169, strike lines 20 through page 170, line 2.

On page 170, line 15, after ''agreement'', insert ''that has been developed with public involvement''.

On page 172, line 3, after ''APPROACHES.—'', insert ''In addition to existing formal public participation opportunities,''.

On page 172, line 5, after ''used, insert '', to the extent appropriate,''.

On page 174, line 19, after ''subsection (a)'', insert ''consistent with Part 1501, et seq., of Title 40 of the Code of Federal Regulations.''

On page 175, line 6, insert the following new subsection and redesignate the following subsections accordingly:

(c) Section 112 of title 23, United States Code, is amended by adding at the end the following new subsection:

''(g) SELECTION PROCESS.—It shall not be considered to be a conflict of interest, as defined under section 1.33 of title 23, Code of Federal Regulations, for a State to procure, under a single contract, the services of a consultant to prepare any environmental assessments or analyses required, including environmental impact statements, as well as subsequent engineering and design work on the same project, provided that the State has conducted an independent multi-disciplined review that assesses the objectivity of any analysis, environmental assessment or environmental impact statement prior to its submission to the agency that approves the project.''

HUTCHISON AMENDMENT NO. 1703

Mrs. HUTCHISON proposed an amendment to amendment No. 1676 proposed by Mr. CHAFEE to the bill, S. 1173, supra; as follows:

At the end of line 16, page 397 insert:

''(3) CONTINUATION OF PARTNERSHIP AGREEMENTS.—The Secretary shall continue through to completion public/private partnership agreements previously executed to promote the integration of surface transportation management systems, including the integration of highway, transit, railroad and emergency management systems.''

ABRAHAM (AND LEVIN) AMENDMENT NO. 1704

Mr. ABRAHAM (for himself and Mr. LEVIN) proposed an amendment to amendment No. 1676 proposed by Mr. CHAFEE to the bill, S. 1173, supra; as follows:

On page 136, after line 22, add the following:

SEC. 11 . AMBASSADOR BRIDGE ACCESS, DETROIT, MICHIGAN.

(a) IN GENERAL.—Notwithstanding section 129 of title 23, United States Code, or any other provision of law, improvements to access roads and construction of access roads, approaches, and related facilities (such as signs, lights, and signals) necessary to connect the Ambassador Bridge in Detroit, Michigan, to the Interstate System shall be eligible for funds apportioned under paragraphs (1)(C) and (3) of section 104(b) of that title.

(b) USE OF FUNDS.—Funds described in subsection (a) shall not be used for any improvements to, or construction of, the bridge itself.

INHOFE AMENDMENT NO. 1705

Mr. CHAFEE (for Mr. INHOFE) proposed an amendment to amendment No. 1676 proposed by Mr. CHAFEE to the bill, S. 1173, supra; as follows:

On page 135, strike lines 2 through 5 and insert the following:

''aid highway funds, or reasonably expected or intended to be part of 1 or more such projects, shall be performed under a contract awarded in accordance with subparagraph (A) unless the simplified acquisition procedures of the Federal Acquisition Regulations apply.''

On page 135, line 7, insert '', or salary limitation in consistent with the Federal Acquisition Regulations,'' after ''restriction''.

On page 135, line 15, strike ''cost principles'' and insert ''procedures, cost principles,'' after ''the''.

On page 135, line 24, strike ''process, contracting based on'' and insert ''procedures of''.

On page 136, line 12, strike ''process'' and insert ''procedure''.

ABRAHAM (AND LEVIN) AMENDMENT NO. 1706

Mr. CHAFEE (for Mr. ABRAHAM, for himself and Mr. LEVIN) proposed an amendment to amendment No. 1676 proposed by Mr. CHAFEE to the bill, S. 1173, supra; as follows:

On page 183 at the end of line 23 insert the following:

(5) in subsection (b)(9), by striking ''section 108(f)(1)(A) (other than clauses (xii) and (xvi)) of the Clean Air Act'' and inserting ''section 108(f)(1)(A) (other than clause (xvi)) of the Clean Air Act (42 U.S.C. 7408(f)(1)(A))'';

MURKOWSKI (AND STEVENS) AMENDMENT NO. 1707

(Ordered to lie on the table.)

Mr. MURKOWSKI (for himself and Mr. STEVENS) submitted an amendment intended to be proposed by them to amendment No. 1676 proposed by Mr. CHAFEE to the bill, S. 1173, supra; as follows:

On page 269, line 2, insert ''(a) IN GENERAL.—'' before ''Section''.

On page 278, between lines 14 and 15, insert the following:

(b) REDUNDANT METROPOLITAN TRANSPORTATION PLANNING REQUIREMENTS.—

(1) FINDING.—Congress finds that certain major investment study requirements under section 450.318 of title 23, Code of Federal Regulations, are redundant to the planning and project development processes required under other provisions in titles 23 and 49, United States Code.

(2) STREAMLINING.—

(A) IN GENERAL.—The Secretary shall streamline the Federal transportation planning and NEPA decision process requirements for all transportation improvements supported with Federal surface transportation funds or requiring Federal approvals, with the objective of reducing the number of documents required and better integrating required analyses and findings wherever possible.

(B) REQUIREMENTS.—The Secretary shall amend regulations as appropriate and develop procedures to—

(i) eliminate, within six months of the date of enactment of this section, the major investment study under section 450.318 of title 23, Code of Federal Regulations, as a stand-alone requirement independent of other transportation planning requirements, and integrate those components of the major investment study procedure which are not duplicated elsewhere with other transportation planning requirements;

(ii) eliminate stand-alone report requirements wherever possible;

(iii) prevent duplication by integrating planning and transportation processes under the National Environmental Policy Act of 1969 by drawing on the products of the planning process in the completion of all environmental and other project development analyses;

(iv) reduce project development time by achieving to the maximum extent practical a single public interest decision process for Federal environmental analyses and clearances; and

(v) expedite and support all phases of decisionmaking by encouraging and facilitating the early involvement of metropolitan planning organizations, State departments of transportation, transit operators, and Federal and State environmental resource and permit agencies throughout the decisionmaking process.

(3) SAVINGS CLAUSE.—Nothing in this subsection shall affect the responsibility of the Secretary of conform review requirements for transit projects under the National Environmental Policy Act of 1969 to comparable requirements under such Act applicable to highway projects.

MCCONNELL (AND OTHERS) AMENDMENT NO. 1708

Mr. MCCONNELL (for himself, Mr. GORTON, Mr. SESSIONS, Mr. HUTCHINSON, Mr. ASHCROFT, Mr. HELMS, and Mr. SMITH of New Hampshire) proposed an amendment to amendment No. 1676 proposed by Mr. CHAFEE to the bill, S. 1173, supra; as follows:

Strike section 1111 and insert the following:

SEC. 1111. EMERGING BUSINESS ENTERPRISE PROGRAM.

(a) DEFINITIONS.—In this section:

(1) EMERGING BUSINESS ENTERPRISE.—The term ''emerging business enterprise'' means a business that—

(A) has annual gross receipts over the preceding 3 fiscal years of less than $8,400,000 (as adjusted by the Secretary to reflect changes in the Consumer Price Index for all-urban consumers published by the Department of Labor);

(B) has not been in business for more than 9 years; and

(C) in response to a survey conducted under subsection (c)(2), has indicated an interest in participating in the construction of a project funded, in whole or in part, under a Federal surface transportation law.

(2) FEDERAL SURFACE TRANSPORTATION LAW.—The term ''Federal surface transportation law'' means the surface transportation provisions of this Act and titles 23 and 49, United States Code.

(3) PREFERENTIAL TREATMENT.—The term ''preferential treatment'' means the grant of an advantage to any person, including—

(A) any set-aside of any contract or subcontract;

(B) any numerical goal, quota, timetable, benchmark, or other numerical objective, for the award of a contract or subcontract; or

(C) any bid preference, cost preference, or price preference, including a bonus and an evaluation credit.

(4) RECRUIT; RECRUITMENT.—

(A) IN GENERAL.—The term ''recruit'' or ''recruitment'' refers to distributing or disseminating information about an opportunity to bid for a Federal surface transportation contract or subcontract.

(B) EXCLUSION.—The term ''recruit'' or ''recruitment'' does not refer to preferential treatment.

(5) STANDARD INDUSTRIAL CLASSIFICATION CODE.—The term ''standard industrial classification code'' means a 4-digit code assigned to an industrial category in the Standard Industrial Classification Manual published by the Office of Management and Budget.

(6) STATE.—The term ''State'' means any State or territory of the United States, any political division of any such State or territory, or any interstate entity, if the State, territory, political subdivision, or interstate entity receives financial assistance from the Federal Government under Federal surface transportation law.

(7) TARGETED AREA.—The term ''targeted area'' means—

(A) any population census tract with a poverty rate of not less than 20 percent;

(B) a population census tract with a population of less than 2,000 if—

(i) more than 75 percent of the tract is zoned for commercial or industrial use; and

(ii) the tract is contiguous to 1 or more other population census tracts that meet the requirement of subparagraph (A) without regard to this subparagraph; and

(C) any empowerment zone or enterprise community (and any supplemental zone designated on December 21, 1994).

(8) TARGETED BUSINESS.—The term ''targeted business'' means an emerging business enterprise that—

(A) is physically located in a targeted area; or

(B) employs a workforce that is at least 50 percent composed of residents of a targeted area.

(b) POLICY.—It is the policy of the United States to provide and encourage the maximum practicable opportunity for emerging business enterprises, including targeted businesses and emerging business enterprises owned by members of a minority group based on race, color, or national origin (referred to in this section as ''minorities'') and women, to compete for prime contracts and subcontracts funded under Federal surface transportation law, consistent with the fifth and 14th amendments to the Constitution.

(c) REQUIREMENT FOR EMERGING BUSINESS ENTERPRISE DEVELOPMENT AND OUTREACH.—

(1) IN GENERAL.—Each State that receives funds made available under Federal surface transportation law shall engage in emerging business enterprise development and outreach to implement the policy set forth in subsection (b), including special recruitment efforts for targeted businesses and for emerging business enterprises owned by minorities and women, in carrying out programs under Federal surface transportation law.

(2) METHODS OF EMERGING BUSINESS ENTERPRISE DEVELOPMENT AND OUTREACH.—The required emerging business enterprise development and outreach under paragraph (1) shall include—

(A) outreach to the emerging business enterprises in the construction industry in the State, and the recruitment of such enterprises, including—

(i) not less often than annually, a survey of construction contractors and subcontractors within its jurisdiction to determine—

(I) the number and identity of such construction contractors and subcontractors within its jurisdiction that are emerging business enterprises;

(II) the standard industrial classification code that identifies the principal line of business of the emerging business enterprises; and

(III) whether the construction contractor or subcontractor is a targeted business or owned, in whole or in part, by a woman or a minority;

(ii) not less often than annually, publication of a directory of the emerging business enterprises within its jurisdiction, including relevant information about the enterprises such as—

(I) name, address, and telephone and fax numbers; and

(II) the standard industrial classification code that identifies the principal line of business of the emerging business enterprises;

(iii) each time that the State solicits bids or proposals for construction of a project funded, in whole or in part, under Federal surface transportation law—

(I) distribution of information on the project in a manner that is reasonably calculated to reach emerging business enterprises, including posting such opportunities in the Commerce Business Daily and the Pro-Net System of the Small Business Administration;

(II) targeted recruitment of targeted businesses and of emerging business enterprises owned by minorities and women; and

(III) designation of a location at which all emerging business enterprises may have access to the plans and specifications for the project at no cost during normal business hours; and

(iv) on a regular basis, provision of opportunities for emerging business enterprises interested in performing prime contracts or subcontracts funded under Federal surface transportation law to meet and interact with other construction companies and with equipment dealers and material suppliers that support the construction industry in the State;

(B) professional and technical services and assistance with any requirements for prequalification or bonding, including—

(i) not less often than annually, publication of a directory of the bonding companies that service the construction industry in the State;

(ii) on a regular basis, provision of opportunities for emerging business enterprises to meet and interact with the bonding companies that service the construction industry in the State;

(iii) on a regular basis, offering of seminars and other educational programs on—

(I) the purposes and criteria for prequalification and bonding; and

(II) the steps necessary to qualify a firm for bonding or to increase the firm's bonding limit; and

(iv) on a regular basis, provision of information to emerging business enterprises regarding programs to guarantee a surety against loss resulting from the breach of the terms of a bond by an emerging business enterprise, including the program carried out by the Small Business Administration under part B of title IV of the Small Business Investment Act of 1958 (15 U.S.C. 694a et seq.);

(C) professional and technical services and assistance with risk management and any insurance that the State may encourage or require contractors or subcontractors to carry, including—

(i) not less often than annually, publication of a directory of the insurance companies that service the construction industry in the State;

(ii) on a regular basis, provision of opportunities for emerging business enterprises to meet and interact with the insurance companies that service the construction industry in the State; and

(iii) on a regular basis, offering of seminars and other educational programs on—

(I) risk management; and

(II) the steps necessary to obtain appropriate insurance, including any insurance that the State may require;

(D) professional and technical services and assistance with financial matters, including—

(i) not less often than annually, publication of a directory of the financial institutions that service the construction industry in the State;

(ii) on a regular basis, provision of opportunities for emerging business enterprises to meet and interact with the financial institutions that service the construction industry in the State; and

(iii) on a regular basis, offering of seminars and other educational programs on construction financing and the steps necessary to qualify a firm for a line of credit or increase the firm's credit limit; and

(E) professional and technical services and assistance with general business management, estimating, bidding, and construction means and methods, including—

(i) on a regular basis, offering of seminars and other educational programs on general business management, estimating, bidding, and construction means and methods; and

(ii) on a regular basis, distribution to all emerging business enterprises of information on seminars and other educational programs offered by other entities on general business management, estimating, bidding, and construction means and methods.

