

114TH CONGRESS
1ST SESSION

H. R. 3555

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

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 17, 2015

Ms. WILSON of Florida (for herself, Ms. ADAMS, Mrs. BEATTY, Ms. BROWN of Florida, Mr. BUTTERFIELD, Mr. CONYERS, Mr. CUMMINGS, Ms. DELAURO, Ms. EDWARDS, Ms. NORTON, Mr. ENGEL, Mr. FATTAH, Ms. FRANKEL of Florida, Ms. FUDGE, Ms. MICHELLE LUJAN GRISHAM of New Mexico, Mr. HASTINGS, Ms. JACKSON LEE, Mr. JEFFRIES, Ms. KAPTUR, Mr. LARSON of Connecticut, Ms. LEE, Ms. MCCOLLUM, Mr. MEEKS, Mr. PAYNE, Mr. POCAN, Mr. RANGEL, Mr. SABLAN, Ms. SCHAKOWSKY, Mr. SCOTT of Virginia, Mr. DANNY K. DAVIS of Illinois, Mr. GRIJALVA, Mr. TAKANO, Mr. CÁRDENAS, and Ms. JUDY CHU of California) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Small Business, Education and the Workforce, the Judiciary, Transportation and Infrastructure, Financial Services, House Administration, Oversight and Government Reform, and the Budget, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

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

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

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

4 (a) SHORT TITLE.—This Act may be cited as the
 5 “Jobs! Jobs! Jobs! Act of 2015”.

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

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

TITLE I—RELIEF FOR WORKERS AND BUSINESSES

Subtitle A—Making Work Pay Credit

- Sec. 101. Making work pay credit.

Subtitle B—Other Relief for Businesses

- Sec. 111. Extension of temporary 100-percent bonus depreciation for certain
business assets.
- Sec. 112. Surety bonds.

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

Subtitle A—Teacher Stabilization

- Sec. 201. Purpose.
- Sec. 202. Grants for the outlying areas and the Secretary of the Interior; avail-
ability of funds.
- Sec. 203. State allocation.
- Sec. 204. State application.
- Sec. 205. State reservation and responsibilities.
- Sec. 206. Local educational agencies.
- Sec. 207. Early learning.
- Sec. 208. Maintenance of effort.
- Sec. 209. Reporting.
- Sec. 210. Definitions.
- Sec. 211. Authorization of appropriations.

Subtitle B—First Responder Stabilization

- Sec. 212. Purpose.
- Sec. 213. Grant program.
- Sec. 214. Appropriations.

Subtitle C—School Modernization

PART I—ELEMENTARY AND SECONDARY SCHOOLS

- Sec. 221. Purpose.
- Sec. 222. Authorization of appropriations.
- Sec. 223. Allocation of funds.
- Sec. 224. State use of funds.
- Sec. 225. State and local applications.
- Sec. 226. Use of funds.
- Sec. 227. Private schools.
- Sec. 228. Additional provisions.

PART II—COMMUNITY COLLEGE MODERNIZATION

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

PART III—DEFINITIONS

- Sec. 230. Definitions.

Subtitle D—Immediate Transportation Infrastructure Investments

- Sec. 241. Immediate transportation infrastructure investments.

Subtitle E—Building and Upgrading Infrastructure for Long-Term
Development

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

PART I—AMERICAN INFRASTRUCTURE FINANCING AUTHORITY

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

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

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

PART III—FUNDING OF AIFA

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

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

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

Subtitle F—Project Rebuild

Sec. 261. Project rebuild.

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

Subtitle A—Supporting Unemployed Workers

Sec. 301. Short title.

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

Sec. 311. Extension of emergency unemployment compensation program.

Sec. 312. Temporary extension of extended benefit provisions.

Sec. 313. Additional extended unemployment benefits under the Railroad Unemployment Insurance Act.

PART II—REEMPLOYMENT NOW PROGRAM

Sec. 321. Establishment of reemployment NOW program.

Sec. 322. Distribution of funds.

Sec. 323. State plan.

Sec. 324. Bridge to work program.

Sec. 325. Wage insurance.

Sec. 326. Enhanced reemployment strategies.

Sec. 327. Self-employment programs.

Sec. 328. Additional innovative programs.

Sec. 329. Guidance and additional requirements.

Sec. 330. Report of information and evaluations to Congress and the public.

Sec. 331. State.

PART III—SHORT-TIME COMPENSATION PROGRAM

Sec. 341. Temporary financing of short-time compensation payments in States with programs in law.

Sec. 342. Temporary financing of short-time compensation agreements.

Sec. 343. Grants for short-time compensation programs.

Sec. 344. Assistance and guidance in implementing programs.

Sec. 345. Reports.

Subtitle B—Long-Term Unemployed Hiring Preferences

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

Subtitle C—Pathways Back to Work

Sec. 361. Short title.

Sec. 362. Authorization of appropriations.

Sec. 363. Availability of funds.

Sec. 364. Subsidized employment for unemployed, low-income adults.

- Sec. 365. Summer employment and year-round employment opportunities for low-income youth.
- Sec. 366. Work-based employment strategies of demonstrated effectiveness.
- Sec. 367. General requirements.
- Sec. 368. Definitions.

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

- Sec. 371. Short title.
- Sec. 372. Findings and purpose.
- Sec. 373. Definitions.
- Sec. 374. Prohibited acts.
- Sec. 375. Enforcement.
- Sec. 376. Federal and State immunity.
- Sec. 377. Relationship to other laws.
- Sec. 378. Severability.
- Sec. 379. Effective date.

TITLE IV—OFFSETS

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

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

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

- Sec. 411. Partnership interests transferred in connection with performance of services.
- Sec. 412. Special rules for partners providing investment management services to partnerships.

Subtitle C—Close Loophole for Corporate Jet Depreciation

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

Subtitle D—Repeal Oil Subsidies

- Sec. 431. Repeal of deduction for intangible drilling and development costs in the case of oil and gas wells.
- Sec. 432. Repeal of deduction for tertiary injectants.
- Sec. 433. Repeal of percentage depletion for oil and gas wells.
- Sec. 434. Section 199 deduction not allowed with respect to oil, natural gas, or primary products thereof.
- Sec. 435. Repeal oil and gas working interest exception to passive activity rules.
- Sec. 436. Repeal enhanced oil recovery credit.
- Sec. 437. Uniform seven-year amortization for geological and geophysical expenditures.
- Sec. 438. Repeal marginal well production credit.

Subtitle E—Dual Capacity Taxpayers

- Sec. 441. Modifications of foreign tax credit rules applicable to dual capacity taxpayers.
- Sec. 442. Separate basket treatment taxes paid on foreign oil and gas income.

Subtitle F—Repeal of Sequestration

Sec. 451. Repeal of sequestration.

1 **SEC. 2. REFERENCES.**

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

6 **SEC. 3. SEVERABILITY.**

7 If any provision of this Act, or the application thereof
8 to any person or circumstance, is held invalid, the remain-
9 der of the Act and the application of such provision to
10 other persons or circumstances shall not be affected there-
11 by.

12 **SEC. 4. BUY AMERICAN—USE OF AMERICAN IRON, STEEL,**
13 **AND MANUFACTURED GOODS.**

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

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

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

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

5 (3) inclusion of iron, steel, and manufactured
6 goods produced in the United States will increase
7 the cost of the overall project by more than 25 per-
8 cent.

9 (c) If the head of a Federal department or agency
10 determines that it is necessary to waive the application
11 of subsection (a) based on a finding under subsection (b),
12 the head of the department or agency shall publish in the
13 Federal Register a detailed written justification as to why
14 the provision is being waived.

15 (d) This section shall be applied in a manner con-
16 sistent with United States obligations under international
17 agreements.

18 **SEC. 5. WAGE RATE AND EMPLOYMENT PROTECTION RE-**
19 **QUIREMENTS.**

20 (a) Notwithstanding any other provision of law and
21 in a manner consistent with other provisions in this Act,
22 all laborers and mechanics employed by contractors and
23 subcontractors on projects funded directly by or assisted
24 in whole or in part by and through the Federal Govern-
25 ment pursuant to this Act shall be paid wages at rates

1 not less than those prevailing on projects of a character
2 similar in the locality as determined by the Secretary of
3 Labor in accordance with subchapter IV of chapter 31 of
4 title 40, United States Code.

5 (b) With respect to the labor standards specified in
6 this section, the Secretary of Labor shall have the author-
7 ity and functions set forth in Reorganization Plan Num-
8 bered 14 of 1950 (64 Stat. 1267; 5 U.S.C. App.) and sec-
9 tion 3145 of title 40, United States Code.

10 (c) Projects as defined under title 49, United States
11 Code, funded directly by or assisted in whole or in part
12 by and through the Federal Government pursuant to this
13 Act shall be subject to the requirements of section 5333(b)
14 of title 49, United States Code.

