

skills—something I have spoken about many times on this floor.

Since its inception, the support for National Engineers Week has grown significantly.

This year, nearly 100 professional societies, major corporations, and government agencies are working together with the National Engineers Week Foundation to bring attention to this important program.

If we hope to encourage more young people to pursue engineering—to help us tackle issues of health, safety, and energy—it is absolutely critical that we teach them what engineering is all about.

National Engineers Week brings 50,000 engineering volunteers into classrooms to teach students that engineering can be fun, that engineers make a difference, and that anyone can become an engineer.

It is especially important that we get this message out to girls, women, and many minorities who are underrepresented in engineering careers. We will all benefit from greater diversity in STEM fields.

I believe that encouraging a new generation of engineers is vital to continuing our economic recovery.

Engineers have always been our country's problem solvers and it is fitting that we celebrate National Engineers Week in conjunction with the birthday of President George Washington—one of our Nation's first engineers.

I wish to thank my colleagues for joining with me in supporting this important week.

AMENDMENTS SUBMITTED AND PROPOSED

SA 3310. Mr. REID proposed an amendment to the bill H.R. 2847, making appropriations for the Departments of Commerce and Justice, and Science, and Related Agencies for the fiscal year ending September 30, 2010, and for other purposes.

SA 3311. Mr. REID proposed an amendment to amendment SA 3310 proposed by Mr. REID to the bill H.R. 2847, *supra*.

SA 3312. Mr. REID proposed an amendment to the bill H.R. 2847, *supra*.

SA 3313. Mr. REID proposed an amendment to the bill H.R. 2847, *supra*.

SA 3314. Mr. REID proposed an amendment to amendment SA 3313 proposed by Mr. REID to the bill H.R. 2847, *supra*.

TEXT OF AMENDMENTS

SA 3310. Mr. REID proposed an amendment to the bill H.R. 2847, making appropriations for the Departments of Commerce and Justice, and Science, and Related Agencies for the fiscal year ending September 30, 2010, and for other purposes; as follows:

In lieu of the matter proposed to be inserted by the amendment of the House to the amendment of the Senate insert the following:

SECTION 1. SHORT TITLE; AMENDMENT OF 1986 CODE; TABLE OF CONTENTS.

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

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

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

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

TITLE I—INCENTIVES FOR HIRING AND RETAINING UNEMPLOYED WORKERS

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

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

TITLE II—EXPENSING

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

TITLE III—QUALIFIED TAX CREDIT BONDS

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

TITLE IV—EXTENSION OF CURRENT SURFACE TRANSPORTATION PROGRAMS

Sec. 401. Short title.

Subtitle A—Federal-Aid Highways

Sec. 411. In general.

Sec. 412. Administrative expenses.

Sec. 413. Rescission of unobligated balances.

Sec. 414. Reconciliation of funds.

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

Sec. 421. Extension of National Highway Traffic Safety Administration Highway Safety Programs.

Sec. 422. Extension of Federal Motor Carrier Safety Administration Programs.

Sec. 423. Additional programs.

Subtitle C—Public Transportation Programs

Sec. 431. Allocation of funds for planning programs.

Sec. 432. Special rule for urbanized area formula grants.

Sec. 433. Allocating amounts for capital investment grants.

Sec. 434. Apportionment of formula grants for other than urbanized areas.

Sec. 435. Apportionment based on fixed guideway factors.

Sec. 436. Authorizations for public transportation.

Sec. 437. Amendments to SAFETEA-LU.

Subtitle D—Revenue Provisions

Sec. 441. Repeal of provision prohibiting the crediting of interest to the Highway Trust Fund.

Sec. 442. Restoration of certain foregone interest to Highway Trust Fund.

Sec. 443. Treatment of certain amounts appropriated to Highway Trust Fund.

Sec. 444. Termination of transfers from highway trust fund for certain repayments and credits.

Sec. 445. Extension of authority for expenditures.

Sec. 446. Level of obligation limitations.

TITLE V—OFFSET PROVISIONS

Subtitle A—Foreign Account Tax Compliance

PART I—INCREASED DISCLOSURE OF BENEFICIAL OWNERS

Sec. 501. Reporting on certain foreign accounts.

Sec. 502. Repeal of certain foreign exceptions to registered bond requirements.

PART II—UNDER REPORTING WITH RESPECT TO FOREIGN ASSETS

Sec. 511. Disclosure of information with respect to foreign financial assets.

Sec. 512. Penalties for underpayments attributable to undisclosed foreign financial assets.

Sec. 513. Modification of statute of limitations for significant omission of income in connection with foreign assets.

PART III—OTHER DISCLOSURE PROVISIONS

Sec. 521. Reporting of activities with respect to passive foreign investment companies.

Sec. 522. Secretary permitted to require financial institutions to file certain returns related to withholding on foreign transfers electronically.

PART IV—PROVISIONS RELATED TO FOREIGN TRUSTS

Sec. 531. Clarifications with respect to foreign trusts which are treated as having a United States beneficiary.

Sec. 532. Presumption that foreign trust has United States beneficiary.

Sec. 533. Uncompensated use of trust property.

Sec. 534. Reporting requirement of United States owners of foreign trusts.

Sec. 535. Minimum penalty with respect to failure to report on certain foreign trusts.

PART V—SUBSTITUTE DIVIDENDS AND DIVIDEND EQUIVALENT PAYMENTS RECEIVED BY FOREIGN PERSONS TREATED AS DIVIDENDS

Sec. 541. Substitute dividends and dividend equivalent payments received by foreign persons treated as dividends.

Subtitle B—Delay in Application of Worldwide Allocation of Interest

Sec. 551. Delay in application of worldwide allocation of interest.

TITLE I—INCENTIVES FOR HIRING AND RETAINING UNEMPLOYED WORKERS SEC. 101. PAYROLL TAX FORGIVENESS FOR HIRING UNEMPLOYED WORKERS.

(a) **IN GENERAL.**—Section 3111 is amended by adding at the end the following new subsection:

“(d) **SPECIAL EXEMPTION FOR CERTAIN INDIVIDUALS HIRED IN 2010.**—

“(1) **IN GENERAL.**—Subsection (a) shall not apply to wages paid by a qualified employer with respect to employment during the period beginning on the day after the date of the enactment of this subsection and ending on December 31, 2010, of any qualified individual for services performed—

“(A) in a trade or business of such qualified employer, or

“(B) in the case of a qualified employer exempt from tax under section 501(a), in furtherance of the activities related to the purpose or function constituting the basis of the employer's exemption under section 501.

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

“(A) **IN GENERAL.**—The term ‘qualified employer’ means any employer other than the United States, any State, or any political subdivision thereof, or any instrumentality of the foregoing.

“(B) **TREATMENT OF EMPLOYEES OF POST-SECONDARY EDUCATIONAL INSTITUTIONS.**—Notwithstanding subparagraph (A), the term ‘qualified employer’ includes any employer

which is a public institution of higher education (as defined in section 101(b) of the Higher Education Act of 1965).

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

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

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

“(C) is not employed by the qualified employer to replace another employee of such employer unless such other employee separated from employment voluntarily or for cause, and

“(D) is not an individual described in section 51(i)(1) (applied by substituting ‘qualified employer’ for ‘taxpayer’ each place it appears).

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

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

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

(c) TRANSFERS TO FEDERAL OLD-AGE AND SURVIVORS INSURANCE TRUST FUND.—There are hereby appropriated to the Federal Old-Age and Survivors Trust Fund and the Federal Disability Insurance Trust Fund established under section 201 of the Social Security Act (42 U.S.C. 401) amounts equal to the reduction in revenues to the Treasury by reason of the amendments made by subsection (a). Amounts appropriated by the preceding sentence shall be transferred from the general fund at such times and in such manner as to replicate to the extent possible the transfers which would have occurred to such Trust Fund had such amendments not been enacted.

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

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

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

(1) \$1,000, and

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

(b) RETAINED WORKER.—For purposes of this section, the term ‘retained worker’ means any qualified individual (as defined in section 3111(d)(3) of the Internal Revenue Code of 1986)—

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

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

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

(c) LIMITATION ON CARRYBACKS.—No portion of the unused business credit under section 38 of the Internal Revenue Code of 1986 for any taxable year which is attributable to the increase in the current year business credit under this section may be carried to a taxable year beginning before the date of the enactment of this section.

TITLE II—EXPENSING

SEC. 201. INCREASE IN EXPENSING OF CERTAIN DEPRECIABLE BUSINESS ASSETS.

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

(1) by striking “(\$125,000 in the case of taxable years beginning after 2006 and before 2011)” in paragraph (1) and inserting “(\$250,000 in the case of taxable years beginning after 2007 and before 2011)”,

(2) by striking “(\$500,000 in the case of taxable years beginning after 2006 and before 2011)” in paragraph (2) and inserting “(\$800,000 in the case of taxable years beginning after 2007 and before 2011)”,

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

(4) by redesignating paragraph (6) as paragraph (5).

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

TITLE III—QUALIFIED TAX CREDIT BONDS

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

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

“(f) APPLICATION OF SECTION TO CERTAIN QUALIFIED TAX CREDIT BONDS.—

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

“(A) such bond shall be treated as a qualified bond for purposes of this section,

“(B) subsection (a) shall be applied without regard to the requirement that the qualified bond be issued before January 1, 2011,

“(C) the amount of the payment determined under subsection (b) with respect to any interest payment date under such bond shall be—

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

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

“(D) interest on any such bond shall be includible in gross income for purposes of this title,

“(E) no credit shall be allowed under section 54A with respect to such bond,

“(F) any payment made under subsection (b) shall not be includible as income for purposes of this title, and

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

“(2) DEFINITIONS.—For purposes of this subsection—

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

“(i) such bond is—

“(I) a new clean renewable energy bond (as defined in section 54C),

“(II) a qualified energy conservation bond (as defined in section 54D),

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

“(IV) a qualified school construction bond (as defined in section 54F), and

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

“(B) QUALIFIED SMALL ISSUER.—The term ‘qualified small issuer’ means, with respect to any calendar year, any issuer who is not reasonably expected to issue tax-exempt bonds (other than private activity bonds) and specified tax credit bonds (determined without regard to whether an election is made under this subsection) during such calendar year in an aggregate face amount exceeding \$30,000,000.”

(b) TECHNICAL CORRECTIONS RELATING TO QUALIFIED SCHOOL CONSTRUCTION BONDS.—

(1) The second sentence of section 54F(d)(1) is amended by striking “by the State” and inserting “by the State education agency (or such other agency as is authorized under State law to make such allocation)”.

(2) The second sentence of section 54F(e) is amended by striking “subsection (d)(4)” and inserting “paragraphs (2) and (4) of subsection (d)”.

(c) EFFECTIVE DATES.—

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

(2) TECHNICAL CORRECTIONS.—The amendments made by subsection (b) shall take effect as if included in section 1521 of the American Recovery and Reinvestment Tax Act of 2009.

TITLE IV—EXTENSION OF CURRENT SURFACE TRANSPORTATION PROGRAMS

SEC. 401. SHORT TITLE.

This title may be cited as the “Surface Transportation Extension Act of 2010”

Subtitle A—Federal-Aid Highways

SEC. 411. IN GENERAL.