(3) FUNDING OF EMERGING BUSINESS DEVELOPMENT AND OUTREACH.—Subject to the approval of the Secretary, each State may use funds made available under this Act, and section 140 of title 23, United States Code, to fund the emerging business enterprise program required under this section.

(d) REQUIREMENT FOR REVIEW OF CONSTRUCTION PLANS.—Each State shall conduct a periodic review of its construction plans and specifications to the extent necessary to—

(1) ensure that the plans and specifications reflect the State's actual requirements; and

(2) determine the feasibility of subdividing contracts to allow more opportunities for emerging business enterprises, particularly those owned by minorities and women, to compete for projects funded, in whole or in part, under Federal surface transportation law.

(e) COORDINATION BETWEEN SECRETARY AND STATE.—The Secretary shall coordinate with each State to help eliminate any duplication between—

(1) the emerging business enterprise program of the State under this section; and

(2) other Federal programs, such as programs carried out under the Small Business Act (15 U.S.C. 631 et seq.).

(f) REQUIREMENT FOR REVIEW OF EMERGING BUSINESS ENTERPRISE PROGRAM.—

(1) REVIEW BY STATE.—Each State shall conduct a periodic review of the implementation and impact of its emerging business enterprise development and outreach efforts under this section, including an assessment of the impact of the efforts on the overall competitiveness of emerging business enterprises owned by minorities and women through consideration of factors such as—

(A) working capital;

(B) net profit; and

(C) bonding capacity.

(2) REVIEW BY COMPTROLLER GENERAL.—The Comptroller General of the United States shall conduct a biennial review and publish findings and conclusions on the nationwide impact of the emerging business enterprise development and outreach efforts under this section, including an assessment of the impact of the efforts on the overall competitiveness of emerging business enterprises owned by minorities and women through consideration of relevant factors, including the factors specified in paragraph (1).

(g) PROHIBITION ON DISCRIMINATION OR PREFERENTIAL TREATMENT.—

(1) IN GENERAL.—No person in the United States shall, on the basis of race, color, national origin, or sex, be subjected to discrimination or provided preferential treatment under any project (carried out directly or by grant or contract) receiving Federal financial assistance under this Act or any amendment made by this Act.

(2) REQUIREMENT FOR EXPRESS POLICY STATEMENT.—Each time that the State solicits bids or proposals for construction of a project funded under Federal surface transportation law, the solicitation shall expressly state in prominent and boldface lettering that—

(A) ''Emerging business enterprises owned by minorities and women are expressly encouraged to submit bids for contracts and subcontracts.''; and

(B) ''Federal law expressly prohibits the government from discriminating against, or granting or requiring preferential treatment to or for, any person, based on race, color, national origin, or sex, in the award of any contract or subcontract funded under Federal surface transportation law.''.

(h) STATUTORY CONSTRUCTION.—Nothing in subsection (b), (c), or (g) shall be construed—

(1) in any way to limit or restrain the power of the judicial branch to order remedial relief to victims of discrimination under the Civil Rights Act of 1964 (42 U.S.C. 2000a et seq.) or any other Federal statute;

(2) to prohibit the Federal Government or any State or local government, consistent with subsection (g), from—

(A) recruiting emerging business enterprises owned by women and minorities to bid for contracts or subcontracts;

(B) requiring or encouraging any contractor or subcontractor to recruit emerging business enterprises owned by women and minorities to bid for contracts or subcontracts; or

(C) establishing overall annual goals for the participation of emerging business enterprises, including emerging business enterprises owned by minorities and women, in the emerging business enterprise development and outreach under subsection (c); or

(3) to create any private right of action based on the requirements set forth in subsection (c).

CAMPBELL AMENDMENTS NOS. 1709–1710

(Ordered to lie on the table.)

Mr. CAMPBELL submitted two amendments intended to be proposed by him to amendment No. 1676 proposed by Mr. CHAFEE to the bill, S. 1173, supra; as follows:

AMENDMENT NO. 1709

On page 52, strike line 16 and insert the following:

tribe. Notwithstanding any other provision of law or any interagency agreement, program guideline, manual, or policy directive, all funds made available under this chapter for Indian reservation roads and bridges to pay for the costs of programs, services, functions, and activities, or portions thereof, that are specifically or functionally related to transportation planning, research, engineering, or construction of any highway, road, bridge, parkway, or transit facility that provides access to or is located within the reservation or community of an Indian tribal government, shall, at the option of an Indian tribe (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)), be made available to the Indian tribe under, and shall be used in a manner governed solely by, the flexible and consolidated authorities accorded Indian tribes under the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.) without regard to the agency or office of the Bureau of Indian Affairs within which the programs, services, functions, and activities, or portions thereof, are performed.'';

AMENDMENT NO. 1710

On page 49, strike lines 11 through 17 and insert the following:

''(k) USE OF FEDERAL LANDS HIGHWAYS PROGRAM FUNDS.—

''(1) IN GENERAL.—Subject to the other provisions of this subsection and notwithstanding any other provision of law, the funds made available to carry out the Federal lands highways program under section 204 may be used to pay the non-Federal share of the cost of any project that is funded under section 104 and that provides access to or within Federal or Indian lands.

''(2) ALLOCATION.—All funds made available for Indian reservation roads and bridges under this title shall be allocated among Indian tribes—

''(A) for each of fiscal years 1998 and 1999, in accordance with the relative needs formula used to allocate such funds for fiscal year 1997; and

''(B) for fiscal year 2000 and each subsequent fiscal year, in accordance with a formula with a formula established by the Secretary of the Interior under a negotiated rulemaking procedure under subchapter III of chapter 5 of title 5.

''(3) REGULATIONS.—

''(A) IN GENERAL.—Notwithstanding sections 563(a) and 565(a) of title 5, the Secretary of the Interior shall issue regulations governing the Indian reservation roads and bridges program, and establishing the funding formula for fiscal year 2000 and each subsequent fiscal year under paragraph (2)(B), in accordance with a negotiated rulemaking procedure under subchapter III of chapter 5 of title 5.

''(B) TIMING.—The regulations shall—

''(i) be promulgated in final form not later than April 1, 1999; and

''(ii) take effect not later than October 1, 1999.

''(4) NEGOTIATED RULEMAKING COMMITTEE.—In establishing a negotiated rulemaking committee to carry out paragraph (3)(A), the Secretary of the Interior shall—

''(A) apply the procedures under subchapter III of chapter 5 of title 5 in a manner that reflects the unique government-to-government relationship between the Indian tribes and the United States; and

''(B) ensure that the membership of the committee includes only representatives of the Federal Government and of geographically diverse small, medium, and large Indian tribes.

''(5) BASIS FOR FUNDING FORMULA.—The funding formula established for fiscal year 2000 and each subsequent fiscal year under paragraph (2)(B) shall be based on factors that reflect—

''(A) the relative needs of the Indian tribes, and reservation or tribal communities, for transportation assistance; and

''(B) the relative administrative capacities of, and challenges faced by, various Indian tribes, including geographic isolation and difficulty in maintaining all-weather access to employment, commerce, health, safety, and educational resources.''.

FAIRCLOTH AMENDMENT NO. 1711

(Ordered to lie on the table.)

Mr. FAIRCLOTH submitted an amendment intended to be proposed by him to amendment No. 1676 proposed by Mr. CHAFEE to the bill, S. 1173, supra; as follows:

At the appropriate place, insert the following:

(B) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out section 104(d)(2) of title 23, United States Code, $40,000,000 for each of fiscal years 1998 through 2003.

ABRAHAM AMENDMENT NO. 1712

(Ordered to lie on the table.)

Mr. ABRAHAM submitted an amendment intended to be proposed by him to amendment No. 1676 proposed by Mr. CHAFEE to the bill, S. 1173, supra; as follows:

S. 1173

At the appropriate place, add the following:

TITLE ___—AMERICAN COMMUNITY RENEWAL

SEC. ___00. SHORT TITLE, TABLE OF CONTENTS, FINDINGS, AND PURPOSE.

(a) SHORT TITLE.—This title may be cited as the ''American Community Renewal Act of 1998''.

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

(c) FINDINGS.—The Congress makes the following findings:

(1) Many of the Nation's urban centers are places with high levels of poverty, high rates of welfare dependency, high crime rates, and joblessness.

(2) Federal tax incentives and regulatory reforms can encourage economic growth, job

creation, and small business formation in many urban centers.

(3) Encouraging private sector investment in America's economically distressed urban and rural areas is essential to breaking the cycle of poverty and the related ills of crime, drug abuse, illiteracy, welfare dependency, and unemployment.

(d) PURPOSE.—The purpose of this title is to increase job creation, small business expansion and formation, and homeownership, and to foster moral renewal, in economically depressed areas by providing Federal tax incentives, regulatory reforms, and homeownership incentives.

Subtitle A—Designation and Evaluation of Renewal Communities

SEC. ___01. SHORT TITLE.

This subtitle may be cited as the ''Renewing American Communities Act of 1998''.

SEC. ___02. STATEMENT OF PURPOSE.

It is the purpose of this subtitle to provide for the establishment of renewal communities in order to stimulate the creation of new jobs, particularly for disadvantaged workers and long-term unemployed individuals, and to promote revitalization of economically distressed areas primarily by providing or encouraging—

(1) tax relief at the Federal, State, and local levels;

(2) regulatory relief at the Federal, State, and local levels; and

(3) improved local services and an increase in the economic stake of renewal community residents in their own community and its development, particularly through the increased involvement of private, local, and neighborhood organizations.

SEC. ___03. DESIGNATION OF RENEWAL COMMUNITIES.

(a) IN GENERAL.—Chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subchapter:

''Subchapter X—Renewal Communities

''Part I. Designation.''

''PART I—DESIGNATION

''Sec. 1400D. Designation of Renewal Communities.

''SEC. 1400D. DESIGNATION OF RENEWAL COMMUNITIES.

''(a) DESIGNATION.—

''(1) DEFINITIONS.—For purposes of this title, the term 'renewal community' means any area—

''(A) which is nominated by one or more local governments and the State or States in which it is located for designation as a renewal community (hereafter in this section referred to as a 'nominated area'), and

''(B) which the Secretary of Housing and Urban Development, after consultation with—

''(i) the Secretaries of Agriculture, Commerce, Labor, and the Treasury; the Director of the Office of Management and Budget; and the Administrator of the Small Business Administration, and

''(ii) in the case of an area on an Indian reservation, the Secretary of the Interior,

designates as a renewal community.

''(2) NUMBER OF DESIGNATIONS.—

''(A) IN GENERAL.—The Secretary of Housing and Urban Development may designate not more than 50 nominated areas as renewal communities.