15 **TITLE I—RELIEF FOR WORKERS**
16 **AND BUSINESSES**
17 **Subtitle A—Making Work Pay**
18 **Credit**

19 **SEC. 101. MAKING WORK PAY CREDIT.**

20 (a) IN GENERAL.—Section 36A(e) of the Internal
21 Revenue Code of 1986 is amended to read as follows:

22 “(e) TERMINATION.—This section shall not apply
23 to—

24 “(1) beginning after December 31, 2010, and
25 before January 1, 2015, and

1 “(2) taxable years beginning after December
2 31, 2014.”.

3 (b) TREATMENT OF POSSESSIONS.—Rules similar to
4 the rules of subsections (b) and (c) of section 1001 of the
5 American Recovery and Reinvestment Tax Act of 2009
6 shall apply with respect to the amendment made by sub-
7 section (a). For purposes of the preceding sentence, such
8 section shall be applied by substituting “taxable years be-
9 ginning in 2015” for “taxable years beginning in 2009
10 and 2010” each place it occurs.

11 (c) EFFECTIVE DATE.—This section, and the amend-
12 ments made by this section, shall apply to taxable years
13 beginning after December 31, 2014.

14 **Subtitle B—Other Relief for**
15 **Businesses**

16 **SEC. 111. EXTENSION OF TEMPORARY 100-PERCENT BONUS**
17 **DEPRECIATION FOR CERTAIN BUSINESS AS-**
18 **SETS.**

19 (a) IN GENERAL.—Section 168(k) of the Internal
20 Revenue Code is amended by adding at the end the fol-
21 lowing new paragraph:

22 “(6) SPECIAL RULE FOR PROPERTY ACQUIRED
23 DURING CERTAIN PRE-2015 PERIOD.—In the case of
24 qualified property acquired by the taxpayer (under
25 rules similar to the rules of clauses (ii) and (iii) of

1 paragraph (2)(A)) after December 31, 2013, and be-
2 fore January 1, 2015, and which is placed in service
3 by the taxpayer before January 1, 2015 (January 1,
4 2016, in the case of property described in subpara-
5 graph (2)(B) or (2)(C)), paragraph (1)(A) shall be
6 applied by substituting ‘100 percent’ for ‘50 per-
7 cent’.”.

8 (b) CONFORMING AMENDMENT.—The heading for
9 paragraph (5) of section 168(k) of the Internal Revenue
10 Code is amended by striking “PRE-2012 PERIODS” and in-
11 serting “PRE-2015 PERIODS”.

12 **SEC. 112. SURETY BONDS.**

13 (a) MAXIMUM BOND AMOUNT.—Section 411(a)(1) of
14 the Small Business Investment Act of 1958 (15 U.S.C.
15 694b(a)(1)) is amended by striking “\$6,500,000” and in-
16 serting “\$7,500,000”.

17 (b) DENIAL OF LIABILITY.—Section 411(e)(2) of the
18 Small Business Investment Act of 1958 (15 U.S.C.
19 694b(e)(2)) is amended by striking “\$6,500,000” and in-
20 serting “\$7,500,000”.

21 (c) SUNSET.—The amendments made by subsections
22 (a) and (b) of this section shall remain in effect until Sep-
23 tember 30, 2016.

24 (d) FUNDING.—There is authorized to be appro-
25 priated \$3,000,000, to remain available until expended,

1 for additional capital for the revolving fund for surety
2 bond guarantees authorized under section 412 of the
3 Small Business Investment Act of 1958 (15 U.S.C. 694e).

4 **TITLE II—PUTTING WORKERS**
5 **BACK ON THE JOB WHILE RE-**
6 **BUILDING AND MODERNIZING**
7 **AMERICA**

8 **Subtitle A—Teacher Stabilization**

9 **SEC. 201. PURPOSE.**

10 The purpose of this subtitle is to provide funds to
11 States to prevent teacher layoffs and support the creation
12 of additional jobs in public early childhood, elementary,
13 and secondary education in the 2016–2017 and 2017–
14 2018 school years.

15 **SEC. 202. GRANTS FOR THE OUTLYING AREAS AND THE**
16 **SECRETARY OF THE INTERIOR; AVAILABILITY**
17 **OF FUNDS.**

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

21 (1) shall reserve up to one-half of one percent
22 to provide assistance to the outlying areas on the
23 basis of their respective needs, as determined by the
24 Secretary, for activities consistent with this subtitle

1 under such terms and conditions as the Secretary
2 may determine;

3 (2) shall reserve up to one-half of one percent
4 to provide assistance to the Secretary of the Interior
5 to carry out activities consistent with this subtitle, in
6 schools operated or funded by the Bureau of Indian
7 Education; and

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

11 (b) AVAILABILITY OF FUNDS.—Funds made avail-
12 able under section 212 shall remain available to the Sec-
13 retary until September 30, 2016.

14 **SEC. 203. STATE ALLOCATION.**

15 (a) ALLOCATION.—After reserving funds under sec-
16 tion 202(a), the Secretary shall allocate the remaining
17 funds appropriated under section 212 to States, of
18 which—

19 (1) 60 percent shall be allocated to States on
20 the basis of their relative population of individuals
21 aged 5 through 17; and

22 (2) 40 percent shall be allocated to States on
23 the basis of their relative total population.

24 (b) AWARDS.—The Secretary shall award a State's
25 allocation under subsection (a) to the Governor of the

1 State only if the Secretary has approved the State's appli-
2 cation under section 205.

3 (c) ALTERNATE DISTRIBUTION OF FUNDS.—

4 (1) IN GENERAL.—If, within 30 days after the
5 date of enactment of this Act, a Governor has not
6 submitted an approvable application to the Sec-
7 retary, the Secretary shall, consistent with para-
8 graph (2), provide for funds allocated to that State
9 to be distributed to another entity or other entities
10 in the State for the support of early childhood, ele-
11 mentary, and secondary education, under such terms
12 and conditions as the Secretary may establish.

13 (2) MAINTENANCE OF EFFORT.—

14 (A) GOVERNOR ASSURANCE.—The Sec-
15 retary shall not allocate funds under paragraph
16 (1) unless the Governor of the State provides
17 an assurance to the Secretary that the State
18 will for fiscal years 2016 and 2017 meet the re-
19 quirements of section 209.

20 (B) ALLOCATIONS TO OTHER ENTITIES.—

21 Notwithstanding subparagraph (A), the Sec-
22 retary may allocate up to 50 percent of the
23 funds that are available to the State under
24 paragraph (1) to another entity or entities in
25 the State, provided that the State educational

1 agency submits data to the Secretary dem-
2 onstrating that the State will for fiscal year
3 2016 meet the requirements of section 209(a)
4 or the Secretary otherwise determines that the
5 State will meet those requirements, or such
6 comparable requirements as the Secretary may
7 establish, for that year.

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

11 (d) REALLOCATION.—If a State does not receive
12 funding under this subtitle or only receives a portion of
13 its allocation under subsection (c), the Secretary shall re-
14 allocate the State’s entire allocation or the remaining por-
15 tion of its allocation, as the case may be, to the remaining
16 States in accordance with subsection (a).

17 **SEC. 204. STATE APPLICATION.**

18 The Governor of a State desiring to receive a grant
19 under this subtitle shall submit an application to the Sec-
20 retary within 30 days of the date of enactment of this Act,
21 in such manner, and containing such information as the
22 Secretary may reasonably require to determine the State’s
23 compliance with applicable provisions of law.

1 **SEC. 205. STATE RESERVATION AND RESPONSIBILITIES.**

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

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

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

10 (b) STATE RESPONSIBILITIES.—Each State receiving
11 a grant under this subtitle shall, after reserving any funds
12 under subsection (a)—

13 (1) use the remaining grant funds only for
14 awards to local educational agencies for the support
15 of early childhood, elementary, and secondary edu-
16 cation;

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

19 (A) 60 percent on the basis of the local
20 educational agencies' relative shares of enroll-
21 ment; and

22 (B) 40 percent on the basis of the local
23 educational agencies' relative shares of funds
24 received under part A of title I of the Elemen-
25 tary and Secondary Education Act of 1965 for
26 fiscal year 2013; and

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

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

6 (1) establish, restore, or supplement a rainy-day
7 fund;

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

11 (3) reduce or retire debt obligations incurred by
12 the State; or

13 (4) supplant State funds in a manner that has
14 the effect of reducing or retiring debt obligations in-
15 curred by the State.

16 **SEC. 206. LOCAL EDUCATIONAL AGENCIES.**

17 Each local educational agency that receives a
18 subgrant under this subtitle—

19 (1) shall use the subgrant funds only for com-
20 pensation and benefits and other expenses, such as
21 support services, necessary to retain existing employ-
22 ees, recall or rehire former employees, or hire new
23 employees to provide early childhood, elementary, or
24 secondary educational and related services;

1 (2) shall obligate those funds not later than
2 September 30, 2016; and

3 (3) may not use those funds for general admin-
4 istrative expenses or for other support services or ex-
5 penditures, as those terms are defined by the Na-
6 tional Center for Education Statistics in the Com-
7 mon Core of Data, as of the date of enactment of
8 this Act.