(a) IN GENERAL.—Except as provided in this Act, requirements, authorities, conditions, eligibilities, limitations, and other provisions authorized under titles I, V, and VI of the SAFETEA-LU (119 Stat. 1144), the SAFETEA-LU Technical Corrections Act of 2008 (122 Stat. 1572), titles I and VI of the Intermodal Surface Transportation Act of 1991 (105 Stat. 1914), titles I and V of the Transportation Equity Act for the 21st Century (112 Stat. 107), and title 23, United States Code (excluding chapter 4 of that title), which would otherwise expire on or cease to apply after September 30, 2009, or the date specified in section 106(3) of the Continuing Appropriations Resolution, 2010 (Public Law 111-68), are incorporated by reference and shall continue in effect until December 31, 2010.

(b) AUTHORIZATION OF APPROPRIATIONS.—Except as provided in section 412, there are authorized to be appropriated out of the Highway Trust Fund (other than the Mass Transit Account)—

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

(2) for the period beginning on October 1, 2010, and ending on December 31, 2010, a sum equal to 1/4 of the total amount authorized to be appropriated out of the Highway Trust Fund for programs, projects, and activities for fiscal year 2009 under titles I, V, and VI of the SAFETEA-LU (119 Stat. 1144), and title 23, United States Code (excluding chapter 4 of that title).

(c) USE OF FUNDS.—

(1) FISCAL YEAR 2010.—Except as otherwise expressly provided in this Act, funds authorized to be appropriated under subsection (b)(1) for fiscal year 2010 shall be distributed, administered, limited, and made available

for obligation in the same manner and at the same level as funds authorized to be appropriated out of the Highway Trust Fund for fiscal year 2009 to carry out programs, projects, activities, eligibilities, and requirements under the SAFETEA-LU (119 Stat. 1144), the SAFETEA-LU Technical Corrections Act of 2008 (122 Stat. 1572), titles I and VI of the Intermodal Surface Transportation Act of 1991 (105 Stat. 1914), titles I and V of the Transportation Equity Act for the 21st Century (112 Stat. 107), and title 23, United States Code (excluding chapter 4 of that title).

(2) FISCAL YEAR 2011.—Except as otherwise expressly provided in this Act, funds authorized to be appropriated under subsection (b)(2) for the period beginning on October 1, 2010, and ending on December 31, 2010, shall be distributed, administered, limited, and made available for obligation in the same manner and at the same level as 1/4 of the total amount of funds authorized to be appropriated out of the Highway Trust Fund for fiscal year 2009 to carry out programs, projects, activities, eligibilities, and requirements under the SAFETEA-LU (119 Stat. 1144), the SAFETEA-LU Technical Corrections Act of 2008 (122 Stat. 1572), titles I and VI of the Intermodal Surface Transportation Act of 1991 (105 Stat. 1914), titles I and V of the Transportation Equity Act for the 21st Century (112 Stat. 107), and title 23, United States Code (excluding chapter 4 of that title).

(3) CALCULATION.—The amounts authorized to be appropriated under subsection (b) shall be calculated without regard to any rescission or cancellation of funds or contract authority for fiscal year 2009 under the SAFETEA-LU (119 Stat. 1144) or any other law.

(4) CONTRACT AUTHORITY.—

(A) IN GENERAL.—Except as provided in subparagraph (B), funds authorized to be appropriated under this section shall be available for obligation and shall be administered in the same manner as if such funds were apportioned under chapter 1 of title 23, United States Code, and—

(i) for fiscal year 2010, shall be subject to a limitation on obligations for Federal-aid highways and highway safety construction programs included in an Act making appropriations for fiscal year 2010 or a portion of that fiscal year; and

(ii) for the period beginning on October 1, 2010, and ending on December 31, 2010, shall be subject to a limitation on obligations included in an Act making appropriations for fiscal year 2011 or a portion of that fiscal year, except that during such period obligations subject to such limitation shall not exceed 1/4 of the limitation on obligations included in an Act making appropriations for fiscal year 2011.

(B) EXCEPTIONS.—A limitation on obligations described in clause (i) or (ii) of subparagraph (A) shall not apply to any obligation under—

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

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

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

(II) for the period beginning on October 1, 2010, and ending on December 31, 2010, only in an amount equal to \$159,750,000.

(5) CALCULATIONS FOR DISTRIBUTION OF OBLIGATION LIMITATION.—Upon enactment of an Act making appropriations for the Department of Transportation for fiscal year 2011 (other than an Act or resolution making continuing appropriations), the Secretary shall—

(A) as necessary for purposes of making the calculations for the distribution of any

obligation limitation under such Act, annualize the amount of contract authority provided under this Act for Federal-aid highways and highway safety construction programs; and

(B) multiply the resulting distribution of any obligation limitation under such Act by 1/4.

(4) EXTENSION AND FLEXIBILITY FOR CERTAIN ALLOCATED PROGRAMS.—

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

(A) made available to the State for programs apportioned under sections 104(b) and 144 of title 23, United States Code, and in the same proportion for each such program that—

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

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

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

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

(A) made available to the State for programs apportioned under sections 104(b) and 144 of title 23, United States Code, and in the same proportion for each such program that—

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

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

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

(3) TERRITORIES AND PUERTO RICO.—

(A) FISCAL YEAR 2010.—Notwithstanding any other provision of law, for fiscal year 2010, the portion of the share of funds of a territory or Puerto Rico under paragraph (b)(1) determined by the amount that the territory or Puerto Rico received or was authorized to receive for fiscal year 2009 to carry out section 1934 of SAFETEA-LU (119 Stat. 1485), shall be—

(i) for a territory, made available and administered in the same manner as funding is made available and administered under section 215 of title 23, United States Code; and

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

(B) FISCAL YEAR 2011.—Notwithstanding any other provision of law, for the period beginning on October 1, 2010, and ending on December 31, 2010, the portion of the share of

funds of a territory or Puerto Rico under paragraph (b)(2) determined by 1/4 of the amount that the territory or Puerto Rico received or was authorized to receive for fiscal year 2009 to carry out section 1934 of SAFETEA-LU (119 Stat. 1485), shall be—

(i) for a territory, made available and administered in the same manner as funding is made available and administered under section 215 of title 23, United States Code; and

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

(C) TERRITORY DEFINED.—In this paragraph, the term “territory” means any of the following territories of the United States: American Samoa, the Commonwealth of the Northern Mariana Islands, Guam, or the United States Virgin Islands.

(4) ADDITIONAL FUNDS.—

(A) IN GENERAL.—No additional funds shall be provided for any project or activity under subsection (c), or paragraph (1) or (2) of this subsection, that the Secretary of Transportation determines was sufficiently funded before or during fiscal year 2009 to achieve the authorized purpose of the project or activity.

(B) RESERVATION AND REDISTRIBUTION OF FUNDS.—Funds made available in accordance with paragraph (1) or (2) of subsection (c) or paragraph (1) or (2) of this subsection for a project or activity described in subparagraph (A) shall be—

(i) reserved by the Secretary of Transportation; and

(ii) distributed to each State in accordance with paragraph (1) or (2) of subsection (c), or paragraph (1) or (2) of this subsection, as appropriate, for use in carrying out other highway projects and activities extended by subsection (c) or this subsection, in the proportion that—

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

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

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

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

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

(B) for the period beginning on October 1, 2010, and ending on December 31, 2010, at 1/4 the funding levels authorized for those programs for fiscal year 2009.

(2) DISTRIBUTION OF FUNDS.—Funds for programs continued under paragraph (1) shall be distributed to major program areas under those programs in the same proportions as funds were allocated for those program areas for fiscal year 2009, except that designations for specific activities shall not be required to be continued for—

(A) fiscal year 2010; or

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

(3) ADDITIONAL FUNDS.—

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

(B) DISTRIBUTION.—Funds that would have been made available under paragraph (1) for a project or activity but for the prohibition under subparagraph (A) shall be distributed in accordance with paragraph (2).

SEC. 412. ADMINISTRATIVE EXPENSES.

(a) AUTHORIZATION OF CONTRACT AUTHORITY.—Notwithstanding any other provision of this Act or any other law, there are authorized to be appropriated from the Highway Trust Fund (other than the Mass Transit Account), from amounts provided under section 411, for administrative expenses of the Federal-aid highway program—

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

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

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

(1) available for obligation, and shall be administered, in the same manner as if such funds were apportioned under chapter 1 of title 23, United States Code; and

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

SEC. 413. RESCISSION OF UNOBLIGATED BALANCES.

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

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

(c) FUNDING.—

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

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

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

(B) subject to a limitation on obligations for Federal-aid highways and highway safety construction programs included in an Act making appropriations for fiscal year 2010 or a portion of the fiscal year.

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

SEC. 414. RECONCILIATION OF FUNDS.

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

Subtitle B—National Highway Traffic Safety Administration, Federal Motor Carrier Safety Administration, and Additional Programs**SEC. 421. EXTENSION OF NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION HIGHWAY SAFETY PROGRAMS.**

(a) CHAPTER 4 HIGHWAY SAFETY PROGRAMS.—Section 2001(a)(1) of the SAFETEA-LU (119 Stat. 1519) is amended—

(1) by striking “and”; and

(2) by striking “2009.” and inserting “2009, \$235,000,000 for fiscal year 2010, and \$58,750,000

for the period beginning on October 1, 2010, and ending on December 31, 2010.”

(b) HIGHWAY SAFETY RESEARCH AND DEVELOPMENT.—Section 2001(a)(2) of the SAFETEA-LU (119 Stat. 1519) is amended—

(1) by striking “and”; and

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

(c) OCCUPANT PROTECTION INCENTIVE GRANTS.—

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

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

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

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

(A) by striking “and”; and

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

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

(1) by striking “and”; and

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

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

(1) by striking “and”; and

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

(f) ALCOHOL-IMPAIRED DRIVING COUNTERMEASURES INCENTIVE GRANT PROGRAM.—

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

(A) in subsection (a)(3)(C), by striking “fifth, sixth, seventh, and eighth” and inserting “fifth through tenth”; and

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

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

(A) by striking “and”; and

(B) by striking “2009.” and inserting “2009, \$139,000,000 for fiscal year 2010, and \$34,750,000 for the period beginning on October 1, 2010, and ending on December 31, 2010.”

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

(1) by striking “and”; and

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

(h) HIGH VISIBILITY ENFORCEMENT PROGRAM.—

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

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

(A) by striking “and”; and

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

(i) MOTORCYCLIST SAFETY.—

(1) EXTENSION OF PROGRAM.—Section 2010(d)(1)(B) of the SAFETEA-LU (23 U.S.C. 402 note) is amended by striking “and

fourth” and inserting “fourth, fifth, and sixth”.

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

(A) by striking “and”; and

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

(j) CHILD SAFETY AND CHILD BOOSTER SEAT SAFETY INCENTIVE GRANTS.—

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

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

(A) by striking “and”; and

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

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

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

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

(l) APPLICABILITY OF TITLE 23.—Section 2001(c) of the SAFETEA-LU (119 Stat. 1520) is amended by striking “2009” and inserting “2011”.

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

(n) OLDER DRIVER SAFETY; LAW ENFORCEMENT TRAINING.—Section 2017 of the SAFETEA-LU is amended—

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

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

SEC. 422. EXTENSION OF FEDERAL MOTOR CARRIER SAFETY ADMINISTRATION PROGRAMS.

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

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

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

(3) by adding at the end the following:

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

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

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

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

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

(3) by adding at the end the following:

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

“(G) “(G) \$61,036,000 for the period beginning on October 1, 2010, and ending on December 31, 2010.”