''(B) ADDITIONAL DESIGNATIONS TO REPLACE REVOKED DESIGNATIONS.—

''(i) IN GENERAL.—The Secretary of Housing and Urban Development may designate one additional area under subparagraph (A) to replace each area for which the designation is revoked under subsection (b)(2), but in no event may more than 50 areas designated under this subsection bear designations as renewal communities at any time.

''(ii) EXTENSION OF TIME LIMIT ON DESIGNATIONS.—In the case of any designation made under this subparagraph, paragraph (4)(B) shall be applied by substituting '36-month' for '24-month'.

''(3) AREAS DESIGNATED BASED ON DEGREE OF POVERTY, ETC.—

''(A) IN GENERAL.—Except as otherwise provided in this section, the nominated areas designated as renewal communities under this subsection shall be those nominated areas with the highest average ranking with respect to the criteria described in subparagraphs (C), (D), and (E) of subsection (c)(3). For purposes of the preceding sentence, an area shall be ranked within each such criterion on the basis of the amount by which the area exceeds such criterion, with the area which exceeds such criterion by the greatest amount given the highest ranking.

''(B) EXCEPTION WHERE INADEQUATE COURSE OF ACTION, ETC.—An area shall not be designated under subparagraph (A) if the Secretary of Housing and Urban Development determines that the course of action described in subsection (d)(2) with respect to such area is inadequate.

''(C) PRIORITY FOR EMPOWERMENT ZONES AND ENTERPRISE COMMUNITIES WITH RESPECT TO FIRST HALF OF DESIGNATIONS.—With respect to the first 25 designations made under this section, the nominated areas designated as renewal communities shall be chosen first from nominated areas which are enterprise zones or empowerment communities (and are otherwise eligible for designation under this section), and then from other nominated areas which are so eligible.

''(4) LIMITATION ON DESIGNATIONS.—

''(A) PUBLICATION OF REGULATIONS.—The Secretary of Housing and Urban Development shall prescribe by regulation no later than 4 months after the date of the enactment of this section, after consultation with the officials described in paragraph (1)(B)—

''(i) the procedures for nominating an area under paragraph (1)(A),

''(ii) the parameters relating to the size and population characteristics of a renewal community, and

''(iii) the manner in which nominated areas will be evaluated based on the criteria specified in subsection (d).

''(B) TIME LIMITATIONS.—The Secretary of Housing and Urban Development may designate nominated areas as renewal communities only during the 24-month period beginning on the first day of the first month following the month in which the regulations described in subparagraph (A) are prescribed.

''(C) PROCEDURAL RULES.—The Secretary of Housing and Urban Development shall not make any designation of a nominated area as a renewal community under paragraph (2) unless—

''(i) the local governments and the State in which the nominated area is located have the authority—

''(I) to nominate such area for designation as a renewal community,

''(II) to make the State and local commitments described in subsection (d), and

''(III) to provide assurances satisfactory to the Secretary of Housing and Urban Development that such commitments will be fulfilled,

''(ii) a nomination regarding such area is submitted in such a manner and in such form, and contains such information, as the Secretary of Housing and Urban Development shall by regulation prescribe, and

''(iii) the Secretary of Housing and Urban Development determines that any information furnished is reasonably accurate.

''(5) NOMINATION PROCESS FOR INDIAN RESERVATIONS.—For purposes of this subchapter, in the case of a nominated area on an Indian reservation, the reservation governing body (as determined by the Secretary of the Interior) shall be treated as being both the State and local governments with respect to such area.

''(b) PERIOD FOR WHICH DESIGNATION IS IN EFFECT.—

''(1) IN GENERAL.—Any designation of an area as a renewal community shall remain in effect during the period beginning on the date of the designation and ending on the earliest of—

''(A) December 31 of the 7th calendar year following the calendar year in which such date occurs,

''(B) the termination date designated by the State and local governments in their nomination pursuant to subsection (a)(4)(C)(ii), or

''(C) the date the Secretary of Housing and Urban Development revokes such designation under paragraph (2).

''(2) REVOCATION OF DESIGNATION.—The Secretary of Housing and Urban Development may, after—

''(A) consultation with the officials described in subsection (a)(1)(B), and

''(B) a hearing on the record involving officials of the State or local government involved (or both, if applicable),

revoke the designation of an area if the Secretary of Housing and Urban Development determines that the local government or State in which the area is located is not complying substantially with the State or local commitments, respectively, described in subsection (d).

''(c) AREA AND ELIGIBILITY REQUIREMENTS.—

''(1) IN GENERAL.—The Secretary of Housing and Urban Development may designate any nominated area as a renewal community under subsection (a) only if the area meets the requirements of paragraphs (2) and (3) of this subsection.

''(2) AREA REQUIREMENTS.—A nominated area meets the requirements of this paragraph if—

''(A) the area is within the jurisdiction of a local government,

''(B) the boundary of the area is continuous, and

''(C) the area—

''(i) has a population, as determined by the most recent census data available, of at least—

''(I) 4,000 if any portion of such area is located within a metropolitan statistical area (within the meaning of section 143(k)(2)(B)) which has a population of 50,000 or greater, or

''(II) 1,000 in any other case, or

''(ii) is entirely within an Indian reservation (as determined by the Secretary of the Interior).

''(3) ELIGIBILITY REQUIREMENTS.—A nominated area meets the requirements of this paragraph if the State and the local governments in which it is located certify (and the Secretary of Housing and Urban Development, after such review of supporting data as he deems appropriate, accepts such certification) that—

''(A) the area is one of pervasive poverty, unemployment, and general distress,

''(B) the unemployment rate in the area, as determined by the appropriate available data, was at least 1½ times the national unemployment rate for the period to which such data relate,

''(C) the poverty rate (as determined by the most recent census data available) for each population census tract (or where not tracted, the equivalent county division as defined by the Bureau of the Census for the purpose of defining poverty areas) within the area was at least 20 percent for the period to which such data relate, and

''(D) at least 70 percent of the households living in the area have incomes below 80 percent of the median income of households within the jurisdiction of the local government (determined in the same manner as under section 119(b)(2) of the Housing and Community Development Act of 1974).

''(4) CONSIDERATION OF HIGH INCIDENCE OF CRIME.—The Secretary of Housing and Urban Development shall take into account, in selecting nominated areas for designation as renewal communities under this section, the extent to which such areas have a high incidence of crime.

''(d) REQUIRED STATE AND LOCAL COMMITMENTS.—

''(1) IN GENERAL.—The Secretary of Housing and Urban Development may designate any nominated area as a renewal community under subsection (a) only if—

''(A) the local government and the State in which the area is located agree in writing that, during any period during which the area is a renewal community, such governments will follow a specified course of action which meets the requirements of paragraph (2) and is designed to reduce the various burdens borne by employers or employees in such area, and

''(B) the economic growth promotion requirements of paragraph (3) are met.

''(2) COURSE OF ACTION.—

''(A) IN GENERAL.—A course of action meets the requirements of this paragraph if such course of action is a written document, signed by a State (or local government) and neighborhood organizations, which evidences a partnership between such State or government and community-based organizations and which commits each signatory to specific and measurable goals, actions, and timetables. Such course of action shall include at least five of the following:

''(i) A reduction of tax rates or fees applying within the renewal community.

''(ii) An increase in the level of efficiency of local services within the renewal community.

''(iii) Crime reduction strategies, such as crime prevention (including the provision of such services by nongovernmental entities).

''(iv) Actions to reduce, remove, simplify, or streamline governmental requirements applying within the renewal community.

''(v) Involvement in the program by private entities, organizations, neighborhood organizations, and community groups, particularly those in the renewal community, including a commitment from such private entities to provide jobs and job training for, and technical, financial, or other assistance to, employers, employees, and residents from the renewal community.

''(vi) State or local income tax benefits for fees paid for services performed by a nongovernmental entity which were formerly performed by a governmental entity.

''(vii) The gift (or sale at below fair market value) of surplus realty (such as land, homes, and commercial or industrial structures) in the renewal community to neighborhood organizations, community development corporations, or private companies.

''(B) RECOGNITION OF PAST EFFORTS.—For purposes of this section, in evaluating the course of action agreed to by any State or local government, the Secretary of Housing and Urban Development shall take into account the past efforts of such State or local government in reducing the various burdens borne by employers and employees in the area involved.

''(3) ECONOMIC GROWTH PROMOTION REQUIREMENTS.—The economic growth promotion requirements of this paragraph are met with respect to a nominated area if the local government and the State in which such area is located certify in writing that such government and State, respectively, have repealed or otherwise will not enforce within the area, if such area is designated as a renewal community—

''(A) licensing requirements for occupations that do not ordinarily require a professional degree,

''(B) zoning restrictions on home-based businesses which do not create a public nuisance,

''(C) permit requirements for street vendors who do not create a public nuisance,

''(D) zoning or other restrictions that impede the formation of schools or child care centers, and

''(E) franchises or other restrictions on competition for businesses providing public services, including but not limited to taxicabs, jitneys, cable television, or trash hauling,

except to the extent that such regulation of businesses and occupations is necessary for and well-tailored to the protection of health and safety.

''(e) COORDINATION WITH TREATMENT OF EMPOWERMENT ZONES AND ENTERPRISE COMMUNITIES.—For purposes of this title, if there are in effect with respect to the same area both—

''(1) a designation as a renewal community, and

''(2) a designation as an empowerment zone or enterprise community,

both of such designations shall be given full effect with respect to such area.

''(f) DEFINITIONS.—For purposes of this subchapter—

''(1) GOVERNMENTS.—If more than one government seeks to nominate an area as a renewal community, any reference to, or requirement of, this section shall apply to all such governments.

''(2) STATE.—The term 'State' includes Puerto Rico, the Virgin Islands of the United States, Guam, American Samoa, the Northern Mariana Islands, and any other possession of the United States.

''(3) LOCAL GOVERNMENT.—The term 'local government' means—

''(A) any county, city, town, township, parish, village, or other general purpose political subdivision of a State,

''(B) any combination of political subdivisions described in subparagraph (A) recognized by the Secretary of Housing and Urban Development, and

''(C) the District of Columbia.''

SEC. ___04. EVALUATION AND REPORTING REQUIREMENTS.

Not later than the close of the fourth calendar year after the year in which the Secretary of Housing and Urban Development first designates an area as a renewal community under section 1400D of the Internal Revenue Code of 1986 (as added by this subtitle), and at the close of each fourth calendar year thereafter, such Secretary shall prepare and submit to the Congress a report on the effects of such designations in accomplishing the purposes of this subtitle.

SEC. ___05. INTERACTION WITH OTHER FEDERAL PROGRAMS.

(a) TAX REDUCTIONS.—Any reduction of taxes, with respect to any renewal community designated under section 1400D of the Internal Revenue Code of 1986 (as so added), under any plan of action under section 1400D(d) of such Code shall be disregarded in determining the eligibility of a State or local government for, or the amount or extent of, any assistance or benefits under any law of the United States (other than subchapter X of chapter 1 of such Code).

(b) COORDINATION WITH RELOCATION ASSISTANCE.—The designation of a renewal community under section 1400D of such Code (as so added) shall not—

(1) constitute approval of a Federal or Federally assisted program or project (within the meaning of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4601 et seq.)), or

(2) entitle any person displaced from real property located in such community to any rights or any benefits under such Act.

(c) RENEWAL COMMUNITIES TREATED AS LABOR SURPLUS AREAS.—Any area which is designated as a renewal community under section 1400D of such Code (as so added) shall be treated for all purposes under Federal law as a labor surplus area.

Subtitle B—Tax Incentives for Renewal Communities

SEC. ___11. TAX TREATMENT OF RENEWAL COMMUNITIES.

(a) IN GENERAL.—Subchapter X of chapter I of the Internal Revenue Code of 1986 (as added by subtitle A) is amended by adding at the end the following new parts:

''PART II—RENEWAL COMMUNITY CAPITAL GAIN

''Sec. 1400E. Renewal community capital gain.

''Sec. 1400F. Renewal community business defined.

''SEC. 1400E. RENEWAL COMMUNITY CAPITAL GAIN.

''(a) GENERAL RULE.—Gross income does not include any qualified capital gain recognized on the sale or exchange of a qualified community asset held for more than 5 years.

''(b) QUALIFIED COMMUNITY ASSET.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified community asset' means—

''(A) any qualified community stock,

''(B) any qualified community business property, and

''(C) any qualified community partnership interest.