9 **SEC. 207. EARLY LEARNING.**

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

12 (1) use those funds only for compensation, ben-
13 efits, and other expenses, such as support services,
14 necessary to retain early childhood educators, recall
15 or rehire former early childhood educators, or hire
16 new early childhood educators to provide early learn-
17 ing services; and

18 (2) obligate those funds not later than Sep-
19 tember 30, 2017.

20 **SEC. 208. MAINTENANCE OF EFFORT.**

21 (a) **REQUIREMENT.**—The Secretary shall not allocate
22 funds to a State under this subtitle unless the State pro-
23 vides an assurance to the Secretary that—

24 (1) for State fiscal year 2016—

1 (A) the State will maintain State support
2 for early childhood, elementary, and secondary
3 education (in the aggregate or on the basis of
4 expenditure per pupil) and for public institu-
5 tions of higher education (not including support
6 for capital projects or for research and develop-
7 ment or tuition and fees paid by students) at
8 not less than the level of such support for each
9 of the two categories for State fiscal year 2015;
10 or

11 (B) the State will maintain State support
12 for early childhood, elementary, and secondary
13 education and for public institutions of higher
14 education (not including support for capital
15 projects or for research and development or tui-
16 tion and fees paid by students) at a percentage
17 of the total revenues available to the State that
18 is equal to or greater than the percentage pro-
19 vided for State fiscal year 2013; and
20 (2) for State fiscal year 2017—

21 (A) the State will maintain State support
22 for early childhood, elementary, and secondary
23 education (in the aggregate or on the basis of
24 expenditure per pupil) and for public institu-
25 tions of higher education (not including support

1 for capital projects or for research and develop-
2 ment or tuition and fees paid by students) at
3 not less than the level of such support for each
4 of the two categories for State fiscal year 2016;
5 or

6 (B) the State will maintain State support
7 for early childhood, elementary, and secondary
8 education and for public institutions of higher
9 education (not including support for capital
10 projects or for research and development or tui-
11 tion and fees paid by students) at a percentage
12 of the total revenues available to the State that
13 is equal to or greater than the percentage pro-
14 vided for State fiscal year 2016.

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

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

20 (2) a precipitous decline in the financial re-
21 sources of the State.

22 **SEC. 209. REPORTING.**

23 Each State that receives a grant under this subtitle
24 shall submit, on an annual basis, a report to the Secretary
25 that contains—

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

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

5 **SEC. 210. DEFINITIONS.**

6 In this subtitle:

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

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

15 (3) EARLY CHILD EDUCATOR.—The term
16 “early childhood educator” means an individual
17 who—

18 (A) works directly with children in a State-
19 funded early learning program in a low-income
20 community;

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

24 (C) has completed a baccalaureate or ad-
25 vanced degree in early childhood development or

1 early childhood education, or in a field related
2 to early childhood education.

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

8 **SEC. 211. AUTHORIZATION OF APPROPRIATIONS.**

9 There are authorized to be appropriated, and there
10 are appropriated, \$30,000,000,000 to carry out this sub-
11 title for fiscal year 2016.

12 **Subtitle B—First Responder**
13 **Stabilization**

14 **SEC. 212. PURPOSE.**

15 The purpose of this subtitle is to provide funds to
16 States and localities to prevent layoffs of, and support the
17 creation of additional jobs for, law enforcement officers
18 and other first responders.

19 **SEC. 213. GRANT PROGRAM.**

20 The Attorney General shall carry out a competitive
21 grant program pursuant to section 1701 of title I of the
22 Omnibus Crime Control and Safe Streets Act of 1968 (42
23 U.S.C. 3796dd) for hiring, rehiring, or retention of career
24 law enforcement officers under part Q of such title. Grants
25 awarded under this section shall not be subject to sub-

1 section (g) or (i) of section 1701 or to section 1704 of
2 such Act (42 U.S.C. 3796dd-3(e)).

3 **SEC. 214. APPROPRIATIONS.**

4 There is hereby appropriated for the Community Ori-
5 ented Policing Stabilization Fund, out of any money in
6 the Treasury not otherwise appropriated, \$5,000,000,000,
7 to remain available until September 30, 2016, of which
8 \$4,000,000,000 shall be for the Attorney General to carry
9 out the competitive grant program under section 213, and
10 of which \$1,000,000,000 shall be transferred by the Attor-
11 ney General to a First Responder Stabilization Fund,
12 from which the Secretary of Homeland Security shall
13 make competitive grants for hiring, rehiring, or retention
14 pursuant to the Federal Fire Prevention and Control Act
15 of 1974 (15 U.S.C. 2201 et seq.), to carry out section
16 34 of such Act (15 U.S.C. 2229a). In making such grants,
17 the Secretary may grant waivers from the requirements
18 in subsections (a)(1)(A), (a)(1)(B), (a)(1)(E), (c)(1),
19 (c)(2), and (c)(4)(A) of such section 34. Of the amounts
20 appropriated herein, not to exceed \$8,000,000 shall be for
21 administrative costs of the Attorney General, and not to
22 exceed \$2,000,000 shall be for administrative costs of the
23 Secretary of Homeland Security.

1 **Subtitle C—School Modernization**

2 **PART I—ELEMENTARY AND SECONDARY**

3 **SCHOOLS**

4 **SEC. 221. PURPOSE.**

5 The purpose of this part is to provide assistance for
6 the modernization, renovation, and repair of elementary
7 and secondary school buildings in public school districts
8 across America in order to support the achievement of im-
9 proved educational outcomes in those schools.

10 **SEC. 222. AUTHORIZATION OF APPROPRIATIONS.**

11 There are authorized to be appropriated, and there
12 are appropriated, \$25,000,000,000 to carry out this part,
13 which shall be available for obligation by the Secretary
14 until September 30, 2016.

15 **SEC. 223. ALLOCATION OF FUNDS.**

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

18 (1) one-half of one percent for the Secretary of
19 the Interior to carry out modernization, renovation,
20 and repair activities described in section 226 in
21 schools operated or funded by the Bureau of Indian
22 Education;

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

1 (3) such funds as the Secretary determines are
2 needed to conduct a survey, by the National Center
3 for Education Statistics, of the school construction,
4 modernization, renovation, and repair needs of the
5 public schools of the United States.

6 (b) STATE ALLOCATION.—After reserving funds
7 under subsection (a), the Secretary shall allocate the re-
8 maining amount among the States in proportion to their
9 respective allocations under part A of title I of the Ele-
10 mentary and Secondary Education Act of 1965 (in this
11 part referred to as the “ESEA”) (20 U.S.C. 6311 et seq.)
12 for fiscal year 2013, except that—

13 (1) the Secretary shall allocate 40 percent of
14 such remaining amount to the 100 local educational
15 agencies with the largest numbers of children aged
16 5–17 living in poverty, as determined using the most
17 recent data available from the Department of Com-
18 merce that are satisfactory to the Secretary, in pro-
19 portion to those agencies’ respective allocations
20 under part A of title I of the ESEA for fiscal year
21 2013; and

22 (2) the allocation to any State shall be reduced
23 by the aggregate amount of the allocations under
24 paragraph (1) to local educational agencies in that
25 State.

1 (c) REMAINING ALLOCATION.—

2 (1) STATES.—If a State does not apply for its
3 allocation under subsection (b) (or applies for less
4 than the full allocation for which it is eligible) or
5 does not use that allocation in a timely manner, the
6 Secretary may—

7 (A) reallocate all or a portion of that allo-
8 cation to the other States in accordance with
9 subsection (b); or

10 (B) use all or a portion of that allocation
11 to make direct allocations to local educational
12 agencies within the State based on their respec-
13 tive allocations under part A of title I of the
14 ESEA for fiscal year 2013 or such other meth-
15 od as the Secretary may determine.

16 (2) LOCAL EDUCATIONAL AGENCIES.—If a local
17 educational agency does not apply for its allocation
18 under subsection (b)(1), applies for less than the full
19 allocation for which it is eligible, or does not use
20 that allocation in a timely manner, the Secretary
21 may reallocate all or a portion of its allocation to the
22 State in which that agency is located.

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

24 (a) RESERVATION.—Each State that receives a grant
25 under this part may reserve not more than one percent

1 of the State's allocation under section 223(b) for the pur-
2 pose of administering the grant, except that no State may
3 reserve more than \$750,000 for this purpose.

4 (b) FUNDS TO LOCAL EDUCATIONAL AGENCIES.—

5 (1) FORMULA SUBGRANTS.—From the grant
6 funds that are not reserved under subsection (a), a
7 State shall allocate at least 50 percent to local edu-
8 cational agencies, including charter schools that are
9 local educational agencies, that did not receive funds
10 under section 223(b)(1) from the Secretary, in ac-
11 cordance with their respective allocations under part
12 A of title I of the ESEA for fiscal year 2013, except
13 that no such local educational agency shall receive
14 less than \$10,000.