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

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

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

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

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

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

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

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

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

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

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

(3) by adding at the end the following:
 “(5) \$8,000,000 for fiscal year 2010; and
 “(6) \$2,016,000 for the period beginning on October 1, 2010, and ending on December 31, 2010.”.

(g) **OUTREACH AND EDUCATION.**—Section 4127(e) of the SAFETEA-LU (119 Stat.1741) is amended by striking “and 2009” and inserting “2009, and 2010, and \$252,000 to the Federal Motor Carrier Safety Administration, and \$756,000 to the National Highway Traffic Safety Administration, for the period beginning on October 1, 2010, and ending on December 31, 2010.”.

(h) **GRANT PROGRAM FOR COMMERCIAL MOTOR VEHICLE OPERATORS.**—Section 4134(c) of the SAFETEA-LU (119 Stat.1744) is amended by striking “2009” and inserting “2009, 2010, and \$252,000 for the period beginning on October 1, 2010, and ending on December 31, 2010.”.

(i) **MOTOR CARRIER SAFETY ADVISORY COMMITTEE.**—Section 4144(d) of the SAFETEA-LU (119 Stat.1748) is amended by striking “September 30, 2010” and inserting “December 31, 2010”.

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

SEC. 423. ADDITIONAL PROGRAMS.

(a) **HAZARDOUS MATERIALS RESEARCH PROJECTS.**—Section 7131(c) of the SAFETEA-LU (119 Stat. 1910) is amended by striking “through 2009” and inserting “through 2010, and \$315,000 for the period beginning on October 1, 2010, and ending on December 31, 2010.”.

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

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

(2) in subsection (b)(1)(A), by striking “2010,” and inserting “and for the period be-

ginning on October 1, 2010, and ending on December 31, 2010.”.

Subtitle C—Public Transportation Programs SEC. 431. ALLOCATION OF FUNDS FOR PLANNING PROGRAMS.

Section 5305(g) of title 49, United States Code, is amended by striking “2009” and inserting “2010, and for the period beginning October 1, 2010, and ending December 31, 2010.”.

SEC. 432. SPECIAL RULE FOR URBANIZED AREA FORMULA GRANTS.

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

(1) in the paragraph heading, by striking “2009” and inserting “2010, AND THE PERIOD BEGINNING OCTOBER 1, 2010, AND ENDING DECEMBER 31, 2010”;

(2) in subparagraph (A), by striking “2009,” and inserting “2010, and the period beginning October 1, 2010, and ending December 31, 2010.”; and

(3) in subparagraph (E)—

(A) in the subparagraph heading, by striking “AND 2009” and inserting “THROUGH 2010 AND DURING THE PERIOD BEGINNING OCTOBER 1, 2010, AND ENDING DECEMBER 31, 2010”; and

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

SEC. 433. ALLOCATING AMOUNTS FOR CAPITAL INVESTMENT GRANTS.

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

(1) in paragraph (2)—

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

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

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

(2) in paragraph (6)—

(A) in subparagraph (B), by striking “2009” and inserting “2010, and \$3,750,000 shall be available for the period beginning October 1, 2010, and ending December 31, 2010.”; and

(B) in subparagraph (C), by striking “2009” and inserting “2010, and \$1,250,000 shall be available for the period beginning October 1, 2010 and ending December 31, 2010.”; and

(3) in paragraph (7)—

(A) in subparagraph (A)—

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

(ii) in the matter preceding subclause (I), as so redesignated, by striking “\$10,000,000” and all that follows through “2009” and inserting the following:

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

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

“(ii) SPECIAL RULE FOR OCTOBER 1, 2010, THROUGH DECEMBER 31, 2010.—\$2,500,000 shall be available in the period beginning October 1, 2010, and ending December 31, 2010, for ferry boats or ferry terminal facilities. The Secretary shall set aside a portion of such amount in accordance with clause (i), except that the Secretary shall set aside 25 percent of each dollar amount specified in subclauses (I) through (VIII).”.

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

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

“(vi) \$3,375,000 for the period beginning October 1, 2010, and ending December 31, 2010.”;

(C) in subparagraph (C), by inserting “, and during the period beginning October 1, 2010,

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

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

(E) in subparagraph (E), by inserting “, and \$750,000 shall be available for the period beginning October 1, 2010, and ending December 31, 2010,” after “year”.

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

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

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

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

SEC. 435. APPORTIONMENT BASED ON FIXED GUIDEWAY FACTORS.

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

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

(2) by adding at the end the following:

“(g) SPECIAL RULE FOR OCTOBER 1, 2010, THROUGH DECEMBER 31, 2010.—The Secretary shall apportion amounts made available for fixed guideway modernization under section 5309 for the period beginning October 1, 2010, and ending December 31, 2010, in accordance with subsection (a), except that the Secretary shall apportion 25 percent of each dollar amount specified in subsection (a).”.

SEC. 436. AUTHORIZATIONS FOR PUBLIC TRANSPORTATION.

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

(1) in paragraph (1)—

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

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

(C) by adding at the end the following:

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

“(F) \$2,090,141,250 for the period beginning October 1, 2010, and ending December 31, 2010.”; and

(2) in paragraph (2)—

(A) in subparagraph (A), by striking “and \$113,500,000 for fiscal year 2009” and inserting “\$113,500,000 for each of fiscal years 2009 and 2010, and \$28,375,000 for the period beginning October 1, 2010, and ending December 31, 2010.”;

(B) in subparagraph (B), by striking “and \$4,160,365,000 for fiscal year 2009” and inserting “\$4,160,365,000 for each of fiscal years 2009 and 2010, and \$1,040,091,250 for the period beginning October 1, 2010, and ending December 31, 2010.”;

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

(D) in subparagraph (D), by striking “and \$1,666,500,000 for fiscal year 2009” and inserting “\$1,666,500,000 for each of fiscal years 2009 and 2010, and \$416,625,000 for the period beginning October 1, 2010 and ending December 31, 2010.”;

(E) in subparagraph (E), by striking “and \$984,000,000 for fiscal year 2009” and inserting “\$984,000,000 for each of fiscal years 2009 and 2010, and \$246,000,000 for the period beginning October 1, 2010 and ending December 31, 2010.”;

(F) in subparagraph (F), by striking “and \$133,500,000 for fiscal year 2009” and inserting “\$133,500,000 for each of fiscal years 2009 and

2010, and \$33,375,000 for the period beginning October 1, 2010 and ending December 31, 2010.”;

(G) in subparagraph (G), by striking “and \$465,000,000 for fiscal year 2009” and inserting “\$465,000,000 for each of fiscal years 2009 and 2010, and \$116,250,000 for the period beginning October 1, 2010 and ending December 31, 2010.”;

(H) in subparagraph (H), by striking “and \$164,500,000 for fiscal year 2009” and inserting “\$164,500,000 for each of fiscal years 2009 and 2010, and \$41,125,000 for the period beginning October 1, 2010 and ending December 31, 2010.”;

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

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

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

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

(M) in subparagraph (M), by striking “and \$465,000,000 for fiscal year 2009” and inserting “\$465,000,000 for each of fiscal years 2009 and 2010, and \$116,250,000 for the period beginning October 1, 2010 and ending December 31, 2010.”; and

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

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

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

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

(3) by adding at the end the following:

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

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

(c) RESEARCH AND UNIVERSITY RESEARCH CENTERS.—Section 5338(d) of title 49, United States Code, is amended—

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

(2) by adding at the end the following:

“(3) ADDITIONAL AUTHORIZATIONS.—

“(A) IN GENERAL.—

“(i) FISCAL YEAR 2010.—Of amounts authorized to be appropriated for fiscal year 2010 under paragraph (1), the Secretary shall allocate for each of the activities and projects described in subparagraphs (A) through (F) of paragraph (1) an amount equal to the amount allocated for fiscal year 2009 under each such subparagraph.

“(ii) OCTOBER 1, 2010 THROUGH DECEMBER 31, 2010.—Of amounts authorized to be appropriated for the period beginning October 1, 2010, through December 31, 2010, under paragraph (1), the Secretary shall allocate for each of the activities and projects described

in subparagraphs (A) through (F) of paragraph (1) an amount equal to 25 percent of the amount allocated for fiscal year 2009 under each such subparagraph.

“(B) UNIVERSITY CENTERS PROGRAM.—

“(i) FISCAL YEAR 2010.—Of the amounts allocated under subparagraph (A)(i) for the university centers program under section 5506 for fiscal year 2010, the Secretary shall allocate for each program described in clauses (i) through (iii) and (v) through (viii) of paragraph (2)(A) an amount equal to the amount allocated for fiscal year 2009 under each such clause.

“(ii) OCTOBER 1, 2010 THROUGH DECEMBER 31, 2010.—Of the amounts allocated under subparagraph (A)(i) for the university centers program under section 5506 for the period beginning October 1, 2010, and ending December 31, 2010, the Secretary shall allocate for each program described in clauses (i) through (iii) and (v) through (viii) of paragraph (2)(A) an amount equal to 25 percent of the amount allocated for fiscal year 2009 under each such clause.

“(iii) FUNDING.—If the Secretary determines that a project or activity described in paragraph (2) received sufficient funds in fiscal year 2009, or a previous fiscal year, to carry out the purpose for which the project or activity was authorized, the Secretary may not allocate any amounts under clause (i) or (ii) for the project or activity for fiscal year 2010, or any subsequent fiscal year.”.

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

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

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

(3) by adding at the end the following:

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

“(6) \$24,727,750 for the period beginning October 1, 2010, and ending December 31, 2010.”.

SEC. 437. AMENDMENTS TO SAFETEA-LU.

(a) CONTRACTED PARATRANSIT PILOT.—Section 3009(i)(1) of the SAFETEA-LU (Public Law 109-59; 119 Stat. 1572) is amended by striking “2009” and inserting “2010, and for the period beginning October 1, 2010, and ending December 31, 2010”.

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

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

(2) in subsection (d), by striking “2009” and inserting “2010, and for the period beginning October 1, 2010, and ending December 31, 2010”.

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

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

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

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

(3) by adding at the end the following:

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

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

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

(1) in subsection (b), in the matter preceding paragraph (1), by striking “2009” and

inserting “2010, and for the period beginning October 1, 2010, and ending December 31, 2010.”; and

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

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

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

(2) by adding at the end the following:

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

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

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

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

Subtitle D—Revenue Provisions

SEC. 441. REPEAL OF PROVISION PROHIBITING THE CREDITING OF INTEREST TO THE HIGHWAY TRUST FUND.

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

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

(1) by striking “, and” at the end of subparagraph (A) and inserting a period; and

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

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

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

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

“(2) RESTORATION OF FOREGONE INTEREST.—Out of money in the Treasury not otherwise appropriated, there is hereby appropriated—

“(A) \$14,700,000,000 to the Highway Account (as defined in subsection (e)(5)(B)) in the Highway Trust Fund; and

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

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

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

SEC. 443. TREATMENT OF CERTAIN AMOUNTS APPROPRIATED TO HIGHWAY TRUST FUND.

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

“(4) TREATMENT OF APPROPRIATED AMOUNTS.—Any amount appropriated under

this subsection to the Highway Trust Fund shall remain available without fiscal year limitation.”.

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

SEC. 444. TERMINATION OF TRANSFERS FROM HIGHWAY TRUST FUND FOR CERTAIN REPAYMENTS AND CREDITS.