''(2) QUALIFIED COMMUNITY STOCK.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), the term 'qualified community stock' means any stock in a domestic corporation if—

''(i) such stock is acquired by the taxpayer on original issue from the corporation solely in exchange for cash,

''(ii) as of the time such stock was issued, such corporation was a renewal community business (or, in the case of a new corporation, such corporation was being organized for purposes of being a renewal community business), and

''(iii) during substantially all of the taxpayer's holding period for such stock, such corporation qualified as a renewal community business.

''(B) REDEMPTIONS.—The term 'qualified community stock' shall not include any stock acquired from a corporation which made a substantial stock redemption or distribution (without a bona fide business purpose therefor) in an attempt to avoid the purposes of this section.

''(3) QUALIFIED COMMUNITY BUSINESS PROPERTY.—

''(A) IN GENERAL.—The term 'qualified community business property' means tangible property if—

''(i) such property was acquired by the taxpayer by purchase (as defined in section 179(d)(2)) after the date on which the designation of the renewal community took effect,

''(ii) the original use of such property in the renewal community commences with the taxpayer, and

''(iii) during substantially all of the taxpayer's holding period for such property, substantially all of the use of such property was in a renewal community business of the taxpayer.

''(B) SPECIAL RULE FOR SUBSTANTIAL IMPROVEMENTS.—

''(i) IN GENERAL.—The requirements of clauses (i) and (ii) of subparagraph (A) shall be treated as satisfied with respect to—

''(I) property which is substantially improved by the taxpayer, and

''(II) any land on which such property is located.

''(ii) SUBSTANTIAL IMPROVEMENT.—For purposes of clause (i), property shall be treated as substantially improved by the taxpayer only if, during any 24-month period beginning after the date on which the designation of the renewal community took effect, additions to basis with respect to such property in the hands of the taxpayer exceed the greater of—

''(I) an amount equal to the adjusted basis at the beginning of such 24-month period in the hands of the taxpayer, or

''(II) $5,000.

''(C) LIMITATION ON LAND.—The term 'qualified community business property' shall not include land which is not an integral part of a renewal community business.

''(4) QUALIFIED COMMUNITY PARTNERSHIP INTEREST.—The term 'qualified community partnership interest' means any interest in a partnership if—

''(A) such interest is acquired by the taxpayer from the partnership solely in exchange for cash,

''(B) as of the time such interest was acquired, such partnership was a renewal community business (or, in the case of a new partnership, such partnership was being organized for purposes of being a renewal community business), and

''(C) during substantially all of the taxpayer's holding period for such interest, such partnership qualified as a renewal community business.

A rule similar to the rule of paragraph (2)(C) shall apply for purposes of this paragraph.

''(5) TREATMENT OF SUBSEQUENT PURCHASERS.—The term 'qualified community asset' includes any property which would be a qualified community asset but for paragraph (2)(A)(i), (3)(A)(ii), or (4)(A) in the hands of the taxpayer if such property was a qualified community asset in the hands of all prior holders.

''(6) 10-YEAR SAFE HARBOR.—If any property ceases to be a qualified community asset by reason of paragraph (2)(A)(iii), (3)(A)(iii), or (4)(C) after the 10-year period beginning on the date the taxpayer acquired such property, such property shall continue to be treated as meeting the requirements of such paragraph; except that the amount of gain to which subsection (a) applies on any sale or exchange of such property shall not exceed the amount which would be qualified capital gain had such property been sold on the date of such cessation.

''(7) TREATMENT OF COMMUNITY DESIGNATION TERMINATIONS.—The termination of any designation of an area as a renewal community shall be disregarded for purposes of determining whether any property is a qualified community asset.

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

''(1) QUALIFIED CAPITAL GAIN.—Except as otherwise provided in this subsection, the term 'qualified capital gain' means any long-term capital gain recognized on the sale or exchange of a qualified community asset held for more than 5 years (determined without regard to any period before the designation of the renewal community).

''(2) CERTAIN GAIN ON REAL PROPERTY NOT QUALIFIED.—The term 'qualified capital gain' shall not include any gain which would be treated as ordinary income under section 1250 if section 1250 applied to all depreciation rather than the additional depreciation.

''(3) GAIN ATTRIBUTABLE TO PERIODS AFTER TERMINATION OF COMMUNITY DESIGNATION NOT QUALIFIED.—The term 'qualified capital gain' shall not include any gain attributable to periods after the termination of any designation of an area as a renewal community.

''(4) RELATED PARTY TRANSACTIONS.—The term 'qualified capital gain' shall not include any gain attributable, directly or indirectly, in whole or in part, to a transaction with a related person. For purposes of this paragraph, persons are related to each other if such persons are described in section 267(b) or 707(b)(1).

''(d) TREATMENT OF PASS-THRU ENTITIES.—

''(1) SALES AND EXCHANGES.—Gain on the sale or exchange of an interest in a pass-thru entity held by the taxpayer (other than an interest in an entity which was a renewal community business during substantially all of the period the taxpayer held such interest) for more than 5 years shall be treated as gain described in subsection (a) to the extent such gain is attributable to amounts which would be qualified capital gain on qualified community assets (determined as if such assets had been sold on the date of the sale or exchange) held by such entity for more than 5 years (determined without regard to any period before the date of the designation of the renewal community) and throughout the period the taxpayer held such interest. A rule similar to the rule of paragraph (2)(C) shall apply for purposes of the preceding sentence.

''(2) INCOME INCLUSIONS.—

''(A) IN GENERAL.—Any amount included in income by reason of holding an interest in a pass-thru entity (other than an entity which was a renewal community business during substantially all of the period the taxpayer held the interest to which such inclusion relates) shall be treated as gain described in subsection (a) if such amount meets the requirements of subparagraph (B).

''(B) REQUIREMENTS.—An amount meets the requirements of this subparagraph if—

''(i) such amount is attributable to qualified capital gain recognized on the sale or exchange by the pass-thru entity of property which is a qualified community asset in the hands of such entity and which was held by such entity for the period required under subsection (a), and

''(ii) such amount is includible in the gross income of the taxpayer by reason of the holding of an interest in such entity which was held by the taxpayer on the date on which such pass-thru entity acquired such asset and at all times thereafter before the disposition of such asset by such pass-thru entity.

''(C) LIMITATION BASED ON INTEREST ORIGINALLY HELD BY TAXPAYER.—Subparagraph (A) shall not apply to any amount to the extent such amount exceeds the amount to which subparagraph (A) would have applied if such amount were determined by reference to the interest the taxpayer held in the pass-thru entity on the date the qualified community asset was acquired.

''(3) PASS-THRU ENTITY.—For purposes of this subsection, the term 'pass-thru entity' means—

''(A) any partnership,

''(B) any S corporation,

''(C) any regulated investment company, and

''(D) any common trust fund.

''(e) SALES AND EXCHANGES OF INTERESTS IN PARTNERSHIPS AND S CORPORATIONS WHICH ARE QUALIFIED COMMUNITY BUSINESSES.—In the case of the sale or exchange of an interest in a partnership, or of stock in an S corporation, which was a renewal community business during substantially all of the period the taxpayer held such interest or stock, the amount of qualified capital gain shall be determined without regard to—

''(1) any intangible, and any land, which is not an integral part of any qualified business entity (as defined in section 1400F(b)), and

''(2) gain attributable to periods before the designation of an area as a renewal community.

''(f) CERTAIN TAX-FREE AND OTHER TRANSFERS.—For purposes of this section—

''(1) IN GENERAL.—In the case of a transfer of a qualified community asset to which this subsection applies, the transferee shall be treated as—

''(A) having acquired such asset in the same manner as the transferor, and

''(B) having held such asset during any continuous period immediately preceding the transfer during which it was held (or treated as held under this subsection) by the transferor.

''(2) TRANSFERS TO WHICH SUBSECTION APPLIES.—This subsection shall apply to any transfer—

''(A) by gift,

''(B) at death, or

''(C) from a partnership to a partner thereof, of a qualified community asset with respect to which the requirements of subsection (d)(2) are met at the time of the transfer (without regard to the 5-year holding requirement).

''(3) CERTAIN RULES MADE APPLICABLE.—Rules similar to the rules of section 1244(d)(2) shall apply for purposes of this section.

''SEC. 1400F. RENEWAL COMMUNITY BUSINESS DEFINED.

''(a) IN GENERAL.—For purposes of this part, the term 'renewal community business' means—

''(1) any qualified business entity, and

''(2) any qualified proprietorship.

Such term shall include any trades or businesses which would qualify as a renewal community business if such trades or businesses were separately incorporated. Such term shall not include any trade or business of producing property of a character subject to the allowance for depletion under section 611.

''(b) QUALIFIED BUSINESS ENTITY.— For purposes of this section, the term 'qualified business entity' means, with respect to any taxable year, any corporation or partnership if for such year—

''(1) every trade or business of such entity is the active conduct of a qualified business within a renewal community,

''(2) at least 80 percent of the total gross income of such entity is derived from the active conduct of such business,

''(3) substantially all of the use of the tangible property of such entity (whether owned or leased) is within a renewal community,

''(4) substantially all of the intangible property of such entity is used in, and exclusively related to, the active conduct of any such business,

''(5) substantially all of the services performed for such entity by its employees are performed in a renewal community,

''(6) at least 35 percent of its employees are residents of a renewal community,

''(7) less than 5 percent of the average of the aggregate unadjusted bases of the property of such entity is attributable to collectibles (as defined in section 408(m)(2)) other than collectibles that are held primarily for sale to customers in the ordinary course of such business, and

''(8) less than 5 percent of the average of the aggregate unadjusted bases of the property of such entity is attributable to nonqualified financial property.

''(c) QUALIFIED PROPRIETORSHIP.—For purposes of this section, the term 'qualified proprietorship' means, with respect to any taxable year, any qualified business carried on

by an individual as a proprietorship if for such year—

''(1) at least 80 percent of the total gross income of such individual from such business is derived from the active conduct of such business in a renewal community,

''(2) substantially all of the use of the tangible property of such individual in such business (whether owned or leased) is within a renewal community,

''(3) substantially all of the intangible property of such business is used in, and exclusively related to, the active conduct of such business,

''(4) substantially all of the services performed for such individual in such business by employees of such business are performed in a renewal community,

''(5) at least 35 percent of such employees are residents of a renewal community,

''(6) less than 5 percent of the average of the aggregate unadjusted bases of the property of such individual which is used in such business is attributable to collectibles (as defined in section 408(m)(2)) other than collectibles that are held primarily for sale to customers in the ordinary course of such business, and

''(7) less than 5 percent of the average of the aggregate unadjusted bases of the property of such individual which is used in such business is attributable to nonqualified financial property.

For purposes of this subsection, the term 'employee' includes the proprietor.

''(d) QUALIFIED BUSINESS.—For purposes of this section—

''(1) IN GENERAL.—Except as otherwise provided in this subsection, the term 'qualified business' means any trade or business.

''(2) RENTAL OF REAL PROPERTY.—The rental to others of real property located in a renewal community shall be treated as a qualified business if and only if—

''(A) the property is not residential rental property (as defined in section 168(e)(2)), and

''(B) at least 50 percent of the gross rental income from the real property is from renewal community businesses.

''(3) RENTAL OF TANGIBLE PERSONAL PROPERTY.—The rental to others of tangible personal property shall be treated as a qualified business if and only if substantially all of the rental of such property is by renewal community businesses or by residents of a renewal community.

''(4) TREATMENT OF BUSINESS HOLDING INTANGIBLES.—The term 'qualified business' shall not include any trade or business consisting predominantly of the development or holding of intangibles for sale or license.

''(5) CERTAIN BUSINESSES EXCLUDED.—The term 'qualified business' shall not include—

''(A) any trade or business consisting of the operation of any facility described in section 144(c)(6)(B), and

''(B) any trade or business the principal activity of which is farming (within the meaning of subparagraph (A) or (B) of section 2032A(e)(5)), but only if, as of the close of the preceding taxable year, the sum of—

''(i) the aggregate unadjusted bases (or, if greater, the fair market value) of the assets owned by the taxpayer which are used in such a trade or business, and

''(ii) the aggregate value of assets leased by the taxpayer which are used in such a trade or business,

exceeds $500,000.