15 (2) ADDITIONAL SUBGRANTS.—The State shall
16 use any funds remaining, after reserving funds
17 under subsection (a) and allocating funds under
18 paragraph (1), for subgrants to local educational
19 agencies that did not receive funds under section
20 223(b)(1), including charter schools that are local
21 educational agencies, to support modernization, ren-
22 ovation, and repair projects that the State deter-
23 mines, using objective criteria, are most needed in
24 the State, with priority given to projects in rural
25 local educational agencies.

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

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

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

13 (1) an identification of the State agency or enti-
14 ty that will administer the program under this part;
15 and

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

19 (A) how the State will determine the cri-
20 teria and priorities in making subgrants under
21 section 224(b)(2);

22 (B) any additional criteria the State will
23 use in determining which projects it will fund
24 under that section;

1 (C) a description of how the State will con-
2 sider—

3 (i) the needs of local educational
4 agencies for assistance under this part;

5 (ii) the impact of potential projects on
6 job creation in the State;

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

9 (iv) the percentage of children in
10 those local educational agencies who are
11 from low-income families; and

12 (v) the potential for leveraging assist-
13 ance provided by the program under this
14 part through matching or other financing
15 mechanisms;

16 (D) a description of how the State will en-
17 sure that the local educational agencies receiv-
18 ing subgrants meet the requirements of this
19 part;

20 (E) a description of how the State will en-
21 sure that the State and its local educational
22 agencies meet the deadlines established in sec-
23 tion 228;

24 (F) a description of how the State will give
25 priority to the use of green practices that are

1 certified, verified, or consistent with any appli-
2 cable provisions of—

3 (i) the LEED Green Building Rating
4 System;

5 (ii) Energy Star;

6 (iii) the CHPS Criteria;

7 (iv) Green Globes; or

8 (v) an equivalent program adopted by
9 the State or another jurisdiction with au-
10 thority over the local educational agency;

11 (G) a description of the steps that the
12 State will take to ensure that local educational
13 agencies receiving subgrants under this part
14 will adequately maintain any facilities that are
15 modernized, renovated, or repaired with such
16 subgrant funds; and

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

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

1 (1) a description of how the local educational
2 agency will meet the deadlines and requirements of
3 this part;

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

8 (3) such additional information and assurances
9 as the Secretary may require.

10 **SEC. 226. USE OF FUNDS.**

11 (a) IN GENERAL.—Funds awarded to local edu-
12 cational agencies under this part shall be used only for
13 either or both of the following modernization, renovation,
14 or repair activities in facilities that are used for elemen-
15 tary or secondary education or for early learning pro-
16 grams:

17 (1) Direct payments for school modernization,
18 renovation, or repair.

19 (2) To pay interest on bonds or payments for
20 other financing instruments that are newly issued
21 for the purpose of financing school modernization,
22 renovation, or repair.

23 (b) SUPPLEMENT, NOT SUPPLANT.—Funds made
24 available under this part shall be used to supplement, and
25 not supplant, other Federal, State, and local funds that

1 would otherwise be expended to modernize, renovate, or
2 repair eligible school facilities.

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

5 (1) new construction;

6 (2) payment of routine maintenance costs; or

7 (3) modernization, renovation, or repair of sta-
8 diums or other facilities primarily used for athletic
9 contests or exhibitions or other events for which ad-
10 mission is charged to the general public.

11 **SEC. 227. PRIVATE SCHOOLS.**

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

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

19 (2) educational services or other benefits funded
20 under this part for private schools shall be provided
21 only to private, nonprofit elementary or secondary
22 schools with a rate of child poverty of at least 40
23 percent and may include only—

24 (A) modifications of school facilities nec-
25 essary to meet the standards applicable to pub-

1 lic schools under the Americans with Disabil-
2 ities Act of 1990 (42 U.S.C. 12101 et seq.);

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

7 (C) asbestos or polychlorinated biphenyls
8 abatement or removal from school facilities; and

9 (3) expenditures for services provided using
10 funds made available under section 226 shall be con-
11 sidered equal for purposes of section 9501(a)(4) of
12 the ESEA if the per-pupil expenditures for services
13 described in paragraph (2) for students enrolled in
14 private, nonprofit elementary and secondary schools
15 that have child-poverty rates of at least 40 percent
16 are consistent with the per-pupil expenditures under
17 this part for children enrolled in the public schools
18 of the local educational agency receiving funds under
19 this part.

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

1 (c) APPLICATION.—If any provision of this section,
2 or the application thereof, to any person or circumstance
3 is judicially determined to be invalid, the remainder of the
4 section and the application to other persons or cir-
5 cumstances shall not be affected thereby.

6 **SEC. 228. ADDITIONAL PROVISIONS.**

7 (a) 24-MONTH PERIOD OF AVAILABILITY.—Funds
8 appropriated under section 222 shall be available for obli-
9 gation by local educational agencies receiving grants from
10 the Secretary under section 223(b)(1), by States reserving
11 funds under section 224(a), and by local educational agen-
12 cies receiving subgrants under section 224(b)(1) only dur-
13 ing the period that ends 24 months after the date of enact-
14 ment of this Act.

15 (b) 36-MONTH PERIOD OF AVAILABILITY.—Funds
16 appropriated under section 222 shall be available for obli-
17 gation by local educational agencies receiving subgrants
18 under section 224(b)(2) only during the period that ends
19 36 months after the date of enactment of this Act.

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

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

PART II—COMMUNITY COLLEGE**MODERNIZATION****SEC. 229. FEDERAL ASSISTANCE FOR COMMUNITY COLLEGE MODERNIZATION.**

(a) IN GENERAL.—

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

(2) ALLOCATION.—

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

(i) up to 0.25 percent for grants to institutions that are eligible under section 316 of the Higher Education Act of 1965 (20 U.S.C. 1059c) to provide for modernization, renovation, and repair activities described in this section; and

(ii) up to 0.25 percent for grants to the outlying areas to provide for modernization, renovation, and repair activities described in this section.

(B) ALLOCATION.—After reserving funds under subparagraph (A), the Secretary shall allocate to each State that has an application ap-

1 proved by the Secretary an amount that bears
2 the same relation to any remaining funds as the
3 total number of students in such State who are
4 enrolled in institutions described in section
5 230(b)(1)(A) plus the number of students who
6 are estimated to be enrolled in and pursuing a
7 degree or certificate that is not a bachelor's,
8 master's, professional, or other advanced degree
9 in institutions described in section
10 230(b)(1)(B), based on the proportion of de-
11 grees or certificates awarded by such institu-
12 tions that are not bachelor's, master's, profes-
13 sional, or other advanced degrees, as reported
14 to the Integrated Postsecondary Data System
15 bears to the estimated total number of such
16 students in all States, except that no State shall
17 receive less than \$2,500,000.

18 (C) REALLOCATION.—Amounts not allo-
19 cated under this section to a State because the
20 State either did not submit an application
21 under subsection (b), the State submitted an
22 application that the Secretary determined did
23 not meet the requirements of such subsection,
24 or the State cannot demonstrate to the Sec-
25 retary a sufficient demand for projects to war-

1 rant the full allocation of the funds, shall be
2 proportionately reallocated under this para-
3 graph to the other States that have a dem-
4 onstrated need for, and are receiving, alloca-
5 tions under this section.

6 (D) STATE ADMINISTRATION.—A State
7 that receives a grant under this section may use
8 not more than one percent of that grant to ad-
9 minister it, except that no State may use more
10 than \$750,000 of its grant for this purpose.

11 (3) SUPPLEMENT, NOT SUPPLANT.—Funds
12 made available under this section shall be used to
13 supplement, and not supplant, other Federal, State,
14 and local funds that would otherwise be expended to
15 modernize, renovate, or repair existing community
16 college facilities.

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

22 (1) how the funds provided under this section
23 will improve instruction at community colleges in the
24 State and will improve the ability of those colleges

1 to educate and train students to meet the workforce
2 needs of employers in the State;

3 (2) the projected start of each project and the
4 estimated number of persons to be employed in the
5 project; and

6 (3) the cost of each project and the total
7 amount of funds requested for each project and for
8 all projects.

9 (c) PROHIBITED USES OF FUNDS.—

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

12 (A) payment of routine maintenance costs;

13 (B) construction, modernization, renova-
14 tion, or repair of stadiums or other facilities
15 primarily used for athletic contests or exhibi-
16 tions or other events for which admission is
17 charged to the general public; or

18 (C) construction, modernization, renova-
19 tion, or repair of facilities—

20 (i) used for sectarian instruction, reli-
21 gious worship, or a school or department
22 of divinity; or

23 (ii) in which a substantial portion of
24 the functions of the facilities are subsumed
25 in a religious mission.