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

(b) **CONFORMING AMENDMENTS.**—

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

(2) Section 9503(b)(4)(D) is amended by striking “paragraph (4)(D) or (5)(B)” and inserting “paragraph (3)(D) or (4)(B)”.

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

(4) Section 9503(e)(5)(A) is amended by striking “(2), (3), and (4)” and inserting “(2) and (3)”.

(5) Section 9504(a) is amended by striking “section 9503(c)(4), section 9503(c)(5)” and inserting “section 9503(c)(3), section 9503(c)(4)”.

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

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

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

SEC. 445. EXTENSION OF AUTHORITY FOR EXPENDITURES.

(a) **HIGHWAYS TRUST FUND.**—

(1) **HIGHWAY ACCOUNT.**—Paragraph (1) of section 9503(c) is amended—

(A) by striking “September 30, 2009 (October 1, 2009)” and inserting “December 31, 2010 (January 1, 2011)”;

(B) by striking “under” and all that follows and inserting “under the Surface Transportation Extension Act of 2010 or any other provision of law which was referred to in this paragraph before the date of the enactment of such Act (as such Act and provisions of law are in effect on the date of the enactment of such Act)”.

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

(A) by striking “October 1, 2009” and inserting “January 1, 2011”;

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

(3) **EXCEPTION TO LIMITATION ON TRANSFERS.**—Subparagraph (B) of section 9503(b)(6) is amended by striking “September 30, 2009 (October 1, 2009)” and inserting “December 31, 2010 (January 1, 2011)”.

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

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

(A) by striking “(as in effect” in subparagraph (A) and all that follows in such subparagraph and inserting “(as in effect on the date of the enactment of the Surface Transportation Extension Act of 2010),”.

(B) by striking “(as in effect” in subparagraph (B) and all that follows in such sub-

paragraph and inserting “(as in effect on the date of the enactment of the Surface Transportation Extension Act of 2010), and”, and

(C) by striking “(as in effect” in subparagraph (C) and all that follows in such subparagraph and inserting “(as in effect on the date of the enactment of the Surface Transportation Extension Act of 2010),”.

(2) **EXCEPTION TO LIMITATION ON TRANSFERS.**—Paragraph (2) of section 9504(d) is amended by striking “October 1, 2009” and inserting “January 1, 2011”.

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

SEC. 446. LEVEL OF OBLIGATION LIMITATIONS.

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

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

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

(3) by adding at the end the following:

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

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

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

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

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

(3) by adding at the end the following:

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

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

(c) **TREATMENT OF FUNDS.**—No adjustment pursuant to section 110 of title 23, United States Code, shall be made for fiscal year 2010 or fiscal year 2011.

TITLE V—OFFSET PROVISIONS

Subtitle A—Foreign Account Tax Compliance

PART I—INCREASED DISCLOSURE OF BENEFICIAL OWNERS

SEC. 501. REPORTING ON CERTAIN FOREIGN ACCOUNTS.

(a) **IN GENERAL.**—The Internal Revenue Code of 1986 is amended by inserting after chapter 3 the following new chapter:

“CHAPTER 4—TAXES TO ENFORCE REPORTING ON CERTAIN FOREIGN ACCOUNTS

“Sec. 1471. Withholdable payments to foreign financial institutions.

“Sec. 1472. Withholdable payments to other foreign entities.

“Sec. 1473. Definitions.

“Sec. 1474. Special rules.

“SEC. 1471. WITHHOLDABLE PAYMENTS TO FOREIGN FINANCIAL INSTITUTIONS.

“(a) **IN GENERAL.**—In the case of any withholdable payment to a foreign financial institution which does not meet the requirements of subsection (b), the withholding agent with respect to such payment shall deduct and withhold from such payment a tax equal to 30 percent of the amount of such payment.

“(b) **REPORTING REQUIREMENTS, ETC.**—

“(1) **IN GENERAL.**—The requirements of this subsection are met with respect to any foreign financial institution if an agreement is in effect between such institution and the Secretary under which such institution agrees—

“(A) to obtain such information regarding each holder of each account maintained by such institution as is necessary to determine

which (if any) of such accounts are United States accounts,

“(B) to comply with such verification and due diligence procedures as the Secretary may require with respect to the identification of United States accounts,

“(C) in the case of any United States account maintained by such institution, to report on an annual basis the information described in subsection (c) with respect to such account,

“(D) to deduct and withhold a tax equal to 30 percent of—

“(i) any passthru payment which is made by such institution to a recalcitrant account holder or another foreign financial institution which does not meet the requirements of this subsection, and

“(ii) in the case of any passthru payment which is made by such institution to a foreign financial institution which has in effect an election under paragraph (3) with respect to such payment, so much of such payment as is allocable to accounts held by recalcitrant account holders or foreign financial institutions which do not meet the requirements of this subsection,

“(E) to comply with requests by the Secretary for additional information with respect to any United States account maintained by such institution, and

“(F) in any case in which any foreign law would (but for a waiver described in clause (i)) prevent the reporting of any information referred to in this subsection or subsection (c) with respect to any United States account maintained by such institution—

“(i) to attempt to obtain a valid and effective waiver of such law from each holder of such account, and

“(ii) if a waiver described in clause (i) is not obtained from each such holder within a reasonable period of time, to close such account.

Any agreement entered into under this subsection may be terminated by the Secretary upon a determination by the Secretary that the foreign financial institution is out of compliance with such agreement.

“(2) **FINANCIAL INSTITUTIONS DEEMED TO MEET REQUIREMENTS IN CERTAIN CASES.**—A foreign financial institution may be treated by the Secretary as meeting the requirements of this subsection if—

“(A) such institution—

“(i) complies with such procedures as the Secretary may prescribe to ensure that such institution does not maintain United States accounts, and

“(ii) meets such other requirements as the Secretary may prescribe with respect to accounts of other foreign financial institutions maintained by such institution, or

“(B) such institution is a member of a class of institutions with respect to which the Secretary has determined that the application of this section is not necessary to carry out the purposes of this section.

“(3) **ELECTION TO BE WITHHELD UPON RATHER THAN WITHHOLD ON PAYMENTS TO RECALCITRANT ACCOUNT HOLDERS AND NONPARTICIPATING FOREIGN FINANCIAL INSTITUTIONS.**—In the case of a foreign financial institution which meets the requirements of this subsection and such other requirements as the Secretary may provide and which elects the application of this paragraph—

“(A) the requirements of paragraph (1)(D) shall not apply,

“(B) the withholding tax imposed under subsection (a) shall apply with respect to any withholdable payment to such institution to the extent such payment is allocable to accounts held by recalcitrant account holders or foreign financial institutions which do not meet the requirements of this subsection, and

“(C) the agreement described in paragraph (1) shall—

“(i) require such institution to notify the withholding agent with respect to each such payment of the institution's election under this paragraph and such other information as may be necessary for the withholding agent to determine the appropriate amount to deduct and withhold from such payment, and

“(ii) include a waiver of any right under any treaty of the United States with respect to any amount deducted and withheld pursuant to an election under this paragraph. To the extent provided by the Secretary, the election under this paragraph may be made with respect to certain classes or types of accounts of the foreign financial institution.

“(C) INFORMATION REQUIRED TO BE REPORTED ON UNITED STATES ACCOUNTS.—

“(1) IN GENERAL.—The agreement described in subsection (b) shall require the foreign financial institution to report the following with respect to each United States account maintained by such institution:

“(A) The name, address, and TIN of each account holder which is a specified United States person and, in the case of any account holder which is a United States owned foreign entity, the name, address, and TIN of each substantial United States owner of such entity.

“(B) The account number.

“(C) The account balance or value (determined at such time and in such manner as the Secretary may provide).

“(D) Except to the extent provided by the Secretary, the gross receipts and gross withdrawals or payments from the account (determined for such period and in such manner as the Secretary may provide).

“(2) ELECTION TO BE SUBJECT TO SAME REPORTING AS UNITED STATES FINANCIAL INSTITUTIONS.—In the case of a foreign financial institution which elects the application of this paragraph—

“(A) subparagraphs (C) and (D) of paragraph (1) shall not apply, and

“(B) the agreement described in subsection (b) shall require such foreign financial institution to report such information with respect to each United States account maintained by such institution as such institution would be required to report under sections 6041, 6042, 6045, and 6049 if—

“(i) such institution were a United States person, and

“(ii) each holder of such account which is a specified United States person or United States owned foreign entity were a natural person and citizen of the United States. An election under this paragraph shall be made at such time, in such manner, and subject to such conditions as the Secretary may provide.

“(3) SEPARATE REQUIREMENTS FOR QUALIFIED INTERMEDIARIES.—In the case of a foreign financial institution which is treated as a qualified intermediary by the Secretary for purposes of section 1441 and the regulations issued thereunder, the requirements of this section shall be in addition to any reporting or other requirements imposed by the Secretary for purposes of such treatment.

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

“(1) UNITED STATES ACCOUNT.—

“(A) IN GENERAL.—The term ‘United States account’ means any financial account which is held by one or more specified United States persons or United States owned foreign entities.

“(B) EXCEPTION FOR CERTAIN ACCOUNTS HELD BY INDIVIDUALS.—Unless the foreign financial institution elects to not have this subparagraph apply, such term shall not include any depository account maintained by such financial institution if—

“(i) each holder of such account is a natural person, and

“(ii) with respect to each holder of such account, the aggregate value of all depository accounts held (in whole or in part) by such holder and maintained by the same financial institution which maintains such account does not exceed \$50,000.

To the extent provided by the Secretary, financial institutions which are members of the same expanded affiliated group shall be treated for purposes of clause (ii) as a single financial institution.

“(C) ELIMINATION OF DUPLICATIVE REPORTING REQUIREMENTS.—Such term shall not include any financial account in a foreign financial institution if—

“(i) such account is held by another financial institution which meets the requirements of subsection (b), or

“(ii) the holder of such account is otherwise subject to information reporting requirements which the Secretary determines would make the reporting required by this section with respect to United States accounts duplicative.

“(2) FINANCIAL ACCOUNT.—Except as otherwise provided by the Secretary, the term ‘financial account’ means, with respect to any financial institution—

“(A) any depository account maintained by such financial institution,

“(B) any custodial account maintained by such financial institution, and

“(C) any equity or debt interest in such financial institution (other than interests which are regularly traded on an established securities market).

Any equity or debt interest which constitutes a financial account under subparagraph (C) with respect to any financial institution shall be treated for purposes of this section as maintained by such financial institution.

“(3) UNITED STATES OWNED FOREIGN ENTITY.—The term ‘United States owned foreign entity’ means any foreign entity which has one or more substantial United States owners.

“(4) FOREIGN FINANCIAL INSTITUTION.—The term ‘foreign financial institution’ means any financial institution which is a foreign entity. Except as otherwise provided by the Secretary, such term shall not include a financial institution which is organized under the laws of any possession of the United States.

“(5) FINANCIAL INSTITUTION.—Except as otherwise provided by the Secretary, the term ‘financial institution’ means any entity that—

“(A) accepts deposits in the ordinary course of a banking or similar business,

“(B) as a substantial portion of its business, holds financial assets for the account of others, or

“(C) is engaged (or holding itself out as being engaged) primarily in the business of investing, reinvesting, or trading in securities (as defined in section 475(c)(2) without regard to the last sentence thereof), partnership interests, commodities (as defined in section 475(e)(2)), or any interest (including a futures or forward contract or option) in such securities, partnership interests, or commodities.