''(6) CONTROLLED GROUPS.—For purposes of paragraph (5)(B), all persons treated as a single employer under subsection (a) or (b) of section 52 shall be treated as a single taxpayer.

''(e) NONQUALIFIED FINANCIAL PROPERTY.—For purposes of this section, the term 'nonqualified financial property' means debt, stock, partnership interests, options, futures contracts, forward contracts, warrants, notional principal contracts, annuities, and other similar property specified in regulations; except that such term shall not include—

''(1) reasonable amounts of working capital held in cash, cash equivalents, or debt instruments with a term of 18 months or less, or

''(2) debt instruments described in section 1221(4).

''PART III—FAMILY DEVELOPMENT ACCOUNTS

''SEC. 1400G. FAMILY DEVELOPMENT ACCOUNTS FOR RENEWAL COMMUNITY EITC RECIPIENTS.

''(a) ALLOWANCE OF DEDUCTION.—

''(1) IN GENERAL.—There shall be allowed as a deduction—

''(A) in the case of a qualified individual, the amount paid in cash for the taxable year by such individual to any family development account for such individual's benefit, and

''(B) in the case of any person other than a qualified individual, the amount paid in cash for the taxable year by such person to any family development account for the benefit of a qualified individual.

No deduction shall be allowed under this paragraph for any amount deposited in a family development account under section 1400H (relating to demonstration program to provide matching amounts in renewal communities).

''(2) LIMITATION.—

''(A) IN GENERAL.—The amount allowable as a deduction to any individual for any taxable year by reason of paragraph (1)(A) shall not exceed the lesser of—

''(i) $2,000, or

''(ii) an amount equal to the compensation includible in the individual's gross income for such taxable year.

''(B) PERSONS DONATING TO FAMILY DEVELOPMENT ACCOUNTS OF OTHERS.—The amount allowable as a deduction to any person for any taxable year by reason of paragraph (1)(B) shall not exceed $1,000 with respect to any qualified individual.

''(3) SPECIAL RULES FOR CERTAIN MARRIED INDIVIDUALS.—

''(A) IN GENERAL.—In the case of an individual to whom this subparagraph applies for the taxable year, the limitation of subparagraph (A) of paragraph (2) shall be equal to the lesser of—

''(i) the dollar amount in effect under paragraph (2)(A)(i) for the taxable year, or

''(ii) the sum of—

''(I) the compensation includible in such individual's gross income for the taxable year, plus—

''(II) the compensation includible in the gross income of such individual's spouse for the taxable year reduced by the amount allowed as a deduction under paragraph (1) to such spouse for such taxable year.

''(B) INDIVIDUALS TO WHOM SUBPARAGRAPH (A) APPLIES.—Subparagraph (A) shall apply to any individual if—

''(i) such individual files a joint return for the taxable year, and

''(ii) the amount of compensation (if any) includible in such individual's gross income for the taxable year is less than the compensation includible in the gross income of such individual's spouse for the taxable year.

''(4) ROLLOVERS.—No deduction shall be allowed under this section with respect to any rollover contribution.

''(b) TAX TREATMENT OF DISTRIBUTIONS.—

''(1) INCLUSION OF AMOUNTS IN GROSS INCOME.—Except as otherwise provided in this subsection, any amount paid or distributed out of a family development account shall be included in gross income by the payee or distributee, as the case may be.

''(2) EXCLUSION OF QUALIFIED FAMILY DEVELOPMENT DISTRIBUTIONS.—Paragraph (1) shall not apply to any qualified family development distribution.

''(3) SPECIAL RULES.—Rules similar to the rules of paragraphs (4) and (5) of section 408(d) shall apply for purposes of this section.

''(c) QUALIFIED FAMILY DEVELOPMENT DISTRIBUTION.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified family development distribution' means any amount paid or distributed out of a family development account which would otherwise be includible in gross income, to the extent that such payment or distribution is used exclusively to pay qualified family development expenses for the holder of the account or the spouse or dependent (as defined in section 152) of such holder.

''(2) QUALIFIED FAMILY DEVELOPMENT EXPENSES.—The term 'qualified family development expenses' means any of the following:

''(A) Qualified postsecondary educational expenses.

''(B) First-home purchase costs.

''(C) Qualified business capitalization costs.

''(D) Qualified medical expenses.

''(E) Qualified rollovers.

''(3) QUALIFIED POSTSECONDARY EDUCATIONAL EXPENSES.—

''(A) IN GENERAL.—The term 'qualified postsecondary educational expenses' means postsecondary educational expenses paid to an eligible educational institution.

''(B) POSTSECONDARY EDUCATIONAL EXPENSES.—The term 'postsecondary educational expenses' means tuition, fees, room, board, books, supplies, and equipment required for the enrollment or attendance of a student at an eligible educational institution.

''(C) ELIGIBLE EDUCATIONAL INSTITUTION.—The term 'eligible educational institution' means the following:

''(i) INSTITUTION OF HIGHER EDUCATION.—An institution described in section 481(a)(1) or 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1088(a)(1), 1141(a)), as such sections are in effect on the date of the enactment of this section.

''(ii) POSTSECONDARY VOCATIONAL EDUCATION SCHOOL.—An area vocational education school (as defined in subparagraph (C) or (D) of section 521(4) of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2471(4))) which is in any State (as defined in section 521(33) of such Act), as such sections are in effect on the date of the enactment of this section.

''(D) COORDINATION WITH SAVINGS BOND PROVISIONS.—The amount of qualified postsecondary educational expenses for any taxable year shall be reduced by any amount excludable from gross income under section 135.

''(4) FIRST-HOME PURCHASE COSTS.—

''(A) IN GENERAL.—The term 'first-home purchase costs' means qualified acquisition costs with respect to a qualified principal residence for a qualified first-time homebuyer.

''(B) QUALIFIED ACQUISITION COSTS.—The term 'qualified acquisition costs' means the costs of acquiring, constructing, or reconstructing a residence. Such term includes any usual or reasonable settlement, financing, or other closing costs.

''(C) QUALIFIED PRINCIPAL RESIDENCE.—The term 'qualified principal residence' means a principal residence (within the meaning of section 1034), the qualified acquisition costs of which do not exceed 100 percent of the average area purchase price applicable to such residence (determined in accordance with paragraphs (2) and (3) of section 143(e)).

''(D) QUALIFIED FIRST-TIME HOMEBUYER.—

''(i) IN GENERAL.—The term 'qualified first-time homebuyer' means an individual if such individual (and, in the case of a married individual, the individual's spouse) has no present ownership interest in a principal residence during the 3-year period ending on the date of acquisition of the principal residence to which this subsection applies.

''(ii) DATE OF ACQUISITION.—The term 'date of acquisition' means the date on which a binding contract to acquire, construct, or reconstruct the principal residence to which this subsection applies is entered into.

''(5) QUALIFIED BUSINESS CAPITALIZATION COSTS.—

''(A) IN GENERAL.—The term 'qualified business capitalization costs' means qualified expenditures for the capitalization of a qualified business pursuant to a qualified plan.

''(B) QUALIFIED EXPENDITURES.—The term 'qualified expenditures' means expenditures included in a qualified plan, including capital, plant, equipment, working capital, and inventory expenses.

''(C) QUALIFIED BUSINESS.—The term 'qualified business' means any business that does not contravene any law or public policy (as determined by the Secretary).

''(D) QUALIFIED PLAN.—The term 'qualified plan' means a business plan which—

''(i) is approved by a financial institution, or by a nonprofit loan fund having demonstrated fiduciary integrity,

''(ii) includes a description of services or goods to be sold, a marketing plan, and projected financial statements, and

''(iii) may require the eligible individual to obtain the assistance of an experienced entrepreneurial adviser.

''(6) QUALIFIED MEDICAL EXPENSES.—The term 'qualified medical expenses' means any amount paid during the taxable year, not compensated for by insurance or otherwise, for medical care (as defined in section 213(d)) of the taxpayer, his spouse, or his dependent (as defined in section 152).

''(7) QUALIFIED ROLLOVERS.—The term 'qualified rollover' means any amount paid from a family development account of a taxpayer into another such account established for the benefit of—

''(A) such taxpayer, or

''(B) any qualified individual who is—

''(i) the spouse of such taxpayer, or

''(ii) any dependent (as defined in section 152) of the taxpayer.

Rules similar to the rules of section 408(d)(3) shall apply for purposes of this paragraph.

''(d) TAX TREATMENT OF ACCOUNTS.—

''(1) IN GENERAL.—Any family development account is exempt from taxation under this subtitle unless such account has ceased to be a family development account by reason of paragraph (2). Notwithstanding the preceding sentence, any such account is subject to the taxes imposed by section 511 (relating to imposition of tax on unrelated business income of charitable, etc., organizations).

''(2) LOSS OF EXEMPTION IN CASE OF PROHIBITED TRANSACTIONS.—For purposes of this section, rules similar to the rules of section 408(e) shall apply.

''(e) FAMILY DEVELOPMENT ACCOUNT.—For purposes of this title, the term 'family development account' means a trust created or organized in the United States for the exclusive benefit of a qualified individual or his beneficiaries, but only if the written governing instrument creating the trust meets the following requirements:

''(1) Except in the case of a qualified rollover (as defined in subsection (c)(7))—

''(A) no contribution will be accepted unless it is in cash, and

''(B) contributions will not be accepted for the taxable year in excess of $2,000 (determined without regard to any contribution made under section 1400H (relating to demonstration program to provide matching amounts in renewal communities)).

''(2) The trustee is a bank (as defined in section 408(n)) or such other person who demonstrates to the satisfaction of the Secretary that the manner in which such other person will administer the trust will be consistent with the requirements of this section.

''(3) No part of the trust funds will be invested in life insurance contracts.

''(4) The interest of an individual in the balance in his account is nonforfeitable.

''(5) The assets of the trust will not be commingled with other property except in a common trust fund or common investment fund.

''(6) Under regulations prescribed by the Secretary, rules similar to the rules of section 401(a)(9) and the incidental death benefit requirements of section 401(a) shall apply to the distribution of the entire interest of an individual for whose benefit the trust is maintained.

''(f) QUALIFIED INDIVIDUAL.—For purposes of this section, the term 'qualified individual' means, for any taxable year, an individual—

''(1) who is a bona fide resident of a renewal community throughout the taxable year, and

''(2) to whom a credit was allowed under section 32 for the preceding taxable year.

''(g) OTHER DEFINITIONS AND SPECIAL RULES.—

''(1) COMPENSATION.—The term 'compensation' has the meaning given such term by section 219(f)(1).

''(2) MARRIED INDIVIDUALS.—The maximum deduction under subsection (a) shall be computed separately for each individual, and this section shall be applied without regard to any community property laws.

''(3) TIME WHEN CONTRIBUTIONS DEEMED MADE.—For purposes of this section, a taxpayer shall be deemed to have made a contribution to a family development account on the last day of the preceding taxable year if the contribution is made on account of such taxable year and is made not later than the time prescribed by law for filing the return for such taxable year (not including extensions thereof).

''(4) EMPLOYER PAYMENTS.—For purposes of this title, any amount paid by an employer to a family development account shall be treated as payment of compensation to the employee (other than a self-employed individual who is an employee within the meaning of section 401(c)(1)) includible in his gross income in the taxable year for which the amount was contributed, whether or not a deduction for such payment is allowable under this section to the employee.

''(5) ZERO BASIS.—The basis of an individual in any family development account of such individual shall be zero.

''(6) CUSTODIAL ACCOUNTS.—For purposes of this section, a custodial account shall be treated as a trust if the assets of such account are held by a bank (as defined in section 408(n)) or another person who demonstrates, to the satisfaction of the Secretary, that the manner in which such person will administer the account will be consistent with the requirements of this section, and if the custodial account would, except for the fact that it is not a trust, constitute a family development account described in this section. For purposes of this title, in the case of a custodial account treated as a trust by reason of the preceding sentence, the custodian of such account shall be treated as the trustee thereof.

''(7) REPORTS.—The trustee of a family development account shall make such reports regarding such account to the Secretary and to the individual for whom the account is maintained with respect to contributions (and the years to which they relate), distributions, and such other matters as the Secretary may require under regulations. The reports required by this paragraph—

''(A) shall be filed at such time and in such manner as the Secretary prescribes in such regulations, and

''(B) shall be furnished to individuals—

''(i) not later than January 31 of the calendar year following the calendar year to which such reports relate, and

''(ii) in such manner as the Secretary prescribes in such regulations.