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

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

13 (1) the LEED Green Building Rating System;

14 (2) Energy Star;

15 (3) the CHPS Criteria, as applicable;

16 (4) Green Globes; or

17 (5) an equivalent program adopted by the State
18 or the State higher education agency that includes
19 a verifiable method to demonstrate compliance with
20 such program.

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

24 (f) REPORTS BY THE STATES.—Each State that re-
25 ceives a grant under this section shall, not later than Sep-

1 tember 30, 2016, and annually thereafter for each fiscal
2 year in which the State expends funds received under this
3 section, submit to the Secretary a report that includes—

4 (1) a description of the projects for which the
5 grant was, or will be, used;

6 (2) a description of the amount and nature of
7 the assistance provided to each community college
8 under this section; and

9 (3) the number of jobs created by the projects
10 funded under this section.

11 (g) REPORT BY THE SECRETARY.—The Secretary
12 shall submit to the authorizing committees (as defined in
13 section 103 of the Higher Education Act of 1965; 20
14 U.S.C. 1003) an annual report on the grants made under
15 this section, including the information described in sub-
16 section (f).

17 (h) AVAILABILITY OF FUNDS.—

18 (1) There are authorized to be appropriated,
19 and there are appropriated, to carry out this section
20 (in addition to any other amounts appropriated to
21 carry out this section and out of any money in the
22 Treasury not otherwise appropriated),
23 \$5,000,000,000 for fiscal year 2016.

24 (2) Funds appropriated under this subsection
25 shall be available for obligation by community col-

1 leges only during the period that ends 36 months
2 after the date of enactment of this Act.

3 **PART III—DEFINITIONS**

4 **SEC. 230. DEFINITIONS.**

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

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

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

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

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

22 (i) bachelor’s degrees (or an equiva-
23 lent); or

24 (ii) master’s, professional, or other
25 advanced degrees.

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

5 (3) ENERGY STAR.—The term “Energy Star”
6 means the Energy Star program of the United
7 States Department of Energy and the United States
8 Environmental Protection Agency.

9 (4) GREEN GLOBES.—The term “Green
10 Globes” means the Green Building Initiative envi-
11 ronmental design and rating system referred to as
12 Green Globes.

13 (5) LEED GREEN BUILDING RATING SYS-
14 TEM.—The term “LEED Green Building Rating
15 System” means the United States Green Building
16 Council Leadership in Energy and Environmental
17 Design green building rating standard referred to as
18 the LEED Green Building Rating System.

19 (6) MODERNIZATION, RENOVATION, AND RE-
20 PAIR.—The term “modernization, renovation, and
21 repair” means—

22 (A) comprehensive assessments of facili-
23 ties, including indoor air-quality assessments, to
24 identify—

1 (i) facility conditions or deficiencies
2 that could adversely affect student and
3 staff health, safety, performance, or pro-
4 ductivity or energy, water, or materials ef-
5 ficiency; and

6 (ii) needed facility improvements;

7 (B) repairing, replacing, or installing roofs
8 (which may be extensive, intensive, or semi-in-
9 tensive “green” roofs); electrical wiring; water
10 supply and plumbing systems, sewage systems,
11 storm water runoff systems, lighting systems
12 (or components of such systems); or building
13 envelope, windows, ceilings, flooring, or doors,
14 including security doors;

15 (C) repairing, replacing, or installing heat-
16 ing, ventilation, or air conditioning systems, or
17 components of those systems (including insula-
18 tion) to improve energy efficiency;

19 (D) compliance with fire, health, seismic,
20 and safety codes, including professional installa-
21 tion of fire and life safety alarms, and mod-
22 ernizations, renovations, and repairs that en-
23 sure that facilities are prepared for such emer-
24 gencies as acts of terrorism, campus violence,
25 and natural disasters, such as improving build-

1 ing infrastructure to accommodate security
2 measures and installing or upgrading tech-
3 nology to ensure that a school or incident is
4 able to respond to such emergencies;

5 (E) making modifications necessary to
6 make educational facilities accessible in compli-
7 ance with the Americans with Disabilities Act
8 of 1990 (42 U.S.C. 12101 et seq.) and section
9 504 of the Rehabilitation Act of 1973 (29
10 U.S.C. 794), except that such modifications
11 shall not be the primary use of a grant or
12 subgrant;

13 (F) abatement, removal, or interim con-
14 trols of asbestos, polychlorinated biphenyls,
15 mold, mildew, or lead-based hazards, including
16 lead-based paint hazards;

17 (G) retrofitting necessary to increase en-
18 ergy efficiency;

19 (H) measures, such as selection and sub-
20 stitution of products and materials, and imple-
21 mentation of improved maintenance and oper-
22 ational procedures, such as “green cleaning”
23 programs, to reduce or eliminate potential stu-
24 dent or staff exposure to—

25 (i) volatile organic compounds;

1 (ii) particles such as dust and pollens;

2 or

3 (iii) combustion gases;

4 (I) modernization, renovation, or repair
5 necessary to reduce the consumption of coal,
6 electricity, land, natural gas, oil, or water;

7 (J) installation or upgrading of educational
8 technology infrastructure;

9 (K) installation or upgrading of renewable
10 energy generation and heating systems, includ-
11 ing solar, photovoltaic, wind, biomass (including
12 wood pellet and woody biomass), waste-to-en-
13 ergy, solar-thermal, and geothermal systems,
14 and energy audits;

15 (L) modernization, renovation, or repair
16 activities related to energy efficiency and renew-
17 able energy, and improvements to building in-
18 frastructures to accommodate bicycle and pe-
19 destrian access;

20 (M) ground improvements, storm water
21 management, landscaping, and environmental
22 clean-up when necessary;

23 (N) other modernization, renovation, or re-
24 pair to—

1 (i) improve teachers' ability to teach
2 and students' ability to learn;

3 (ii) ensure the health and safety of
4 students and staff; or

5 (iii) improve classroom, laboratory,
6 and vocational facilities in order to en-
7 hance the quality of science, technology,
8 engineering, and mathematics instruction;
9 and

10 (O) required environmental remediation re-
11 lated to facilities modernization, renovation, or
12 repair activities described in subparagraphs (A)
13 through (N).

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

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

1 **Subtitle D—Immediate Transportation**
2 **Infrastructure Investments**
3 **ments**

4 **SEC. 241. IMMEDIATE TRANSPORTATION INFRASTRUCTURE**
5 **INVESTMENTS.**

6 (a) GRANTS-IN-AID FOR AIRPORTS.—

7 (1) IN GENERAL.—There is made available to
8 the Secretary of Transportation \$2,000,000,000 to
9 carry out airport improvement under subchapter I of
10 chapter 471 and subchapter I of chapter 475 of title
11 49, United States Code.

12 (2) FEDERAL SHARE; LIMITATION ON OBLIGA-
13 TIONS.—The Federal share payable of the costs for
14 which a grant is made under this subsection, shall
15 be 100 percent. The amount made available under
16 this subsection shall not be subject to any limitation
17 on obligations for the Grants-In-Aid for Airports
18 program set forth in any Act or in title 49, United
19 States Code.

20 (3) DISTRIBUTION OF FUNDS.—Funds provided
21 to the Secretary under this subsection shall not be
22 subject to apportionment formulas, special appor-
23 tionment categories, or minimum percentages under
24 chapter 471 of such title.

1 (4) AVAILABILITY.—The amounts made avail-
2 able under this subsection shall be available for obli-
3 gation until the date that is 2 years after the date
4 of the enactment of this Act. The Secretary shall ob-
5 ligate amounts totaling not less than 50 percent of
6 the funds made available not later than 1 year after
7 the date of enactment of this Act and obligate re-
8 maining amounts not later than 2 years after the
9 date of enactment.

10 (5) ADMINISTRATIVE EXPENSES.—Of the funds
11 made available under this subsection, 0.3 percent
12 shall be available to the Secretary for administrative
13 expenses, shall remain available for obligation until
14 September 30, 2016, and may be used in conjunc-
15 tion with funds otherwise provided for the adminis-
16 tration of the Grants-In-Aid for Airports program.

17 (b) NEXT GENERATION AIR TRAFFIC CONTROL AD-
18 VANCEMENTS.—

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

24 (2) AVAILABILITY.—The amounts made avail-
25 able under this subsection shall be available for obli-

1 gation until the date that is 2 years after the date
2 of the enactment of this Act.

3 (c) HIGHWAY INFRASTRUCTURE INVESTMENT.—

4 (1) IN GENERAL.—There is made available to
5 the Secretary of Transportation \$27,000,000,000
6 for restoration, repair, construction and other activi-
7 ties eligible under section 133(b) of title 23, United
8 States Code, and for passenger and freight rail
9 transportation and port infrastructure projects eligi-
10 ble for assistance defined under section
11 601(a)(12)(D) of title 23.