“(6) RECALCITRANT ACCOUNT HOLDER.—The term ‘recalcitrant account holder’ means any account holder which—

“(A) fails to comply with reasonable requests for the information referred to in subsection (b)(1)(A) or (c)(1)(A), or

“(B) fails to provide a waiver described in subsection (b)(1)(F) upon request.

“(7) PASSTHRU PAYMENT.—The term ‘passthru payment’ means any withholdable

payment or other payment to the extent attributable to a withholdable payment.

“(e) AFFILIATED GROUPS.—

“(1) IN GENERAL.—The requirements of subsections (b) and (c)(1) shall apply—

“(A) with respect to United States accounts maintained by the foreign financial institution, and

“(B) except as otherwise provided by the Secretary, with respect to United States accounts maintained by each other foreign financial institution (other than any foreign financial institution which meets the requirements of subsection (b)) which is a member of the same expanded affiliated group as such foreign financial institution.

“(2) EXPANDED AFFILIATED GROUP.—For purposes of this section, the term ‘expanded affiliated group’ means an affiliated group as defined in section 1504(a), determined—

“(A) by substituting ‘more than 50 percent’ for ‘at least 80 percent’ each place it appears, and

“(B) without regard to paragraphs (2) and (3) of section 1504(b).

A partnership or any other entity (other than a corporation) shall be treated as a member of an expanded affiliated group if such entity is controlled (within the meaning of section 954(d)(3)) by members of such group (including any entity treated as a member of such group by reason of this sentence).

“(f) EXCEPTION FOR CERTAIN PAYMENTS.—Subsection (a) shall not apply to any payment to the extent that the beneficial owner of such payment is—

“(1) any foreign government, any political subdivision of a foreign government, or any wholly owned agency or instrumentality of any one or more of the foregoing,

“(2) any international organization or any wholly owned agency or instrumentality thereof,

“(3) any foreign central bank of issue, or

“(4) any other class of persons identified by the Secretary for purposes of this subsection as posing a low risk of tax evasion.

“SEC. 1472. WITHHOLDABLE PAYMENTS TO OTHER FOREIGN ENTITIES.

“(a) IN GENERAL.—In the case of any withholdable payment to a non-financial foreign entity, if—

“(1) the beneficial owner of such payment is such entity or any other non-financial foreign entity, and

“(2) the requirements of subsection (b) are not met with respect to such beneficial owner,

then the withholding agent with respect to such payment shall deduct and withhold from such payment a tax equal to 30 percent of the amount of such payment.

“(b) REQUIREMENTS FOR WAIVER OF WITHHOLDING.—The requirements of this subsection are met with respect to the beneficial owner of a payment if—

“(1) such beneficial owner or the payee provides the withholding agent with either—

“(A) a certification that such beneficial owner does not have any substantial United States owners, or

“(B) the name, address, and TIN of each substantial United States owner of such beneficial owner.

“(2) the withholding agent does not know, or have reason to know, that any information provided under paragraph (1) is incorrect, and

“(3) the withholding agent reports the information provided under paragraph (1)(B) to the Secretary in such manner as the Secretary may provide.

“(c) EXCEPTIONS.—Subsection (a) shall not apply to—

“(1) except as otherwise provided by the Secretary, any payment beneficially owned by—

“(A) any corporation the stock of which is regularly traded on an established securities market,

“(B) any corporation which is a member of the same expanded affiliated group (as defined in section 1471(e)(2) without regard to the last sentence thereof) as a corporation described in subparagraph (A),

“(C) any entity which is organized under the laws of a possession of the United States and which is wholly owned by one or more bona fide residents (as defined in section 937(a)) of such possession,

“(D) any foreign government, any political subdivision of a foreign government, or any wholly owned agency or instrumentality of any one or more of the foregoing,

“(E) any international organization or any wholly owned agency or instrumentality thereof,

“(F) any foreign central bank of issue, or

“(G) any other class of persons identified by the Secretary for purposes of this subsection, and

“(2) any class of payments identified by the Secretary for purposes of this subsection as posing a low risk of tax evasion.

“(d) NON-FINANCIAL FOREIGN ENTITY.—For purposes of this section, the term ‘non-financial foreign entity’ means any foreign entity which is not a financial institution (as defined in section 1471(d)(5)).

“SEC. 1473. DEFINITIONS.

“For purposes of this chapter—

“(1) WITHHOLDABLE PAYMENT.—Except as otherwise provided by the Secretary—

“(A) IN GENERAL.—The term ‘withholdable payment’ means—

“(i) any payment of interest (including any original issue discount), dividends, rents, salaries, wages, premiums, annuities, compensations, remunerations, emoluments, and other fixed or determinable annual or periodical gains, profits, and income, if such payment is from sources within the United States, and

“(ii) any gross proceeds from the sale or other disposition of any property of a type which can produce interest or dividends from sources within the United States.

“(B) EXCEPTION FOR INCOME CONNECTED WITH UNITED STATES BUSINESS.—Such term shall not include any item of income which is taken into account under section 871(b)(1) or 882(a)(1) for the taxable year.

“(C) SPECIAL RULE FOR SOURCING INTEREST PAID BY FOREIGN BRANCHES OF DOMESTIC FINANCIAL INSTITUTIONS.—Subparagraph (B) of section 861(a)(1) shall not apply.

“(2) SUBSTANTIAL UNITED STATES OWNER.—

“(A) IN GENERAL.—The term ‘substantial United States owner’ means—

“(i) with respect to any corporation, any specified United States person which owns, directly or indirectly, more than 10 percent of the stock of such corporation (by vote or value),

“(ii) with respect to any partnership, any specified United States person which owns, directly or indirectly, more than 10 percent of the profits interests or capital interests in such partnership, and

“(iii) in the case of a trust—

“(I) any specified United States person treated as an owner of any portion of such trust under subpart E of part I of subchapter J of chapter 1, and

“(II) to the extent provided by the Secretary in regulations or other guidance, any specified United States person which holds, directly or indirectly, more than 10 percent of the beneficial interests of such trust.

“(B) SPECIAL RULE FOR INVESTMENT VEHICLES.—In the case of any financial institution described in section 1471(d)(5)(C), clauses (i), (ii), and (iii) of subparagraph (A) shall be applied by substituting ‘0 percent’ for ‘10 percent’.

“(3) SPECIFIED UNITED STATES PERSON.—Except as otherwise provided by the Secretary, the term ‘specified United States person’ means any United States person other than—

“(A) any corporation the stock of which is regularly traded on an established securities market,

“(B) any corporation which is a member of the same expanded affiliated group (as defined in section 1471(e)(2) without regard to the last sentence thereof) as a corporation the stock of which is regularly traded on an established securities market,

“(C) any organization exempt from taxation under section 501(a) or an individual retirement plan,

“(D) the United States or any wholly owned agency or instrumentality thereof,

“(E) any State, the District of Columbia, any possession of the United States, any political subdivision of any of the foregoing, or any wholly owned agency or instrumentality of any one or more of the foregoing,

“(F) any bank (as defined in section 581),

“(G) any real estate investment trust (as defined in section 856),

“(H) any regulated investment company (as defined in section 851),

“(I) any common trust fund (as defined in section 584(a)), and

“(J) any trust which—

“(i) is exempt from tax under section 664(c), or

“(ii) is described in section 4947(a)(1).

“(4) WITHHOLDING AGENT.—The term ‘withholding agent’ means all persons, in whatever capacity acting, having the control, receipt, custody, disposal, or payment of any withholdable payment.

“(5) FOREIGN ENTITY.—The term ‘foreign entity’ means any entity which is not a United States person.

“SEC. 1474. SPECIAL RULES.

“(a) LIABILITY FOR WITHHELD TAX.—Every person required to deduct and withhold any tax under this chapter is hereby made liable for such tax and is hereby indemnified against the claims and demands of any person for the amount of any payments made in accordance with the provisions of this chapter.

“(b) CREDITS AND REFUNDS.—

“(1) IN GENERAL.—Except as provided in paragraph (2), the determination of whether any tax deducted and withheld under this chapter results in an overpayment by the beneficial owner of the payment to which such tax is attributable shall be made as if such tax had been deducted and withheld under subchapter A of chapter 3.

“(2) SPECIAL RULE WHERE FOREIGN FINANCIAL INSTITUTION IS BENEFICIAL OWNER OF PAYMENT.—

“(A) IN GENERAL.—In the case of any tax properly deducted and withheld under section 1471 from a specified financial institution payment—

“(i) if the foreign financial institution referred to in subparagraph (B) with respect to such payment is entitled to a reduced rate of tax with respect to such payment by reason of any treaty obligation of the United States—

“(I) the amount of any credit or refund with respect to such tax shall not exceed the amount of credit or refund attributable to such reduction in rate, and

“(II) no interest shall be allowed or paid with respect to such credit or refund, and

“(ii) if such foreign financial institution is not so entitled, no credit or refund shall be allowed or paid with respect to such tax.

“(B) SPECIFIED FINANCIAL INSTITUTION PAYMENT.—The term ‘specified financial institution payment’ means any payment if the beneficial owner of such payment is a foreign financial institution.

“(3) REQUIREMENT TO IDENTIFY SUBSTANTIAL UNITED STATES OWNERS.—No credit or refund shall be allowed or paid with respect to any tax properly deducted and withheld under this chapter unless the beneficial owner of the payment provides the Secretary such information as the Secretary may require to determine whether such beneficial owner is a United States owned foreign entity (as defined in section 1471(d)(3)) and the identity of any substantial United States owners of such entity.

“(c) CONFIDENTIALITY OF INFORMATION.—

“(1) IN GENERAL.—For purposes of this chapter, rules similar to the rules of section 3406(f) shall apply.

“(2) DISCLOSURE OF LIST OF PARTICIPATING FOREIGN FINANCIAL INSTITUTIONS PERMITTED.—The identity of a foreign financial institution which meets the requirements of section 1471(b) shall not be treated as return information for purposes of section 6103.

“(d) COORDINATION WITH OTHER WITHHOLDING PROVISIONS.—The Secretary shall provide for the coordination of this chapter with other withholding provisions under this title, including providing for the proper crediting of amounts deducted and withheld under this chapter against amounts required to be deducted and withheld under such other provisions.

“(e) TREATMENT OF WITHHOLDING UNDER AGREEMENTS.—Any tax deducted and withheld pursuant to an agreement described in section 1471(b) shall be treated for purposes of this title as a tax deducted and withheld by a withholding agent under section 1471(a).

“(f) REGULATIONS.—The Secretary shall prescribe such regulations or other guidance as may be necessary or appropriate to carry out the purposes of, and prevent the avoidance of, this chapter.”.

(b) SPECIAL RULE FOR INTEREST ON OVERPAYMENTS.—Subsection (e) of section 6611 is amended by adding at the end the following new paragraph:

“(4) CERTAIN WITHHOLDING TAXES.—In the case of any overpayment resulting from tax deducted and withheld under chapter 3 or 4, paragraphs (1), (2), and (3) shall be applied by substituting ‘180 days’ for ‘45 days’ each place it appears.”.

(c) CONFORMING AMENDMENTS.—

(1) Section 6414 is amended by inserting “or 4” after “chapter 3”.

(2) Paragraph (1) of section 6501(b) is amended by inserting “4,” after “chapter 3,”.

(3) Paragraph (2) of section 6501(b) is amended—

(A) by inserting “4,” after “chapter 3,” in the text thereof, and

(B) by striking “TAXES AND TAX IMPOSED BY CHAPTER 3” in the heading thereof and inserting “AND WITHHOLDING TAXES”.