''(8) INVESTMENT IN COLLECTIBLES TREATED AS DISTRIBUTIONS.—Rules similar to the rules of section 408(m) shall apply for purposes of this section.

''(h) PENALTY FOR DISTRIBUTIONS NOT USED FOR QUALIFIED FAMILY DEVELOPMENT EXPENSES.—

''(1) IN GENERAL.—If any amount is distributed from a family development account and is not used exclusively to pay qualified family development expenses for the holder of the account or the spouse or dependent (as defined in section 152) of such holder, the tax imposed by this chapter for the taxable year of such distribution shall be increased by the sum of—

''(A) 100 percent of the portion of such amount which is includible in gross income and is attributable to amounts contributed under section 1400H (relating to demonstration program to provide matching amounts in renewal communities), and

''(B) 10 percent of the portion of such amount which is includible in gross income and is not described in paragraph (1).

For purposes of this subsection, the portion of a distributed amount which is attributable to amounts contributed under section 1400H is the amount which bears the same ratio to the distributed amount as the aggregate amount contributed under section 1400H to all family development accounts of the individual bears to the aggregate amount contributed to such accounts from all sources.

''(2) EXCEPTION FOR CERTAIN DISTRIBUTIONS.—Paragraph (1) shall not apply to distributions which are—

''(A) made on or after the date on which the account holder attains age 59½,

''(B) made pursuant to subsection (e)(6),

''(C) made to a beneficiary (or the estate of the account holder) on or after the death of the account holder, or

''(D) attributable to the account holder's being disabled within the meaning of section 72(m)(7).

"SEC. 1400H. DEMONSTRATION PROGRAM TO PROVIDE MATCHING CONTRIBUTIONS TO FAMILY DEVELOPMENT ACCOUNTS IN CERTAIN RENEWAL COMMUNITIES.

''(a) DESIGNATION.—

''(1) DEFINITIONS.—For purposes of this section, the term 'FDA matching demonstration area' means any renewal community—

''(A) which is nominated under this section by each of the local governments and States which nominated such community for designation as a renewal community under section 1400D(a)(1)(A), and

''(B) which the Secretary of Housing and Urban Development, after consultation with—

''(i) the Secretaries of Agriculture, Commerce, Labor, and the Treasury, the Director

of the Office of Management and Budget, and the Administrator of the Small Business Administration, and

''(ii) in the case of a community on an Indian reservation, the Secretary of the Interior,

designates as an FDA matching demonstration area.

''(2) NUMBER OF DESIGNATIONS.—The Secretary of Housing and Urban Development may designate not more than 25 renewal communities as FDA matching demonstration areas.

''(3) LIMITATIONS ON DESIGNATIONS.—

''(A) PUBLICATION OF REGULATIONS.—The Secretary of Housing and Urban Development shall prescribe by regulation no later than 4 months after the date of the enactment of this section, after consultation with the officials described in paragraph (1)(B)—

''(i) the procedures for nominating a renewal community under paragraph (1)(A) (including procedures for coordinating such nomination with the nomination of an area for designation as a renewal community under section 1400D), and

''(ii) the manner in which nominated renewal communities will be evaluated for purposes of this section.

''(B) TIME LIMITATIONS.—The Secretary of Housing and Urban Development may designate renewal communities as FDA matching demonstration areas only during the 24-month period beginning on the first day of the first month following the month in which the regulations described in subparagraph (A) are prescribed.

''(4) DESIGNATION BASED ON DEGREE OF POVERTY, ETC.—The rules of section 1400D(a)(3) shall apply for purposes of designations of FDA matching demonstration areas under this section.

''(b) PERIOD FOR WHICH DESIGNATION IS IN EFFECT.—Any designation of a renewal community as an FDA matching demonstration area shall remain in effect during the period beginning on the date of such designation and ending on the date on which such area ceases to be a renewal community.

''(c) MATCHING CONTRIBUTIONS TO FAMILY DEVELOPMENT ACCOUNTS.—

''(1) IN GENERAL.—Not less than once each taxable year, the Secretary shall deposit (to the extent provided in appropriation Acts) into a family development account of each qualified individual (as defined in section 1400G(f)) who is a resident throughout the taxable year of an FDA matching demonstration area an amount equal to the sum of the amounts deposited into all of the family development accounts of such individual during such taxable year (determined without regard to any amount contributed under this section).

''(2) LIMITATIONS.—

''(A) ANNUAL LIMIT.—The Secretary shall not deposit more than $1000 under paragraph (1) with respect to any individual for any taxable year.

''(B) AGGREGATE LIMIT.—The Secretary shall not deposit more than $2000 under paragraph (1) with respect to any individual.

''(3) EXCLUSION FROM INCOME.—Except as provided in section 1400G, gross income shall not include any amount deposited into a family development account under paragraph (1).

''SEC. 1400I. DESIGNATION OF EARNED INCOME TAX CREDIT PAYMENTS FOR DEPOSIT TO FAMILY DEVELOPMENT ACCOUNT.

''(a) IN GENERAL.—With respect to the return of any qualified individual (as defined in section 1400G(f)) for the taxable year of the tax imposed by this chapter, such individual may designate that a specified portion (not less than $1) of any overpayment of tax for such taxable year which is attributable to the earned income tax credit shall be deposited by the Secretary into a family development account of such individual. The Secretary shall so deposit such portion designated under this subsection.

''(b) MANNER AND TIME OF DESIGNATION.—A designation under subsection (a) may be made with respect to any taxable year—

''(1) at the time of filing the return of the tax imposed by this chapter for such taxable year, or

''(2) at any other time (after the time of filing the return of the tax imposed by this chapter for such taxable year) specified in regulations prescribed by the Secretary.

Such designation shall be made in such manner as the Secretary prescribes by regulations.

''(c) PORTION ATTRIBUTABLE TO EARNED INCOME TAX CREDIT.—For purposes of subsection (a), an overpayment for any taxable year shall be treated as attributable to the earned income tax credit to the extent that such overpayment does not exceed the credit allowed to the taxpayer under section 32 for such taxable year.

''(d) OVERPAYMENTS TREATED AS REFUNDED.—For purposes of this title, any portion of an overpayment of tax designated under subsection (a) shall be treated as being refunded to the taxpayer as of the last date prescribed for filing the return of tax imposed by this chapter (determined without regard to extensions) or, if later, the date the return is filed.

''PART IV—ADDITIONAL INCENTIVES

''Sec. 1400J. Commercial revitalization credit.

''Sec. 1400K. Increase in expensing under section 179.

''SEC. 1400K. INCREASE IN EXPENSING UNDER SECTION 179.

''(a) GENERAL RULE.—In the case of a renewal community business (as defined in section 1400F), for purposes of section 179—

''(1) the limitation under section 179(b)(1) shall be increased by the lesser of—

''(A) $35,000, or

''(B) the cost of section 179 property which is qualified renewal property placed in service during the taxable year, and

''(2) the amount taken into account under section 179(b)(2) with respect to any section 179 property which is qualified renewal property shall be 50 percent of the cost thereof.

''(b) RECAPTURE.—Rules similar to the rules under section 179(d)(10) shall apply with respect to any qualified renewal property which ceases to be used in a renewal community by a renewal community business.

''(c) QUALIFIED RENEWAL PROPERTY.—

''(1) GENERAL RULE.—For purposes of this section—

''(A) IN GENERAL.—The term 'qualified renewal property' means any property to which section 168 applies (or would apply but for section 179) if—

''(i) such property was acquired by the taxpayer by purchase (as defined in section 179(d)(2)) after the date on which the designation of the renewal community took effect,

''(ii) the original use of which in a renewal community commences with the taxpayer, and

''(iii) substantially all of the use of which is in a renewal community and is in the active conduct of a qualified business (as defined in section 1400F(d)) by the taxpayer in such renewal community.

''(B) SPECIAL RULE FOR SUBSTANTIAL RENOVATIONS.—In the case of any property which is substantially renovated by the taxpayer, the requirements of clauses (i) and (ii) of subparagraph (A) shall be treated as satisfied. For purposes of the preceding sentence, property shall be treated as substantially renovated by the taxpayer only if, during any 24-month period beginning after the date on which the designation of the renewal community took effect, additions to basis with respect to such property in the hands of the taxpayer exceed the greater of (i) an amount equal to the adjusted basis at the beginning of such 24-month period in the hands of the taxpayer, or (ii) $5,000.

''(2) SPECIAL RULES FOR SALE-LEASEBACKS.—For purposes of paragraph (1)(A)(ii), if property is sold and leased back by the taxpayer within 3 months after the date such property was originally placed in service, such property shall be treated as originally placed in service not earlier than the date on which such property is used under the leaseback.''

(b) DEDUCTION FOR CONTRIBUTIONS TO FAMILY DEVELOPMENT ACCOUNTS ALLOWABLE WHETHER OR NOT TAXPAYER ITEMIZES.—Subsection (a) of section 62 of the Internal Revenue Code of 1986 (relating to adjusted gross income defined) is amended by inserting after paragraph (17) the following new paragraph:

''(18) FAMILY DEVELOPMENT ACCOUNTS.—The deduction allowed by section 1400G(a)(1)(A).''

SEC. ___12. EXTENSION OF EXPENSING OF ENVIRONMENTAL REMEDIATION COSTS FOR RENEWAL COMMUNITIES.

Section 198(c)(2)(A) of the Internal Revenue Code of 1986 (defining targeted area) is amended by striking ''and'' at the end of clause (iii), by redesignating clause (iv) as clause (v), and by inserting after clause (iii) the following new clause:

''(iv) any renewal community designated under section 1400D, and''.

SEC. ___13. EXTENSION OF WORK OPPORTUNITY TAX CREDIT FOR RENEWAL COMMUNITIES

(a) EXTENSION.—Paragraph (4) of section 51(c) of the Internal Revenue Code of 1986 (relating to termination) is amended to read as follows:

''(4) TERMINATION.—

''(A) IN GENERAL.—The term 'wages' shall not include any amount paid or incurred to an individual who begins work for the employer—

''(i) after December 31, 1994, and before October 1, 1996, or

''(ii) after June 30, 1998.

''(B) SPECIAL RULE FOR RENEWAL COMMUNITIES.—If—

''(i) the employer is engaged in a trade or business in a renewal community throughout the 1-year period referred to in subsection (b)(2),

''(ii) the individual who begins work for the employer is a resident of such renewal community throughout such 1-year period, and

''(iii) substantially all of the services which such individual performs for the employer during such 1-year period are performed in such renewal community,

then subparagraph (A)(ii) shall be applied by substituting the last day for which the designation of such renewal community under section 1400D is in effect for 'June 30, 1998.'''

(b) CONGRUENT TREATMENT OF RENEWAL COMMUNITIES AND ENTERPRISE ZONES FOR PURPOSES OF YOUTH RESIDENCE REQUIREMENTS.—

(1) HIGH-RISK YOUTH.—Subparagraphs (A)(ii) and (B) of section 51(d)(5) of such Code are each amended by striking ''empowerment zone or enterprise community'' and inserting ''empowerment zone, enterprise community, or renewal community''.

(2) QUALIFIED SUMMER YOUTH EMPLOYEE.—Clause (iv) of section 51(d)(7)(A) of such Code is amended by striking ''empowerment zone or enterprise community'' and inserting ''empowerment zone, enterprise community, or renewal community''.

(3) HEADINGS.—Paragraphs (5)(B) and (7)(C) of section 51(d) of such Code are each amended by inserting ''OR COMMUNITY'' in the heading after ''ZONE''.

SEC. ___14. ALLOWANCE OF COMMERCIAL REVITALIZATION CREDIT.

Section 46 of the Internal Revenue Code of 1986 (relating to investment credit) is amended by striking ''and'' at the end of paragraph (2), by striking the period at the end of paragraph (3) and inserting '', and'', and by adding at the end the following new paragraph:

''(4) the commercial revitalization credit provided under section 1400J.''

SEC. ___15. CONFORMING AND CLERICAL AMENDMENTS.