12 (2) FEDERAL SHARE; LIMITATION ON OBLIGA-
13 TIONS.—The Federal share payable on account of
14 any project or activity carried out with funds made
15 available under this subsection shall be, at the op-
16 tion of the recipient, up to 100 percent of the total
17 cost thereof. The amount made available under this
18 subsection shall not be subject to any limitation on
19 obligations for Federal-aid highways and highway
20 safety construction programs set forth in any Act or
21 in title 23, United States Code.

22 (3) AVAILABILITY.—The amounts made avail-
23 able under this subsection shall be available for obli-
24 gation until the date that is 2 years after the date
25 of the enactment of this Act. The Secretary shall ob-

1 ligate amounts totaling not less than 50 percent of
2 the funds made available under this subsection with-
3 in one year of enactment of this Act and obligate re-
4 maining amounts not later than 2 years after such
5 date of enactment.

6 (4) DISTRIBUTION OF FUNDS.—Of the funds
7 provided in this subsection, after making the set-
8 asides required by paragraphs (9), (10), (11), (12),
9 and (15), 50 percent of the funds shall be appor-
10 tioned to States using the formula set forth in sec-
11 tion 104(b)(3) of title 23, United States Code, and
12 the remaining funds shall be apportioned to States
13 in the same ratio as the obligation limitation for fis-
14 cal year 2010 was distributed among the States in
15 accordance with the formula specified in section
16 120(a)(6) of division A of Public Law 111–117.

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

20 (6) REDISTRIBUTION.—

21 (A) The Secretary shall, 180 days after the
22 date of apportionment, withdraw from each
23 State an amount equal to 50 percent of the
24 funds apportioned under paragraph (4) to that
25 State (excluding funds suballocated within the

1 State) less the amount of funding obligated (ex-
2 cluding funds suballocated within the State),
3 and the Secretary shall redistribute such
4 amounts to other States that have had no funds
5 withdrawn under this subparagraph in the man-
6 ner described in section 120(c) of division A of
7 Public Law 111–117.

8 (B) One year after the date of apportion-
9 ment, the Secretary shall withdraw from each
10 recipient of funds apportioned under paragraph
11 (4) any unobligated funds, and the Secretary
12 shall redistribute such amounts to States that
13 have had no funds withdrawn under this para-
14 graph (excluding funds suballocated within the
15 State) in the manner described in section
16 120(c) of division A of Public Law 111–117.

17 (C) At the request of a State, the Sec-
18 retary may provide an extension of the one-year
19 period only to the extent that the Secretary de-
20 termines that the State has encountered ex-
21 treme conditions that create an unworkable bid-
22 ding environment or other extenuating cir-
23 cumstances. Before granting an extension, the
24 Secretary shall notify in writing the Committee
25 on Transportation and Infrastructure of the

1 House of Representatives and the Committee
2 on Environment and Public Works of the Sen-
3 ate, providing a thorough justification for the
4 extension.

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

11 (8) SUBALLOCATION.—Thirty percent of the
12 funds apportioned to a State under this subsection
13 shall be suballocated within the State in the manner
14 and for the purposes described in the first sentence
15 of sections 133(d)(3)(A), 133(d)(3)(B), and
16 133(d)(3)(D) of title 23, United States Code. Such
17 suballocation shall be conducted in every State.
18 Funds suballocated within a State to urbanized
19 areas and other areas shall not be subject to the re-
20 distribution of amounts required 180 days after the
21 date of apportionment of funds provided by para-
22 graph (6)(A).

23 (9) PUERTO RICO AND TERRITORIAL HIGHWAY
24 PROGRAMS.—Of the funds provided under this sub-
25 section, \$105,000,000 shall be set aside for the

1 Puerto Rico highway program authorized under sec-
2 tion 165 of title 23, United States Code, and
3 \$45,000,000 shall be for the territorial highway pro-
4 gram authorized under section 165 of title 23,
5 United States Code.

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

11 (A) Of the funds set aside by this para-
12 graph, \$310,000,000 shall be for the Indian
13 Reservation Roads program, \$170,000,000
14 shall be for the Park Roads and Parkways pro-
15 gram, \$60,000,000 shall be for the Forest
16 Highway Program, and \$10,000,000 shall be
17 for the Refuge Roads program.

18 (B) For investments at Indian reservations
19 and Federal lands, priority shall be given to
20 capital investments, and to projects and activi-
21 ties that can be completed within 2 years of en-
22 actment of this Act.

23 (C) One year after the enactment of this
24 Act, to ensure the prompt use of the funding
25 provided for investments at Indian reservations

1 and Federal lands, the Secretary shall have the
2 authority to redistribute unobligated funds
3 within the respective program for which the
4 funds were appropriated.

5 (D) Up to four percent of the funding pro-
6 vided for Indian Reservation Roads may be
7 used by the Secretary of the Interior for pro-
8 gram management and oversight and project-re-
9 lated administrative expenses.

10 (11) JOB TRAINING.—Of the funds provided
11 under this subsection, \$50,000,000 shall be set aside
12 for the development and administration of transpor-
13 tation training programs under section 140(b) title
14 23, United States Code.

15 (A) Funds set aside under this subsection
16 shall be competitively awarded and used for the
17 purpose of providing training, apprenticeship
18 (including Registered Apprenticeship), skill de-
19 velopment, and skill improvement programs, as
20 well as summer transportation institutes and
21 may be transferred to, or administered in part-
22 nership with, the Secretary of Labor and shall
23 demonstrate to the Secretary of Transportation
24 program outcomes, including—

- 1 (i) impact on areas with transpor-
2 tation workforce shortages;
- 3 (ii) diversity of training participants;
- 4 (iii) number of participants obtaining
5 certifications or credentials required for
6 specific types of employment;
- 7 (iv) employment outcome metrics,
8 such as job placement and job retention
9 rates, established in consultation with the
10 Secretary of Labor and consistent with
11 metrics used by programs under the Work-
12 force Investment Act;
- 13 (v) to the extent practical, evidence
14 that the program did not preclude workers
15 that participate in training or apprentice-
16 ship activities under the program from
17 being referred to, or hired on, projects
18 funded under this chapter; and
- 19 (vi) identification of areas of collabo-
20 ration with the Department of Labor pro-
21 grams, including co-enrollment.
- 22 (B) To be eligible to receive a competitively
23 awarded grant under this subsection, a State
24 must certify that at least 0.1 percent of the
25 amounts apportioned under the Surface Trans-

1 portation Program and Bridge Program will be
2 obligated in the first fiscal year after the date
3 of enactment of this Act for job training activi-
4 ties consistent with section 140(b) of title 23,
5 United States Code.

6 (12) DISADVANTAGED BUSINESS ENTER-
7 PRISES.—Of the funds provided under this sub-
8 section, \$10,000,000 shall be set aside for training
9 programs and assistance programs under section
10 140(c) of title 23, United States Code. Funds set
11 aside under this paragraph should be allocated to
12 businesses that have proven success in adding staff
13 while effectively completing projects.

14 (13) STATE PLANNING AND OVERSIGHT EX-
15 PENSES.—Of amounts apportioned under paragraph
16 (4) of this subsection, a State may use up to 0.5
17 percent for activities related to projects funded
18 under this subsection, including activities eligible
19 under sections 134 and 135 of title 23, United
20 States Code, State administration of subgrants, and
21 State oversight of subrecipients.

22 (14) CONDITIONS.—

23 (A) Funds made available under this sub-
24 section shall be administered as if apportioned
25 under chapter 1 of title 23, United States Code,

1 except for funds made available for investments
2 in transportation at Indian reservations and
3 Federal lands, and for the territorial highway
4 program, which shall be administered in accord-
5 ance with chapter 2 of title 23, United States
6 Code, and except for funds made available for
7 disadvantaged business enterprises bonding as-
8 sistance, which shall be administered in accord-
9 ance with subpart A of part 26 of title 49, Code
10 of Federal Regulations.

11 (B) Funds made available under this sub-
12 section shall not be obligated for the purposes
13 authorized under section 115(b) of title 23,
14 United States Code.

15 (C) Funding provided under this sub-
16 section shall be in addition to any and all funds
17 provided for fiscal years 2014 and 2015 in any
18 other Act for “Federal-aid Highways” and shall
19 not affect the distribution of funds provided for
20 “Federal-aid Highways” in any other Act.

21 (D) Section 1101(b) of Public Law 109–59
22 shall apply to funds apportioned under this sub-
23 section.

24 (15) OVERSIGHT.—The Administrator of the
25 Federal Highway Administration may set aside up

1 to 0.15 percent of the funds provided under this
2 subsection to fund the oversight by the Adminis-
3 trator of projects and activities carried out with
4 funds made available to the Federal Highway Ad-
5 ministration in this Act, and such funds shall be
6 available through September 30, 2018.

7 (d) CAPITAL ASSISTANCE FOR HIGH-SPEED RAIL
8 CORRIDORS AND INTERCITY PASSENGER RAIL SERV-
9 ICE.—

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

1 amount shall remain available for obligation until
2 September 30, 2018.