(4) Paragraph (3) of section 6513(b) is amended—

(A) by inserting “or 4” after “chapter 3”, and

(B) by inserting “or 1474(b)” after “section 1462”.

(5) Subsection (c) of section 6513 is amended by inserting “4,” after “chapter 3,”.

(6) Paragraph (1) of section 6724(d) is amended by inserting “under chapter 4 or” after “filed with the Secretary” in the last sentence thereof.

(7) Paragraph (2) of section 6724(d) is amended by inserting “or 4” after “chapter 3”.

(8) The table of chapters of the Internal Revenue Code of 1986 is amended by adding at the end the following new item:

“CHAPTER 4. TAXES TO ENFORCE REPORTING ON CERTAIN FOREIGN ACCOUNTS.”.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments

made by this section shall apply to payments made after December 31, 2012.

(2) **GRANDFATHERED TREATMENT OF OUTSTANDING OBLIGATIONS.**—The amendments made by this section shall not require any amount to be deducted or withheld from any payment under any obligation outstanding on the date which is 2 years after the date of the enactment of this Act or from the gross proceeds from any disposition of such an obligation.

(3) **INTEREST ON OVERPAYMENTS.**—The amendment made by subsection (b) shall apply—

(A) in the case of such amendment's application to paragraph (1) of section 6611(e) of the Internal Revenue Code of 1986, to returns the due date for which (determined without regard to extensions) is after the date of the enactment of this Act,

(B) in the case of such amendment's application to paragraph (2) of such section, to claims for credit or refund of any overpayment filed after the date of the enactment of this Act (regardless of the taxable period to which such refund relates), and

(C) in the case of such amendment's application to paragraph (3) of such section, to refunds paid after the date of the enactment of this Act (regardless of the taxable period to which such refund relates).

SEC. 502. REPEAL OF CERTAIN FOREIGN EXCEPTIONS TO REGISTERED BOND REQUIREMENTS.

(a) **REPEAL OF EXCEPTION TO DENIAL OF DEDUCTION FOR INTEREST ON NON-REGISTERED BONDS.**—

(1) **IN GENERAL.**—Paragraph (2) of section 163(f) is amended by striking subparagraph (B) and by redesignating subparagraph (C) as subparagraph (B).

(2) **CONFORMING AMENDMENTS.**—

(A) Paragraph (2) of section 149(a) is amended by inserting “or” at the end of subparagraph (A), by striking “, or” at the end of subparagraph (B) and inserting a period, and by striking subparagraph (C).

(B) Subparagraph (A) of section 163(f)(2) is amended by inserting “or” at the end of clause (ii), by striking “, or” at the end of clause (iii) and inserting a period, and by striking clause (iv).

(C) Subparagraph (B) of section 163(f)(2), as redesignated by paragraph (1), is amended—

(i) by striking “, and subparagraph (B),” in the matter preceding clause (i), and

(ii) by amending clause (i) to read as follows:

“(i) such obligation is of a type which the Secretary has determined by regulations to be used frequently in avoiding Federal taxes, and”.

(D) Sections 165(j)(2)(A) and 1287(b)(1) are each amended by striking “except that clause (iv) of subparagraph (A), and subparagraph (B), of such section shall not apply”.

(b) **REPEAL OF TREATMENT AS PORTFOLIO DEBT.**—

(1) **IN GENERAL.**—Paragraph (2) of section 871(h) is amended to read as follows:

“(2) **PORTFOLIO INTEREST.**—For purposes of this subsection, the term ‘portfolio interest’ means any interest (including original issue discount) which—

“(A) would be subject to tax under subsection (a) but for this subsection, and

“(B) is paid on an obligation—

“(i) which is in registered form, and

“(ii) with respect to which—

“(I) the United States person who would otherwise be required to deduct and withhold tax from such interest under section 1441(a) receives a statement (which meets the requirements of paragraph (5)) that the beneficial owner of the obligation is not a United States person, or

“(II) the Secretary has determined that such a statement is not required in order to carry out the purposes of this subsection.”.

(2) **CONFORMING AMENDMENTS.**—

(A) Section 871(h)(3)(A) is amended by striking “subparagraph (A) or (B) of”.

(B) Paragraph (2) of section 881(c) is amended to read as follows:

“(2) **PORTFOLIO INTEREST.**—For purposes of this subsection, the term ‘portfolio interest’ means any interest (including original issue discount) which—

“(A) would be subject to tax under subsection (a) but for this subsection, and

“(B) is paid on an obligation—

“(i) which is in registered form, and

“(ii) with respect to which—

“(I) the person who would otherwise be required to deduct and withhold tax from such interest under section 1442(a) receives a statement which meets the requirements of section 871(h)(5) that the beneficial owner of the obligation is not a United States person, or

“(II) the Secretary has determined that such a statement is not required in order to carry out the purposes of this subsection.”.

(c) **DEMATERIALIZED BOOK ENTRY SYSTEMS TREATED AS REGISTERED FORM.**—Paragraph (3) of section 163(f) is amended by inserting “, except that a dematerialized book entry system or other book entry system specified by the Secretary shall be treated as a book entry system described in such section” before the period at the end.

(d) **REPEAL OF EXCEPTION TO REQUIREMENT THAT TREASURY OBLIGATIONS BE IN REGISTERED FORM.**—

(1) **IN GENERAL.**—Subsection (g) of section 3121 of title 31, United States Code, is amended by striking paragraph (2) and by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively.

(2) **CONFORMING AMENDMENTS.**—Paragraph (1) of section 3121(g) of such title is amended—

(A) by adding “or” at the end of subparagraph (A),

(B) by striking “; or” at the end of subparagraph (B) and inserting a period, and

(C) by striking subparagraph (C).

(e) **PRESERVATION OF EXCEPTION FOR EXCISE TAX PURPOSES.**—Paragraph (1) of section 4701(b) is amended to read as follows:

“(1) **REGISTRATION-REQUIRED OBLIGATION.**—

“(A) **IN GENERAL.**—The term ‘registration-required obligation’ has the same meaning as when used in section 163(f), except that such term shall not include any obligation which—

“(i) is required to be registered under section 149(a), or

“(ii) is described in subparagraph (B).

“(B) **CERTAIN OBLIGATIONS NOT INCLUDED.**—An obligation is described in this subparagraph if—

“(i) there are arrangements reasonably designed to ensure that such obligation will be sold (or resold in connection with the original issue) only to a person who is not a United States person,

“(ii) interest on such obligation is payable only outside the United States and its possessions, and

“(iii) on the face of such obligation there is a statement that any United States person who holds such obligation will be subject to limitations under the United States income tax laws.”.

(f) **EFFECTIVE DATE.**—The amendments made by this section shall apply to obligations issued after the date which is 2 years after the date of the enactment of this Act.

PART II—UNDER REPORTING WITH RESPECT TO FOREIGN ASSETS

SEC. 511. DISCLOSURE OF INFORMATION WITH RESPECT TO FOREIGN FINANCIAL ASSETS.

(a) **IN GENERAL.**—Subpart A of part III of subchapter A of chapter 61 is amended by inserting after section 6038C the following new section:

“SEC. 6038D. INFORMATION WITH RESPECT TO FOREIGN FINANCIAL ASSETS.

“(a) **IN GENERAL.**—Any individual who, during any taxable year, holds any interest in a specified foreign financial asset shall attach to such person's return of tax imposed by subtitle A for such taxable year the information described in subsection (c) with respect to each such asset if the aggregate value of all such assets exceeds \$50,000 (or such higher dollar amount as the Secretary may prescribe).

“(b) **SPECIFIED FOREIGN FINANCIAL ASSETS.**—For purposes of this section, the term ‘specified foreign financial asset’ means—

“(1) any financial account (as defined in section 1471(d)(2)) maintained by a foreign financial institution (as defined in section 1471(d)(4)), and

“(2) any of the following assets which are not held in an account maintained by a financial institution (as defined in section 1471(d)(5))—

“(A) any stock or security issued by a person other than a United States person,

“(B) any financial instrument or contract held for investment that has an issuer or counterparty which is other than a United States person, and

“(C) any interest in a foreign entity (as defined in section 1473).

“(c) **REQUIRED INFORMATION.**—The information described in this subsection with respect to any asset is:

“(1) In the case of any account, the name and address of the financial institution in which such account is maintained and the number of such account.

“(2) In the case of any stock or security, the name and address of the issuer and such information as is necessary to identify the class or issue of which such stock or security is a part.

“(3) In the case of any other instrument, contract, or interest—

“(A) such information as is necessary to identify such instrument, contract, or interest, and

“(B) the names and addresses of all issuers and counterparties with respect to such instrument, contract, or interest.

“(4) The maximum value of the asset during the taxable year.

“(d) **PENALTY FOR FAILURE TO DISCLOSE.**—

“(1) **IN GENERAL.**—If any individual fails to furnish the information described in subsection (c) with respect to any taxable year at the time and in the manner described in subsection (a), such person shall pay a penalty of \$10,000.

“(2) **INCREASE IN PENALTY WHERE FAILURE CONTINUES AFTER NOTIFICATION.**—If any failure described in paragraph (1) continues for more than 90 days after the day on which the Secretary mails notice of such failure to the individual, such individual shall pay a penalty (in addition to the penalties under paragraph (1)) of \$10,000 for each 30-day period (or fraction thereof) during which such failure continues after the expiration of such 90-day period. The penalty imposed under this paragraph with respect to any failure shall not exceed \$50,000.

“(e) **PRESUMPTION THAT VALUE OF SPECIFIED FOREIGN FINANCIAL ASSETS EXCEEDS DOLLAR THRESHOLD.**—If—

“(1) the Secretary determines that an individual has an interest in one or more specified foreign financial assets, and

“(2) such individual does not provide sufficient information to demonstrate the aggregate value of such assets, then the aggregate value of such assets shall be treated as being in excess of \$50,000 (or such higher dollar amount as the Secretary prescribes for purposes of subsection (a)) for purposes of assessing the penalties imposed under this section.

“(f) APPLICATION TO CERTAIN ENTITIES.—To the extent provided by the Secretary in regulations or other guidance, the provisions of this section shall apply to any domestic entity which is formed or availed of for purposes of holding, directly or indirectly, specified foreign financial assets, in the same manner as if such entity were an individual.

“(g) REASONABLE CAUSE EXCEPTION.—No penalty shall be imposed by this section on any failure which is shown to be due to reasonable cause and not due to willful neglect. The fact that a foreign jurisdiction would impose a civil or criminal penalty on the taxpayer (or any other person) for disclosing the required information is not reasonable cause.

“(h) REGULATIONS.—The Secretary shall prescribe such regulations or other guidance as may be necessary or appropriate to carry out the purposes of this section, including regulations or other guidance which provide appropriate exceptions from the application of this section in the case of—

“(1) classes of assets identified by the Secretary, including any assets with respect to which the Secretary determines that disclosure under this section would be duplicative of other disclosures,

“(2) nonresident aliens, and

“(3) bona fide residents of any possession of the United States.”.

(b) CLERICAL AMENDMENT.—The table of sections for subpart A of part III of subchapter A of chapter 61 is amended by inserting after the item relating to section 6038C the following new item:

“Sec. 6038D. Information with respect to foreign financial assets.”.