(a) TAX ON EXCESS CONTRIBUTIONS.—

(1) TAX IMPOSED.—Subsection (a) of section 4973 of such Code is amended by striking ''or'' at the end of paragraph (2), adding ''or'' at the end of paragraph (3), and inserting after paragraph (3) the following new paragraph:

''(4) a family development account (within the meaning of section 1400G(e)),''

(2) EXCESS CONTRIBUTIONS.—Section 4973 of such Code is amended by adding at the end the following new subsection:

''(g) FAMILY DEVELOPMENT ACCOUNTS.—For purposes of this section, in the case of a family development account, the term 'excess contributions' means the sum of—

''(1) the excess (if any) of—

''(A) the amount contributed for the taxable year to the account (other than a qualified rollover, as defined in section 1400G(c)(7), or a contribution under section 1400H), over

''(B) the amount allowable as a deduction under section 1400G for such contributions, and

''(2) the amount determined under this subsection for the preceding taxable year reduced by the sum of—

''(A) the distributions out of the account for the taxable year which were included in the gross income of the payee under section 1400G(b)(1),

''(B) the distributions out of the account for the taxable year to which rules similar to the rules of section 408(d)(5) apply by reason of section 1400G(b)(3), and

''(C) the excess (if any) of the maximum amount allowable as a deduction under section 1400G for the taxable year over the amount contributed to the account for the taxable year (other than a contribution under section 1400H).

For purposes of this subsection, any contribution which is distributed from the family development account in a distribution to which rules similar to the rules of section 408(d)(4) apply by reason of section 1400G(b)(3) shall be treated as an amount not contributed.''

(3) HEADING.—The heading of section 4973 of such Code is amended by inserting ''**FAMILY DEVELOPMENT ACCOUNTS,**'' after ''**CONTRACTS,**''.

(b) TAX ON PROHIBITED TRANSACTIONS.—Section 4975 of such Code is amended—

(1) by adding at the end of subsection (c) the following new paragraph:

''(6) SPECIAL RULE FOR FAMILY DEVELOPMENT ACCOUNTS.—An individual for whose benefit a family development account is established and any contributor to such account shall be exempt from the tax imposed by this section with respect to any transaction concerning such account (which would otherwise be taxable under this section) if, with respect to such transaction, the account ceases to be a family development account by reason of the application of section 1400G(d)(2) to such account.'', and

(2) in subsection (e)(1), by striking ''or'' at the end of subparagraph (E), by redesignating subparagraph (F) as subparagraph (G), and by inserting after subparagraph (E) the following new subparagraph:

''(F) a family development account described in section 1400G(e), or''.

(c) INFORMATION RELATING TO CERTAIN TRUSTS AND ANNUITY PLANS.—Subsection (c) of section 6047 of such Code is amended—

(1) by inserting ''or section 1400G'' after ''section 219'', and

(2) by inserting '', of any family development account described in section 1400G(e),'', after ''section 408(a)''.

(d) INSPECTION OF APPLICATIONS FOR TAX EXEMPTION.—Clause (i) of section 6104(a)(1)(B) of such Code is amended by inserting ''a family development account described in section 1400G(e),'' after ''section 408(a),''.

(e) FAILURE TO PROVIDE REPORTS ON FAMILY DEVELOPMENT ACCOUNTS.—Section 6693 of such Code is amended—

(1) by inserting ''**OR ON FAMILY DEVELOPMENT ACCOUNTS**'' after ''**ANNUITIES**'' in the heading of such section, and

(2) in subsection (a)(2), by striking ''and'' at the end of subparagraph (C), by striking the period and inserting '', and'' in subparagraph (D), and by adding at the end the following new subparagraph:

''(E) section 1400G(g)(7) (relating to family development accounts).''

(f) CONFORMING AMENDMENTS REGARDING COMMERCIAL REVITALIZATION CREDIT.—

(1) Section 39(d) of such Code is amended by adding at the end the following new paragraph:

''(9) NO CARRYBACK OF SECTION 1400J CREDIT BEFORE DATE OF ENACTMENT.—No portion of the unused business credit for any taxable year which is attributable to any commercial revitalization credit determined under section 1400J may be carried back to a taxable year ending before the date of the enactment of section 1400J.''

(2) Subparagraph (B) of section 48(a)(2) of such Code is amended by inserting ''or commercial revitalization'' after ''rehabilitation'' each place it appears in the text and heading.

(3) Subparagraph (C) of section 49(a)(1) of such Code is amended by striking ''and'' at the end of clause (ii), by striking the period at the end of clause (iii) and inserting '', and'', and by adding at the end the following new clause:

''(iv) the portion of the basis of any qualified revitalization building attributable to qualified revitalization expenditures.''

(4) Paragraph (2) of section 50(a) of such Code is amended by inserting ''or 1400J(d)(2)'' after ''section 47(d)'' each place it appears.

(5) Subparagraph (A) of section 50(a)(2) of such Code is amended by inserting ''or qualified revitalization building (respectively)'' after ''qualified rehabilitated building''.

(6) Subparagraph (B) of section 50(a)(2) of such Code is amended by adding at the end the following new sentence: ''A similar rule shall apply for purposes of section 1400J.''

(7) Paragraph (2) of section 50(b) of such Code is amended by striking ''and'' at the end of subparagraph (C), by striking the period at the end of subparagraph (D) and inserting ''; and'', and by adding at the end the following new subparagraph:

''(E) a qualified revitalization building (as defined in section 1400J) to the extent of the portion of the basis which is attributable to qualified revitalization expenditures (as defined in section 1400J).''

(8) Subparagraph (C) of section 50(b)(4) of such Code is amended—

(A) by inserting ''or commercial revitalization'' after ''rehabilitated'' in the text and heading, and

(B) by inserting ''or commercial revitalization'' after ''rehabilitation''.

(9) Subparagraph (C) of section 469(i)(3) is amended—

(A) by inserting ''or section 1400J'' after ''section 42''; and

(B) by striking ''CREDIT'' in the heading and inserting ''AND COMMERCIAL REVITALIZATION CREDITS''.

(g) CLERICAL AMENDMENTS.—

(1) The table of subchapters for chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new item:

''Subchapter X. Renewal Communities.''

(2) The table of parts for subchapter X of chapter 1 of such Code (as added by subtitle A) is amended by adding at the end the following new items:

''Part II. Renewal community capital gain and stock.

''Part III. Family development accounts.

''Part IV. Additional Incentives.''

(3) The table of sections for chapter 43 of such Code is amended by striking the item relating to section 4973 and inserting the following new item:

''Sec. 4973. Tax on excess contributions to individual retirement accounts, medical savings accounts, certain section 403(b) contracts, family development accounts, and certain individual retirement annuities.''

(4) The table of sections for part I of subchapter B of chapter 68 of such Code is amended by striking the item relating to section 6693 and inserting the following new item:

''Sec. 6693. Failure to provide reports on individual retirement accounts or annuities or on family development accounts; penalties relating to designated nondeductible contributions.''

Subtitle C—Additional Provisions

SEC. ___21. TRANSFER OF UNOCCUPIED AND SUBSTANDARD HUD-HELD HOUSING IN RENEWAL COMMUNITIES TO LOCAL GOVERNMENTS.

(a) TRANSFER REQUIREMENT.—Pursuant to the authority under section 204 of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997, the Secretary shall transfer ownership of any qualified HUD property to the unit of general local government having jurisdiction for the area in which the property is located in accordance with this section, but only if the unit of general local government enters into an agreement with the Secretary meeting the requirements of subsection (d).

(b) QUALIFIED HUD PROPERTIES.—For purposes of this section, the term ''qualified HUD property'' means any unoccupied multifamily housing, project, substandard multifamily housing project, or unoccupied single family property, that is—

(1) owned by the Secretary; and

(2) located within a renewal community.

(c) TIMING OF TRANSFER.—Any transfer of ownership required under subsection (a) shall be completed—

(1) with respect to any multifamily housing project or single family property that is acquired by the Secretary before the date on which the area in which property is located is designated as a renewal community and that is substandard or unoccupied (as applicable) upon such date, not later than 1 year after such date; and

(2) with respect to any multifamily housing project or single family property that is acquired by the Secretary on or after the date on which the area in which the property is located is designated as a renewal community, not later than 1 year after—

(A) the date on which the project is determined to be substandard or unoccupied (as applicable), in the case of a property that is not unoccupied or substandard upon acquisition by the Secretary; or

(B) the date on which the project is acquired by the Secretary, in the case of a property that is substandard or unoccupied (as applicable) upon such acquisition.

(d) AGREEMENTS TO SELL PROPERTY TO COMMUNITY DEVELOPMENT CORPORATIONS.—An agreement described in this subsection is an agreement that requires a unit of general local government to dispose of the qualified HUD property acquired by the unit of general local government in accordance with the following requirements:

(1) NOTIFICATION TO COMMUNITY DEVELOPMENT CORPORATIONS.—Not later than 30 days after the date on which the unit of general local government acquires title to the property under subsection (a), the unit of general local government shall notify each community development corporation located in the State in which the property is located—

(A) of such acquisition of title; and

(B) that, during the 6-month period beginning on the date on which such notification is made, such community development corporations shall have the exclusive right under this subsection to make bona fide offers to purchase the property on a cost recovery basis.

(2) RIGHT OF FIRST REFUSAL.—During the 6-month period described in paragraph (1)(B)—

(A) the unit of general local government may not sell or offer to sell the qualified HUD property other than to a party notified under paragraph (1), unless each community development corporation required to be so notified has notified the unit of general local government that the corporation will not make an offer to purchase the property; and

(B) the unit of general local government shall accept a bona fide offer to purchase the property made during such period if the offer is acceptable to the unit of general local government, except that a unit of general local government may not sell a property to a community development corporation during that 6-month period other than on a cost recovery basis.

(3) OTHER DISPOSITION.—During the 6-month period beginning on the expiration of the 6-month period described in paragraph (1)(B), the unit of general local government shall dispose of the property on a negotiated, competitive bid, or other basis, on such terms as the unit of general local government deems appropriate.

(e) SATISFACTION OF INDEBTEDNESS.—Before transferring ownership of any qualified HUD property pursuant to subsection (a), the Secretary shall satisfy any indebtedness incurred in connection with the property to be transferred, by—

(1) canceling the indebtedness; or

(2) reimbursing the unit of general local government to which the property is transferred for the amount of the indebtedness.

(f) DETERMINATION OF STATUS OF PROPERTIES.—To ensure compliance with the requirements of subsection (c), the Secretary shall take the following actions:

(1) UPON DESIGNATION OF RENEWAL COMMUNITIES.—Upon the designation of any renewal community, the Secretary shall promptly assess each residential property owned by the Secretary that is located within such renewal community to determine whether such property is a qualified HUD property.

(2) UPON ACQUISITION.—Upon acquiring any residential property that is located with a renewal community, the Secretary shall promptly determine whether the property is a qualified HUD property.

(3) UPDATES.—The Secretary shall periodically reassess the residential properties owned by the Secretary to determine whether any such properties have become qualified HUD properties.

(g) TENANT LEASES.—This section shall not affect the terms or the enforceability of any contract or lease entered into with respect to any residential property before the date that such property becomes a qualified HUD property.

(h) PROCEDURES.—Not later than the expiration of the 6-month period beginning on the date of the enactment of this Act, the Secretary shall establish, by rule, regulation, or order, such procedures as may be necessary to carry out this section.

(i) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

(1) COMMUNITY DEVELOPMENT CORPORATION.—The term ''community development corporation'' means a nonprofit organization whose primary purpose is to promote community development by providing housing opportunities for low-income families.

(2) COST RECOVERY BASIS.—The term ''cost recovery basis'' means, with respect to any sale of a residential property by a unit of general local government to a community development corporation under subsection (d)(2), that the purchase price paid by the community development corporation is less than or equal to the costs incurred by the unit of general local government in connection with such property during the period beginning on the date on which the unit of general local government acquires title to the property under subsection (a) and ending on the date on which the sale is consummated.

(3) LOW-INCOME FAMILIES.—The term ''low-income families'' has the meaning given the term in section 3(b) of the United States Housing Act of 1937.

(4) MULTIFAMILY HOUSING PROJECT.—The term ''multifamily housing project'' has the meaning given the term in section 203 of the Housing and Community Development Amendments of 1978.

(5) RENEWAL COMMUNITY.—The term ''renewal community'' means an area designated (under subchapter X of chapter 1 of the Internal Revenue Code of 1986) as a renewal community.