3 (2) AVAILABILITY.—The amounts made avail-
4 able under this subsection shall be available for obli-
5 gation until the date that is 2 years after the date
6 of the enactment of this Act. The Secretary shall ob-
7 ligate amounts totaling not less than 50 percent of
8 the funds made available not later than 1 year of the
9 date of enactment of this Act and obligate remaining
10 amounts not later than 2 years after the date of
11 such enactment.

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

16 (4) INTERIM GUIDANCE.—The Secretary shall
17 issue interim guidance to applicants covering appli-
18 cation procedures and administer the grants pro-
19 vided under this subsection pursuant to that guid-
20 ance until final regulations are issued.

21 (5) INTERCITY PASSENGER RAIL CORRIDORS.—
22 Not less than 85 percent of the funds provided
23 under this subsection shall be for cooperative agree-
24 ments that lead to the development of entire seg-

1 ments or phases of intercity or high-speed rail cor-
2 ridors.

3 (6) CONDITIONS.—

4 (A) In addition to the provisions of title
5 49, United States Code, that apply to each of
6 the individual programs funded under this sub-
7 section, sections 24402(a)(2), 24402(i), and
8 24403 (a) and (c) of title 49, United States
9 Code, shall also apply to the provision of funds
10 provided under this subsection.

11 (B) A project need not be in a State rail
12 plan developed under chapter 227 of title 49,
13 United States Code, to be eligible for assistance
14 under this subsection.

15 (C) Recipients of grants under this para-
16 graph shall conduct all procurement trans-
17 actions using such grant funds in a manner
18 that provides full and open competition, as de-
19 termined by the Secretary, in compliance with
20 existing labor agreements.

21 (e) CAPITAL GRANTS TO THE NATIONAL RAILROAD
22 PASSENGER CORPORATION.—

23 (1) IN GENERAL.—There is made available
24 \$2,000,000,000 to enable the Secretary of Transpor-
25 tation to make capital grants to the National Rail-

1 road Passenger Corporation (Amtrak), as authorized
2 by section 101(c) of the Passenger Rail Investment
3 and Improvement Act of 2008 (Public Law 110–
4 432).

5 (2) AVAILABILITY.—The amounts made avail-
6 able under this subsection shall be available for obli-
7 gation until the date that is 2 years after the date
8 of the enactment of this Act. The Secretary shall ob-
9 ligate amounts totaling not less than 50 percent of
10 the funds made available not later than 1 year after
11 the date of enactment of this Act and obligate re-
12 maining amounts not later than 2 years after date
13 of such enactment.

14 (3) PROJECT PRIORITY.—The priority for the
15 use of funds shall be given to projects for the repair,
16 rehabilitation, or upgrade of railroad assets or infra-
17 structure, and for capital projects that expand pas-
18 senger rail capacity including the rehabilitation of
19 rolling stock.

20 (4) CONDITIONS.—

21 (A) None of the funds under this sub-
22 section shall be used to subsidize the operating
23 losses of Amtrak.

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

4 (C) The Secretary shall take measures to
5 ensure that projects funded under this sub-
6 section shall be completed within 2 years of
7 date of enactment of this Act, and shall serve
8 to supplement and not supplant planned ex-
9 penditures for such activities from other Fed-
10 eral, State, local and corporate sources. The
11 Secretary shall certify to the House and Senate
12 Committees on Appropriations in writing com-
13 pliance with the preceding sentence.

14 (5) OVERSIGHT.—The Administrator of the
15 Federal Railroad Administration may set aside 0.5
16 percent of the funds provided under this subsection
17 to fund the oversight by the Administrator of
18 projects and activities carried out with funds made
19 available in this subsection, and such funds shall be
20 available through September 30, 2018.

21 (f) TRANSIT CAPITAL ASSISTANCE.—

22 (1) IN GENERAL.—There is made available to
23 the Secretary of Transportation \$3,000,000,000 for
24 grants for transit capital assistance grants as de-
25 fined by section 5302(a)(1) of title 49, United

1 States Code. Notwithstanding any provision of chap-
2 ter 53 of title 49, a recipient of funding under this
3 subsection may use up to 10 percent of the amount
4 provided for the operating costs of equipment and
5 facilities for use in public transportation or for other
6 eligible activities.

7 (2) FEDERAL SHARE; LIMITATION ON OBLIGA-
8 TIONS.—The applicable requirements of chapter 53
9 of title 49, United States Code, shall apply to fund-
10 ing provided under this subsection, except that the
11 Federal share of the costs for which any grant is
12 made under this subsection shall be, at the option of
13 the recipient, up to 100 percent. The amount made
14 available under this subsection shall not be subject
15 to any limitation on obligations for transit programs
16 set forth in any Act or chapter 53 of title 49.

17 (3) AVAILABILITY.—The amounts made avail-
18 able under this subsection shall be available for obli-
19 gation until the date that is 2 years after the date
20 of the enactment of this Act. The Secretary shall ob-
21 ligate amounts totaling not less than 50 percent of
22 the funds made available within 1 year after the
23 date of enactment of this Act and obligate remaining
24 amounts not later than 2 years after date of such
25 enactment.

1 (4) DISTRIBUTION OF FUNDS.—The Secretary
2 of Transportation shall—

3 (A) provide 80 percent of the funds appro-
4 priated under this subsection for grants under
5 section 5307 of title 49, United States Code,
6 and apportion such funds in accordance with
7 section 5336 of such title;

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

11 (C) provide 10 percent of the funds appro-
12 priated under this subsection for grants under
13 section 5311 of title 49, United States Code,
14 and apportion such funds in accordance with
15 such section.

16 (5) APPORTIONMENT.—The funds apportioned
17 under this subsection shall be apportioned not later
18 than 21 days after the date of the enactment of this
19 Act.

20 (6) REDISTRIBUTION.—

21 (A) The Secretary shall, 180 days after the
22 date of apportionment, under this subsection,
23 withdraw from each urbanized area or State an
24 amount equal to 50 percent of the funds appor-
25 tioned to such urbanized areas or States less

1 the amount of funding obligated, and the Sec-
2 retary shall redistribute such amounts to other
3 urbanized areas or States that have had no
4 funds withdrawn under this proviso utilizing
5 whatever method the Secretary considers appro-
6 priate to ensure that all funds redistributed
7 under this proviso shall be utilized promptly.

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

18 (C) At the request of an urbanized area or
19 State, the Secretary of Transportation may pro-
20 vide an extension of such 1-year period if the
21 Secretary determines that the urbanized area or
22 State has encountered an unworkable bidding
23 environment or other extenuating cir-
24 cumstances. Before granting an extension, the
25 Secretary shall notify in writing the Committee

1 on Transportation and Infrastructure of the
2 House of Representatives and the Committee
3 on Banking, Housing, and Urban Affairs of the
4 Senate, providing a thorough justification for
5 the extension.

6 (7) CONDITIONS.—

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

10 (B) Section 1101(b) of Public Law 109–59
11 shall apply to funds appropriated under this
12 subsection.

13 (C) The funds appropriated under this
14 subsection shall not be commingled with any
15 prior year funds.

16 (8) OVERSIGHT.—Notwithstanding any other
17 provision of law, 0.3 percent of the funds provided
18 for grants under section 5307 and section 5340, and
19 0.3 percent of the funds provided for grants under
20 section 5311, shall be available for administrative
21 expenses and program management oversight, and
22 such funds shall be available through September 30,
23 2017.

24 (g) STATE OF GOOD REPAIR.—

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

6 (2) FEDERAL SHARE.—The applicable require-
7 ments of chapter 53 of title 49, United States Code,
8 shall apply, except that the Federal share of the
9 costs for which a grant is made under this sub-
10 section shall be, at the option of the recipient, up to
11 100 percent.

12 (3) AVAILABILITY.—The amounts made avail-
13 able under this subsection shall be available for obli-
14 gation until the date that is two years after the date
15 of the enactment of this Act. The Secretary shall ob-
16 ligate amounts totaling not less than 50 percent of
17 the funds made available within 1 year after the
18 date of enactment and obligate remaining amounts
19 not later than 2 years after the date of such enact-
20 ment.

21 (4) DISTRIBUTION OF FUNDS.—

22 (A) The Secretary of Transportation shall
23 apportion not less than 75 percent of the funds
24 under this subsection for the modernization of
25 fixed guideway systems, pursuant to the for-

1 mula set forth in section 5336(b) title 49,
2 United States Code, other than subsection
3 (b)(2)(A)(ii).

4 (B) Of the funds appropriated under this
5 subsection, not less than 25 percent shall be
6 available for the restoration or replacement of
7 existing public transportation assets related to
8 bus systems, pursuant to the formula set forth
9 in section 5336 other than subsection (b).

10 (5) APPORTIONMENT.—The funds made avail-
11 able under this subsection shall be apportioned not
12 later than 30 days after the date of the enactment
13 of this Act.