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

SEC. 512. PENALTIES FOR UNDERPAYMENTS ATTRIBUTABLE TO UNDISCLOSED FOREIGN FINANCIAL ASSETS.

(a) IN GENERAL.—Section 6662, as amended by this Act, is amended—

(1) in subsection (b), by inserting after paragraph (6) the following new paragraph:

“(7) Any undisclosed foreign financial asset understatement.”, and

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

“(j) UNDISCLOSED FOREIGN FINANCIAL ASSET UNDERSTATEMENT.—

“(1) IN GENERAL.—For purposes of this section, the term ‘undisclosed foreign financial asset understatement’ means, for any taxable year, the portion of the understatement for such taxable year which is attributable to any transaction involving an undisclosed foreign financial asset.

“(2) UNDISCLOSED FOREIGN FINANCIAL ASSET.—For purposes of this subsection, the term ‘undisclosed foreign financial asset’ means, with respect to any taxable year, any asset with respect to which information was required to be provided under section 6038, 6038B, 6038D, 6046A, or 6048 for such taxable year but was not provided by the taxpayer as required under the provisions of those sections.

“(3) INCREASE IN PENALTY FOR UNDISCLOSED FOREIGN FINANCIAL ASSET UNDERSTATEMENTS.—In the case of any portion of an underpayment which is attributable to any undisclosed foreign financial asset understate-

ment, subsection (a) shall be applied with respect to such portion by substituting ‘40 percent’ for ‘20 percent’.”.

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

SEC. 513. MODIFICATION OF STATUTE OF LIMITATIONS FOR SIGNIFICANT OMISSION OF INCOME IN CONNECTION WITH FOREIGN ASSETS.

(a) EXTENSION OF STATUTE OF LIMITATIONS.—

(1) IN GENERAL.—Paragraph (1) of section 6501(e) is amended by redesignating subparagraphs (A) and (B) as subparagraphs (B) and (C), respectively, and by inserting before subparagraph (B) (as so redesignated) the following new subparagraph:

“(A) GENERAL RULE.—If the taxpayer omits from gross income an amount properly includible therein and—

“(i) such amount is in excess of 25 percent of the amount of gross income stated in the return, or

“(ii) such amount—

“(I) is attributable to one or more assets with respect to which information is required to be reported under section 6038D (or would be so required if such section were applied without regard to the dollar threshold specified in subsection (a) thereof and without regard to any exceptions provided pursuant to subsection (h)(1) thereof), and

“(II) is in excess of \$5,000,

the tax may be assessed, or a proceeding in court for collection of such tax may be begun without assessment, at any time within 6 years after the return was filed.”.

(2) CONFORMING AMENDMENTS.—

(A) Subparagraph (B) of section 6501(e)(1), as redesignated by paragraph (1), is amended by striking all that precedes clause (i) and inserting the following:

“(B) DETERMINATION OF GROSS INCOME.—For purposes of subparagraph (A)—”.

(B) Paragraph (2) of section 6229(c) is amended by striking “which is in excess of 25 percent of the amount of gross income stated in its return” and inserting “and such amount is described in clause (i) or (ii) of section 6501(e)(1)(A)”.

(b) ADDITIONAL REPORTS SUBJECT TO EXTENDED PERIOD.—Paragraph (8) of section 6501(c) is amended—

(1) by inserting “pursuant to an election under section 1295(b) or” before “under section 6038”,

(2) by inserting “1298(f),” before “6038”, and

(3) by inserting “6038D,” after “6038B.”.

(c) CLARIFICATIONS RELATED TO FAILURE TO DISCLOSE FOREIGN TRANSFERS.—Paragraph (8) of section 6501(c) is amended by striking “event” and inserting “tax return, event.”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to—

(1) returns filed after the date of the enactment of this Act; and

(2) returns filed on or before such date if the period specified in section 6501 of the Internal Revenue Code of 1986 (determined without regard to such amendments) for assessment of such taxes has not expired as of such date.

PART III—OTHER DISCLOSURE PROVISIONS

SEC. 521. REPORTING OF ACTIVITIES WITH RESPECT TO PASSIVE FOREIGN INVESTMENT COMPANIES.

(a) IN GENERAL.—Section 1298 is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

“(f) REPORTING REQUIREMENT.—Except as otherwise provided by the Secretary, each United States person who is a shareholder of

a passive foreign investment company shall file an annual report containing such information as the Secretary may require.”.

(b) CONFORMING AMENDMENT.—Subsection (e) of section 1291 is amended by striking “, (d), and (f)” and inserting “and (d)”.

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

SEC. 522. SECRETARY PERMITTED TO REQUIRE FINANCIAL INSTITUTIONS TO FILE CERTAIN RETURNS RELATED TO WITHHOLDING ON FOREIGN TRANSFERS ELECTRONICALLY.

(a) IN GENERAL.—Subsection (e) of section 6011 is amended by adding at the end the following new paragraph:

“(4) SPECIAL RULE FOR RETURNS FILED BY FINANCIAL INSTITUTIONS WITH RESPECT TO WITHHOLDING ON FOREIGN TRANSFERS.—The numerical limitation under paragraph (2)(A) shall not apply to any return filed by a financial institution (as defined in section 1471(d)(5)) with respect to tax for which such institution is made liable under section 1461 or 1474(a).”.

(b) CONFORMING AMENDMENT.—Subsection (c) of section 6724 is amended by inserting “or with respect to a return described in section 6011(e)(4)” before the end period.

(c) EFFECTIVE DATE.—The amendment made by this section shall apply to returns the due date for which (determined without regard to extensions) is after the date of the enactment of this Act.

PART IV—PROVISIONS RELATED TO FOREIGN TRUSTS

SEC. 531. CLARIFICATIONS WITH RESPECT TO FOREIGN TRUSTS WHICH ARE TREATED AS HAVING A UNITED STATES BENEFICIARY.

(a) IN GENERAL.—Paragraph (1) of section 679(c) is amended by adding at the end the following:

“For purposes of subparagraph (A), an amount shall be treated as accumulated for the benefit of a United States person even if the United States person’s interest in the trust is contingent on a future event.”.

(b) CLARIFICATION REGARDING DISCRETION TO IDENTIFY BENEFICIARIES.—Subsection (c) of section 679 is amended by adding at the end the following new paragraph:

“(4) SPECIAL RULE IN CASE OF DISCRETION TO IDENTIFY BENEFICIARIES.—For purposes of paragraph (1)(A), if any person has the discretion (by authority given in the trust agreement, by power of appointment, or otherwise) of making a distribution from the trust to, or for the benefit of, any person, such trust shall be treated as having a beneficiary who is a United States person unless—

“(A) the terms of the trust specifically identify the class of persons to whom such distributions may be made, and

“(B) none of those persons are United States persons during the taxable year.”.

(c) CLARIFICATION THAT CERTAIN AGREEMENTS AND UNDERSTANDINGS ARE TERMS OF THE TRUST.—Subsection (c) of section 679, as amended by subsection (b), is amended by adding at the end the following new paragraph:

“(5) CERTAIN AGREEMENTS AND UNDERSTANDINGS TREATED AS TERMS OF THE TRUST.—For purposes of paragraph (1)(A), if any United States person who directly or indirectly transfers property to the trust is directly or indirectly involved in any agreement or understanding (whether written, oral, or otherwise) that may result in the income or corpus of the trust being paid or accumulated to or for the benefit of a United States person, such agreement or understanding shall be treated as a term of the trust.”.

SEC. 532. PRESUMPTION THAT FOREIGN TRUST HAS UNITED STATES BENEFICIARY.

(a) IN GENERAL.—Section 679 is amended by redesignating subsection (d) as subsection (e) and inserting after subsection (c) the following new subsection:

“(d) PRESUMPTION THAT FOREIGN TRUST HAS UNITED STATES BENEFICIARY.—If a United States person directly or indirectly transfers property to a foreign trust (other than a trust described in section 6048(a)(3)(B)(ii)), the Secretary may treat such trust as having a United States beneficiary for purposes of applying this section to such transfer unless such person—

“(1) submits such information to the Secretary as the Secretary may require with respect to such transfer, and

“(2) demonstrates to the satisfaction of the Secretary that such trust satisfies the requirements of subparagraphs (A) and (B) of subsection (c)(1).”

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to transfers of property after the date of the enactment of this Act.

SEC. 533. UNCOMPENSATED USE OF TRUST PROPERTY.

(a) IN GENERAL.—Paragraph (1) of section 643(i) is amended—

(1) by striking “directly or indirectly to” and inserting “(or permits the use of any other trust property) directly or indirectly to or by”, and

(2) by inserting “(or the fair market value of the use of such property)” after “the amount of such loan”.

(b) EXCEPTION FOR COMPENSATED USE.—Paragraph (2) of section 643(i) is amended by adding at the end the following new subparagraph:

“(E) EXCEPTION FOR COMPENSATED USE OF PROPERTY.—In the case of the use of any trust property other than a loan of cash or marketable securities, paragraph (1) shall not apply to the extent that the trust is paid the fair market value of such use within a reasonable period of time of such use.”

(c) APPLICATION TO GRANTOR TRUSTS.—Subsection (c) of section 679, as amended by this Act, is amended by adding at the end the following new paragraph:

“(6) UNCOMPENSATED USE OF TRUST PROPERTY TREATED AS A PAYMENT.—For purposes of this subsection, a loan of cash or marketable securities (or the use of any other trust property) directly or indirectly to or by any United States person (whether or not a beneficiary under the terms of the trust) shall be treated as paid or accumulated for the benefit of a United States person. The preceding sentence shall not apply to the extent that the United States person repays the loan at a market rate of interest (or pays the fair market value of the use of such property) within a reasonable period of time.”

(d) CONFORMING AMENDMENTS.—Paragraph (3) of section 643(i) is amended—

(1) by inserting “(or use of property)” after “If any loan”,

(2) by inserting “or the return of such property” before “shall be disregarded”, and

(3) by striking “REGARDING LOAN PRINCIPAL” in the heading thereof.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to loans made, and uses of property, after the date of the enactment of this Act.

SEC. 534. REPORTING REQUIREMENT OF UNITED STATES OWNERS OF FOREIGN TRUSTS.

(a) IN GENERAL.—Paragraph (1) of section 6048(b) is amended by inserting “shall submit such information as the Secretary may prescribe with respect to such trust for such year and” before “shall be responsible to ensure”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable

years beginning after the date of the enactment of this Act.

SEC. 535. MINIMUM PENALTY WITH RESPECT TO FAILURE TO REPORT ON CERTAIN FOREIGN TRUSTS.

(a) IN GENERAL.—Subsection (a) of section 6677 is amended—

(1) by inserting “the greater of \$10,000 or” before “35 percent”, and

(2) by striking the last sentence and inserting the following: “At such time as the gross reportable amount with respect to any failure can be determined by the Secretary, any subsequent penalty imposed under this subsection with respect to such failure shall be reduced as necessary to assure that the aggregate amount of such penalties do not exceed the gross reportable amount (and to the extent that such aggregate amount already exceeds the gross reportable amount the Secretary shall refund such excess to the taxpayer).”

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to notices and returns required to be filed after December 31, 2009.