(6) RESIDENTIAL PROPERTY.—The term ''residential property'' means a property that is a multifamily housing project or a single family property.

(7) SECRETARY.—The term ''Secretary'' means the Secretary of Housing and Urban Development.

(8) SEVERE PHYSICAL PROBLEMS.—The term ''severe physical problems'' means, with respect to a dwelling unit, that the unit—

(A) lacks hot or cold piped water, a flush toilet, or both a bathtub and a shower in the unit, for the exclusive use of that unit;

(B) on not less than 3 separate occasions during the preceding winter months, was uncomfortably cold for a period of more than 6 consecutive hours due to a malfunction of the heating system for the unit;

(C) has no functioning electrical service, exposed wiring, any room in which there is not a functioning electrical outlet, or has experienced 3 or more blown fuses or tripped circuit breakers during the preceding 90-day period;

(D) is accessible through a public hallway in which there are no working light fixtures, loose or missing steps or railings, and no elevator; or

(E) has severe maintenance problems, including water leaks involving the roof, windows, doors, basement, or pipes or plumbing fixtures, holes or open cracks in walls or ceilings, severe paint peeling or broken plaster, and signs of rodent infestation.

(9) SINGLE FAMILY PROPERTY.—The term ''single family property'' means a 1- to 4-family residence.

(10) SUBSTANDARD.—The term ''substandard'' means, with respect to a multifamily housing project, that 25 percent or more of the dwelling units in the project have severe physical problems.

(11) UNIT OF GENERAL LOCAL GOVERNMENT.—The term ''unit of general local government'' has the meaning given the term in section 102(a) of the Housing and Community Development Act of 1974.

(12) UNOCCUPIED.—The term ''unoccupied'' means, with respect to a residential property, that the unit of general local government having jurisdiction over the area in which the project is located has certified in writing that the property is not inhabited.

SEC. ___22. CRA CREDIT FOR INVESTMENTS IN COMMUNITY DEVELOPMENT ORGANIZATIONS LOCATED IN RENEWAL COMMUNITIES.

Section 804 of the Community Reinvestment Act of 1977 (12 U.S.C. 2903) is amended by adding at the end the following new subsection:

''(c) INVESTMENTS IN CERTAIN COMMUNITY DEVELOPMENT ORGANIZATIONS.—In assessing and taking into account, under subsection (a), the record of a regulated financial institution, the appropriate Federal financial supervisory agency may consider, as a factor, investments of the institution in, and capital investment, loan participation, and other ventures undertaken by the institution in cooperation with, any community development organization (as defined in section 234 of the Bank Enterprise Act of 1991) which is located in a renewal community (as designated under section 1400D of the Internal Revenue Code of 1986).''.

SEC. 23. CLARIFICATION OF DEDUCTION FOR DEFERRED COMPENSATION.

(a) IN GENERAL.—Section 404(a) (relating to deduction for contributions of an employer to an employee's trust or annuity plan and compensation under a deferred-payment plan) is amended by adding at the end the following new paragraph:

''(11) DETERMINATIONS RELATING TO DEFERRED COMPENSATION.—

''(A) IN GENERAL.—For purposes of determining under this section—

''(i) whether compensation of an employee is deferred compensation, and

''(ii) when deferred compensation is paid, no amount shall be treated as received by the employee, or paid, until it is actually received by the employee.

''(B) EXCEPTION.—Subparagraph (A) shall not apply to severance pay.''

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by subsection (a) shall apply to taxable years ending after the date of the enactment of this Act.

(2) CHANGE IN METHOD OF ACCOUNTING.—In the case of any taxpayer required by the amendment made by subsection (a) to change its method of accounting for its first taxable year ending after the date of the enactment of this Act—

(A) such change shall be treated as initiated by the taxpayer,

(B) such change shall be treated as made with the consent of the Secretary of the Treasury, and

(C) the net amount of the adjustments required to be taken into account by the taxpayer under section 481 of the Internal Revenue Code of 1986 shall be taken into account in such first taxable year.

SEC. 24. MODIFICATION TO FOREIGN TAX CREDIT CARRYBACK AND CARRYOVER PERIODS.

(a) IN GENERAL.—Section 904(c) (relating to limitation on credit) is amended—

(1) by striking ''in the second preceding taxable year,'', and

(2) striking ''or fifth'' and inserting ''fifth, sixth, or seventh''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to credits arising in taxable years beginning after December 31, 1999.

BENNETT (AND HATCH) AMENDMENTS NOS. 1713–1714

(Order to lie on the table.)

Mr. BENNETT (for himself and Mr. HATCH) submitted two amendments intended to be proposed by them to amendment No. 1676 proposed by Mr. CHAFEE to the bill, S. 1173, supra; as follows:

AMENDMENT NO. 1713

At the end of subtitle A of title I, add the following:

SEC. 11___. TRANSPORTATION ASSISTANCE FOR OLYMPIC CITIES.

(a) PURPOSE.—The purpose of this section is to authorize the provision of assistance for, and support of, State and local efforts concerning surface transportation issues necessary to obtain the national recognition and economic benefits of participation in the International Olympic movement and the International Paralympic movement by hosting international quadrennial Olympic and Paralympic events in the United States.

(b) PRIORITY FOR TRANSPORTATION PROJECTS RELATING TO OLYMPIC AND PARALYMPIC EVENTS.—Notwithstanding any other provision of law, from funds available to carry out section 104(k) of title 23, United States Code, the Secretary may give priority to funding for a transportation project relating to an international quadrennial Olympic or Paralympic event if—

(1) the project meets the extraordinary needs associated with an international quadrennial Olympic or Paralympic event; and

(2) the project is otherwise eligible for assistance under section 104(k) of that title.

(c) TRANSPORTATION PLANNING ACTIVITIES.—The Secretary may participate in—

(1) planning activities of States and metropolitan planning organizations and transportation projects relating to an international quadrennial Olympic or Paralympic event under sections 134 and 135 of title 23, United States Code; and

(2) developing intermodal transportation plans necessary for the projects in coordination with State and local transportation agencies.

(d) FUNDING.—Notwithstanding section 541(a) of title 23, United States Code, from funds made available under that section, the Secretary may provide assistance for the development of an Olympic and a Paralympic transportation management plan in cooperation with an Olympic Organizing Committee responsible for hosting, and State and local communities affected by, an international quadrennial Olympic or Paralympic event.

(e) TRANSPORTATION PROJECTS RELATING TO OLYMPIC AND PARALYMPIC EVENTS.—

(1) IN GENERAL.—The Secretary may provide assistance, including planning, capital, and operating assistance, to States and local governments in carrying out transportation projects relating to an international quadrennial Olympic or Paralympic event.

(2) FEDERAL SHARE.—The Federal share of the cost of a project assisted under this subsection shall not exceed 80 percent.

(f) ELIGIBLE GOVERNMENTS.—A State or local government shall be eligible to receive assistance under this section only if the government is hosting a venue that is part of an international quadrennial Olympics that is officially selected by the International Olympic Committee.

(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated from the Highway Trust Fund (other than the Mass Transit Account) to carry out this section such sums as are necessary for each of fiscal years 1998 through 2003.

AMENDMENT NO. 1714

At the appropriate place, insert the following:

SEC. ___. TRANSPORTATION ASSISTANCE FOR OLYMPIC CITIES.

(a) PURPOSE; DEFINITIONS.—

(1) PURPOSE.—The purpose of this section is to provide assistance and support to State and local efforts on surface and aviation-related transportation issues necessary to obtain the national recognition and economic benefits of participation in the International Olympic movement and the International Paralympic movement by hosting international quadrennial Olympic and Paralympic events in the United States.

(2) DEFINITION.—In this section, the term ''Secretary'' means the Secretary of Transportation.

(b) PRIORITY FOR TRANSPORTATION PROJECTS RELATED TO OLYMPIC AND PARALYMPIC EVENTS.—

(1) IN GENERAL.—Notwithstanding any other provision of law, the Secretary may give priority to funding for a mass transportation project related to an international quadrennial Olympic or Paralympic event to carry out 1 or more of sections 5303, 5307, and 5309 of title 49, United States Code, if the project—

(A) in the determination of the Secretary, will meet extraordinary transportation needs associated with an international quadrennial Olympic or Paralympic event; and

(B) is otherwise eligible for assistance under the section at issue.

(2) CONTRACTUAL OBLIGATION.—A grant or a contract for a project described in paragraph (1), approved by the Secretary and funded with amounts made available under this subsection, is a contractual obligation to pay the Government's share of the cost of the project.

(3) NON-FEDERAL SHARE.—For purposes of determining the non-Federal share of a project funded under this subsection, highway and transit projects shall be considered to be a program of projects.

(4) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated from the Mass Transit Account of the Highway Trust Fund such sums as may be necessary to carry out this subsection.

(c) TRANSPORTATION PLANNING ACTIVITIES.—Notwithstanding any other provision of law, the Secretary may participate in—

(1) planning activities of State and metropolitan planning organizations, and project sponsors, for a transportation project related to an international quadrennial Olympic or Paralympic event under sections 5303 and 5305a of title 49, United States Code; and

(2) developing intermodal transportation plans necessary for transportation projects described in paragraph (1), in coordination with State and local transportation agencies.

(d) TRANSPORTATION PROJECTS RELATED TO OLYMPIC AND PARALYMPIC EVENTS.—

(1) GENERAL AUTHORITY.—The Secretary may provide assistance to State and local governments, and an Olympic Organizing Committee responsible for hosting an international quadrennial Olympic or Paralympic event, in carrying out transportation projects related to an international quadrennial Olympic or Paralympic event. Such assistance may include planning, capital, and operating assistance.

(2) NON-FEDERAL SHARE.—The Federal share of the costs of any transportation project assisted under this subsection shall not exceed 80 percent. For purposes of determining the non-Federal share of a project assisted under this subsection, highway and transit projects shall be considered to be a program of projects.

(e) ELIGIBLE GOVERNMENTS.—A State or local government is eligible to receive assistance under this section only if it is hosting a venue that is part of an international quadrennial Olympics that is officially selected by the International Olympic Committee.

(f) AIRPORT DEVELOPMENT PROJECTS.—

(1) AIRPORT DEVELOPMENT DEFINED.—Section 47102(3) of title 49, United States Code, is amended by adding at the end the following:

''(H) Developing, in coordination with State and local transportation agencies, intermodal transportation plans necessary for Olympic-related projects at an airport.''.

(2) DISCRETIONARY GRANTS.—Section 47115(d) of title 49, United States Code, is amended—

(A) by striking ''and'' at the end of paragraph (5);

(B) by striking the period at the end of paragraph (6) and inserting ''; and''; and

(C) by adding at the end the following:

''(7) the need for the project in order to meet the unique demands of hosting international quadrennial Olympic or Paralympic events.''.

(g) GRANT OR CONTRACT TERMS AND CONDITIONS.—Notwithstanding any other provision of law, a grant or contract funded under this section shall be subject to such terms and conditions as the Secretary may determine, including the waiver of planning and procurement requirements.

(h) USE OF FUNDS BEFORE APPORTIONMENTS AND ALLOCATIONS.—Notwithstanding any other provision of law, funds made available under section 5307 of title 49, United States Code, may be used by the Secretary for projects funded under this section before apportioning or allocating funds to States, metropolitan planning organizations, or transit agencies.

(i) USE OF APPROPRIATIONS.—From amounts made available to carry out sections 5303, 5307, and 5309 of title 49, United States Code, in each of fiscal years 1998 through 2003, the Secretary may use such amounts as may be necessary to carry out this section.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. CHAFEE. Mr. President, I ask unanimous consent that the Committee on Agriculture, Nutrition, and Forestry be allowed to meet during the session of the Senate on Thursday, March 5, 1998, at 9 a.m. in SR–328A. The purpose of this meeting will be to hold a hearing examining the Kyoto treaty on climate change and its effect on the agricultural economy.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON ARMED SERVICES

Mr. CHAFEE. Mr. President, I ask unanimous consent that the Committee on Armed Services be authorized to meet on Thursday, March 5, 1998, at 10 a.m. in open session, to receive testimony on the role of the Department of Defense in countering the transnational threats of the 21st century.

The PRESIDING OFFICER. Without objection, it is so ordered.