PART V—SUBSTITUTE DIVIDENDS AND DIVIDEND EQUIVALENT PAYMENTS RECEIVED BY FOREIGN PERSONS TREATED AS DIVIDENDS**SEC. 541. SUBSTITUTE DIVIDENDS AND DIVIDEND EQUIVALENT PAYMENTS RECEIVED BY FOREIGN PERSONS TREATED AS DIVIDENDS.**

(a) IN GENERAL.—Section 871 is amended by redesignating subsection (1) as subsection (m) and by inserting after subsection (k) the following new subsection:

“(1) TREATMENT OF DIVIDEND EQUIVALENT PAYMENTS.—

“(1) IN GENERAL.—For purposes of subsection (a), sections 881 and 4948(a), and chapters 3 and 4, a dividend equivalent shall be treated as a dividend from sources within the United States.

“(2) DIVIDEND EQUIVALENT.—For purposes of this subsection, the term ‘dividend equivalent’ means—

“(A) any substitute dividend made pursuant to a securities lending or a sale-repurchase transaction that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States,

“(B) any payment made pursuant to a specified notional principal contract that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, and

“(C) any other payment determined by the Secretary to be substantially similar to a payment described in subparagraph (A) or (B).

“(3) SPECIFIED NOTIONAL PRINCIPAL CONTRACT.—For purposes of this subsection, the term ‘specified notional principal contract’ means—

“(A) any notional principal contract if—

“(i) in connection with entering into such contract, any long party to the contract transfers the underlying security to any short party to the contract,

“(ii) in connection with the termination of such contract, any short party to the contract transfers the underlying security to any long party to the contract,

“(iii) the underlying security is not readily tradable on an established securities market,

“(iv) in connection with entering into such contract, the underlying security is posted as collateral by any short party to the contract with any long party to the contract, or

“(v) such contract is identified by the Secretary as a specified notional principal contract,

“(B) in the case of payments made after the date which is 2 years after the date of the

enactment of this subsection, any notional principal contract unless the Secretary determines that such contract is of a type which does not have the potential for tax avoidance.

“(4) DEFINITIONS.—For purposes of paragraph (3)(A)—

“(A) LONG PARTY.—The term ‘long party’ means, with respect to any underlying security of any notional principal contract, any party to the contract which is entitled to receive any payment pursuant to such contract which is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States with respect to such underlying security.

“(B) SHORT PARTY.—The term ‘short party’ means, with respect to any underlying security of any notional principal contract, any party to the contract which is not a long party with respect to such underlying security.

“(C) UNDERLYING SECURITY.—The term ‘underlying security’ means, with respect to any notional principal contract, the security with respect to which the dividend referred to in paragraph (2)(B) is paid. For purposes of this paragraph, any index or fixed basket of securities shall be treated as a single security.

“(5) PAYMENTS DETERMINED ON GROSS BASIS.—For purposes of this subsection, the term ‘payment’ includes any gross amount which is used in computing any net amount which is transferred to or from the taxpayer.

“(6) PREVENTION OF OVER-WITHOLDING.—In the case of any chain of dividend equivalents one or more of which is subject to tax under subsection (a) or section 881, the Secretary may reduce such tax, but only to the extent that the taxpayer can establish that such tax has been paid with respect to another dividend equivalent in such chain, or is not otherwise due, or as the Secretary determines is appropriate to address the role of financial intermediaries in such chain. For purposes of this paragraph, a dividend shall be treated as a dividend equivalent.

“(7) COORDINATION WITH CHAPTERS 3 AND 4.—For purposes of chapters 3 and 4, each person that is a party to any contract or other arrangement that provides for the payment of a dividend equivalent shall be treated as having control of such payment.”

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to payments made on or after the date that is 180 days after the date of the enactment of this Act.

Subtitle B—Delay in Application of Worldwide Allocation of Interest**SEC. 551. DELAY IN APPLICATION OF WORLDWIDE ALLOCATION OF INTEREST.**

(a) IN GENERAL.—Paragraphs (5)(D) and (6) of section 864(f) are each amended by striking “December 31, 2017” and inserting “December 31, 2019”.

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

SA 3311. Mr. REID proposed an amendment to amendment SA 3310 proposed by Mr. REID to the bill H.R. 2847, making appropriations for the Departments of Commerce and Justice, and Science, and Related Agencies for the fiscal year ending September 30, 2010, and for other purposes; as follows:

At the end of the amendment, insert the following:

The provisions of this Act shall become effective 5 days after enactment.

SA 3312. Mr. REID proposed an amendment to the bill H.R. 2847, making appropriations for the Departments

of Commerce and Justice, and Science, and Related Agencies for the fiscal year ending September 30, 2010, and for other purposes; as follows:

At the end, insert the following:

The Committee on Appropriations is requested to study the impact of any delay in implementing the provisions of the Act on job creation on a regional and national level.

SA 3313. Mr. REID proposed an amendment to the bill H.R. 2847, making appropriations for the Departments of Commerce and Justice, and Science, and Related Agencies for the fiscal year ending September 30, 2010, and for other purposes; as follows:

At the end, add the following:

“and includes statistics of specific service related positions created.

SA 3314. Mr. REID proposed an amendment to amendment SA 3313 proposed by Mr. REID to the bill H.R. 2847, making appropriations for the Departments of Commerce and Justice, and Science, and Related Agencies for the fiscal year ending September 30, 2010, and for other purposes; as follows:

At the end, add the following:

“and the impact on the local economy.”

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON INDIAN AFFAIRS

Mr. WHITEHOUSE. Mr. President, I ask unanimous consent that the Committee on Indian Affairs be authorized to meet during the session of the Senate on February 11, 2010, at 2:15 p.m. in room 628 of the Dirksen Senate Office Building.

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

COMMITTEE ON THE JUDICIARY

Mr. WHITEHOUSE. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate, on February 11, 2010, at 2:15 p.m., in S-120 of the Capitol, to conduct an executive business meeting.

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

SELECT COMMITTEE ON INTELLIGENCE

Mr. WHITEHOUSE. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to meet during the session of the Senate on February 11, 2010 at 2:30 p.m.

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

EXECUTIVE SESSION

EXECUTIVE CALENDAR

Mr. REID. Mr. President, we have a number of nominations that have been cleared. I appreciate the cooperation of the Republicans in this regard. I have said enough on this subject. I am glad we are able to get this many done.

Mr. President, I ask unanimous consent that the Senate proceed to executive session to consider Calendar Nos.

531, 580, 602, 615, 622, 623, 627, 631, 642, 645, 646, 650, 651, 658, 659, 660, 662, 666, 686, 687, 689, 690, 691, 692, 693, 694, and 695; that the nominations be confirmed en bloc and the motions to reconsider be laid upon the table en bloc; that no further motions be in order; that any statements relating to the nominations be printed in the RECORD; that the President be immediately notified of the Senate's action, and the Senate then resume legislative session.

The ACTING PRESIDENT pro tempore. Is there objection?

Without objection, it is so ordered.

The nominations considered and confirmed en bloc are as follows:

UNITED STATES SENTENCING COMMISSION

Ketanji Brown Jackson, of Maryland, to be a Member of the United States Sentencing Commission for a term expiring October 31, 2013.

DEPARTMENT OF JUSTICE

Susan B. Carbon, of New Hampshire, to be Director of the Violence Against Women Office, Department of Justice.

DEPARTMENT OF STATE

Betty E. King, of New York, to be Representative of the United States of America to the Office of the United Nations and Other International Organizations in Geneva, with the rank of Ambassador.

DEPARTMENT OF HOMELAND SECURITY

Caryn A. Wagner, of Virginia, to be Under Secretary for Intelligence and Analysis, Department of Homeland Security.

DEPARTMENT OF LABOR

Sara Manzano-Diaz, of Pennsylvania, to be Director of the Women's Bureau, Department of Labor.

CORPORATION FOR NATIONAL AND COMMUNITY SERVICE

Patrick Alfred Corvington, of Maryland, to be Chief Executive Officer of the Corporation for National and Community Service.

DEPARTMENT OF VETERANS AFFAIRS

Robert A. Petzel, of Minnesota, to be Under Secretary for Health of the Department of Veterans Affairs.

DEPARTMENT OF COMMERCE

Nicole Yvette Lamb-Hale, of Michigan, to be an Assistant Secretary of Commerce.

DEPARTMENT OF THE TREASURY

Marisa Lago, of New York, to be an Assistant Secretary of the Treasury.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Ellen Gloninger Murray, of Virginia, to be an Assistant Secretary of Health and Human Services.

Bryan Hayes Samuels, of Illinois, to be Commissioner on Children, Youth, and Families, Department of Health and Human Services.

DEPARTMENT OF THE TREASURY

Charles Collins, of Maryland, to be a Deputy Under Secretary of the Treasury.

Mary John Miller, of Maryland, to be an Assistant Secretary of the Treasury.

DEPARTMENT OF JUSTICE

André Birotte, Jr., of California, to be United States Attorney for the Central District of California for the term of four years.

Richard S. Hartunian, of New York, to be United States Attorney for the Northern District of New York for the term of four years.

Ronald C. Machen, Jr., of the District of Columbia, to be United States Attorney for the District of Columbia for the term of four years.

DEPARTMENT OF DEFENSE

Mary Sally Matiella, of Arizona, to be an Assistant Secretary of the Army.

Douglas B. Wilson, of Arizona, to be an Assistant Secretary of Defense.

NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES

Irvin M. Mayfield, Jr., of Louisiana, to be a Member of the National Council on the Arts for a term expiring September 3, 2014.

OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION

Cynthia L. Attwood, of Virginia, to be a Member of the Occupational Safety and Health Review Commission for a term expiring April 27, 2013.

SECURITIES INVESTOR PROTECTION CORPORATION

Sharon Y. Bowen, of New York, to be a Director of the Securities Investor Protection Corporation for a term expiring December 31, 2012.

Orlan Johnson, of Maryland, to be a Director of the Securities Investor Protection Corporation for a term expiring December 31, 2011.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Douglas A. Criscitello, of Virginia, to be Chief Financial Officer, Department of Housing and Urban Development.

Theodore W. Tozer, of Ohio, to be President, Government National Mortgage Association.

DEPARTMENT OF COMMERCE

David W. Mills, of Virginia, to be an Assistant Secretary of Commerce.

Suresh Kumar, of New Jersey, to be Assistant Secretary of Commerce and Director General of the United States and Foreign Commercial Service.

Kevin Wolf, of Virginia, to be an Assistant Secretary of Commerce.

NOMINATION OF CARYN WAGNER

Mrs. FEINSTEIN. Mr. President, I support the nomination of Ms. Caryn Wagner to be Under Secretary of Intelligence and Analysis at the Department of Homeland Security, DHS, and urge my colleagues to confirm her. The Intelligence Committee unanimously approved the nomination by voice vote on December 10, 2009.

The Under Secretary of Intelligence and Analysis leads the Office of Intelligence and Analysis at the Department of Homeland Security, which is among the youngest elements of the U.S. intelligence community. The main responsibilities of the Office are to ensure that information related to homeland security threats is (1) collected, analyzed, and disseminated to homeland security customers in the Department, at the State, local, and tribal levels; (2) shared as appropriate with private sector entities; and (3) provided to other intelligence community agencies. The Under Secretary of the Office leads these efforts, provides homeland security intelligence and advice to the Secretary and other senior officials in the Department of Homeland Security, and serves as the Department's senior interagency intelligence representative.

The cases of Najibullah Zazi in New York and David Headley in Chicago, both U.S. persons allegedly involved in plotting terrorist acts and having ties to noted terrorist groups overseas, show the threat of violent Islamist radicalization occurring in this country is real. The Department of Homeland Security was created in 2002 to