14 (6) REDISTRIBUTION.—

15 (A) The Secretary shall, 180 days after the
16 date of apportionment, withdraw from each ur-
17 banized area an amount equal to 50 percent of
18 the funds apportioned to such urbanized area
19 less the amount of funding obligated, and the
20 Secretary shall redistribute such amounts to
21 other urbanized areas that have had no funds
22 withdrawn under this paragraph utilizing what-
23 ever method the Secretary considers appro-
24 priate to ensure that all funds redistributed
25 under this paragraph shall be utilized promptly.

1 (B) One year after the date of the appor-
2 tionment, the Secretary shall withdraw from
3 each urbanized area any unobligated funds, and
4 the Secretary shall redistribute such amounts to
5 other urbanized areas that have had no funds
6 withdrawn under this paragraph, utilizing what-
7 ever method the Secretary considers appro-
8 priate to ensure that all funds redistributed
9 under this paragraph shall be utilized promptly.

10 (C) At the request of an urbanized area,
11 the Secretary may provide an extension of the
12 1-year period if the Secretary finds that the ur-
13 banized area has encountered an unworkable
14 bidding environment or other extenuating cir-
15 cumstances. Before granting an extension, the
16 Secretary shall notify the Committee on Trans-
17 portation and Infrastructure of the House of
18 Representatives and the Committee on Bank-
19 ing, Housing, and Urban Affairs of the Senate,
20 providing a thorough justification for the exten-
21 sion.

22 (7) CONDITIONS.—

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

1 (B) The funds appropriated under this
2 subsection shall not be commingled with any
3 prior year funds.

4 (8) OVERSIGHT.—Notwithstanding any other
5 provision of law, 0.3 percent of the funds under this
6 subsection shall be available for administrative ex-
7 penses and program management oversight and shall
8 remain available for obligation until September 30,
9 2016.

10 (h) TRANSPORTATION INFRASTRUCTURE GRANTS
11 AND FINANCING.—

12 (1) IN GENERAL.—There is made available to
13 the Secretary of Transportation \$5,000,000,000 for
14 capital investments in surface transportation infra-
15 structure. The Secretary shall distribute funds pro-
16 vided under this subsection as discretionary grants
17 to be awarded to State and local governments or
18 transit agencies on a competitive basis for projects
19 that will have a significant impact on the Nation, a
20 metropolitan area, or a region.

21 (2) FEDERAL SHARE; LIMITATION ON OBLIGA-
22 TIONS.—The Federal share payable of the costs for
23 which a grant that is made under this subsection,
24 shall be 100 percent.

1 (3) AVAILABILITY.—The amounts made avail-
2 able under this subsection shall be available for obli-
3 gation until the date that is 2 years after the date
4 of the enactment of this Act. The Secretary shall ob-
5 ligate amounts totaling not less than 50 percent of
6 the funds made available not later than 1 year after
7 the date of enactment and obligate remaining
8 amounts not later than 2 years after such enact-
9 ment.

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

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

19 (B) public transportation projects eligible
20 under chapter 53 of title 49, United States
21 Code, including investments in projects partici-
22 pating in the New Starts or Small Starts pro-
23 grams that will expedite the completion of those
24 projects and their entry into revenue service;

1 (C) passenger and freight rail transpor-
2 tation projects; and

3 (D) port infrastructure investments, in-
4 cluding projects that connect ports to other
5 modes of transportation and improve the effi-
6 ciency of freight movement.

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

15 (6) PROJECT PRIORITY.—The Secretary shall
16 give priority to projects that are expected to be com-
17 pleted within 3 years of the date of the enactment
18 of this Act.

19 (7) DEADLINE FOR ISSUANCE OF COMPETITION
20 CRITERIA.—The Secretary shall publish criteria on
21 which to base the competition for any grants award-
22 ed under this subsection not later than 90 days after
23 the date of enactment of this Act. The Secretary
24 shall require applications for funding provided under
25 this subsection to be submitted not later than 180

1 days after the publication of the criteria, and an-
2 nounce all projects selected to be funded from such
3 funds not later than 1 year after the date of the en-
4 actment of the Act.

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

10 (9) ADMINISTRATIVE EXPENSES.—The Sec-
11 retary may retain up to one half of one percent of
12 the funds provided under this subsection, and may
13 transfer portions of those funds to the Administra-
14 tors of the Federal Highway Administration, the
15 Federal Transit Administration, the Federal Rail-
16 road Administration and the Maritime Administra-
17 tion, to fund the award and oversight of grants
18 made under this subsection. Funds retained shall re-
19 main available for obligation until September 30,
20 2017.

21 (i) LOCAL HIRING.—

22 (1) IN GENERAL.—In the case of the funding
23 made available under subsections (a) through (h) of
24 this section, the Secretary of Transportation may es-
25 tablish standards under which a contract for con-

1 construction may be advertised that contains require-
2 ments for the employment of individuals residing in
3 or adjacent to any of the areas in which the work
4 is to be performed to perform construction work re-
5 quired under the contract, provided that—

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

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

18 (C) the recipient may not require the hir-
19 ing of individuals who do not have the nec-
20 essary skills to perform work in any craft or
21 trade; provided that the recipient may require
22 the hiring of such individuals if the recipient es-
23 tablishes reasonable provisions to train such in-
24 dividuals to perform any such work under the
25 contract effectively.

1 (2) PROJECT STANDARDS.—Any standards es-
2 tablished by the Secretary under this section shall
3 ensure that any requirements specified under sub-
4 section (c)(1)—

5 (A) do not compromise the quality of the
6 project;

7 (B) are reasonable in scope and applica-
8 tion;

9 (C) do not unreasonably delay the comple-
10 tion of the project; and

11 (D) do not unreasonably increase the cost
12 of the project.

13 (E) AVAILABLE PROGRAMS.—The Sec-
14 retary shall assist recipients who wish to estab-
15 lish training programs that satisfy the provi-
16 sions of subsection (c)(11) by making available
17 its qualifying workforce and training develop-
18 ment programs.

19 (3) IMPLEMENTING REGULATIONS.—The Sec-
20 retary shall promulgate final regulations to imple-
21 ment the authority of this subsection.

22 (j) ADMINISTRATIVE PROVISIONS.—

23 (1) APPLICABILITY OF TITLE 40.—Each project
24 conducted using funds provided under this subtitle

1 shall comply with the requirements of subchapter IV
2 of chapter 31 of title 40, United States Code.

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

7 **Subtitle E—Building and Upgrad-**
8 **ing Infrastructure for Long-**
9 **Term Development**

10 **SEC. 242. SHORT TITLE.**

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

13 **SEC. 243. FINDINGS AND PURPOSE.**

14 (a) FINDINGS.—Congress finds that—

15 (1) infrastructure has always been a vital ele-
16 ment of the economic strength of the United States
17 and a key indicator of the international leadership of
18 the United States;

19 (2) the Erie Canal, the Hoover Dam, the rail-
20 roads, and the interstate highway system are all tes-
21 taments to American ingenuity and have helped pro-
22 pel and maintain the United States as the world’s
23 largest economy;

24 (3) according to the World Economic Forum’s
25 Global Competitiveness Report, the United States

1 fell to second place in 2009, and dropped to fourth
2 place overall in 2010, however, in the “Quality of
3 overall infrastructure” category of the same report,
4 the United States ranked twenty-third in the world;

5 (4) according to the World Bank’s 2010 Logis-
6 tic Performance Index, the capacity of countries to
7 efficiently move goods and connect manufacturers
8 and consumers with international markets is improv-
9 ing around the world, and the United States now
10 ranks seventh in the world in logistics-related infra-
11 structure behind countries from both Europe and
12 Asia;

13 (5) according to a January 2009 report from
14 the University of Massachusetts/Alliance for Amer-
15 ican Manufacturing entitled “Employment, Produc-
16 tivity and Growth,” infrastructure investment is a
17 “highly effective engine of job creation”;

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

24 (7) according to the National Surface Trans-
25 portation Policy and Revenue Study Commission,

1 \$225,000,000,000 is needed annually from all
2 sources for the next 50 years to upgrade the United
3 States surface transportation system to a state of
4 good repair and create a more advanced system;

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

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

14 (10) current funding mechanisms are not read-
15 ily scalable and do not—

16 (A) serve large in-State or cross jurisdic-
17 tion infrastructure projects, projects of regional
18 or national significance, or projects that cross
19 sector silos;

20 (B) sufficiently catalyze private sector in-
21 vestment; or

22 (C) ensure the optimal return on public re-
23 sources;

24 (11) although grant programs of the United
25 States Government must continue to play a central

1 role in financing the transportation, environment,
2 and energy infrastructure needs of the United
3 States, current and foreseeable demands on existing
4 Federal, State, and local funding for infrastructure
5 expansion clearly exceed the resources to support
6 these programs by margins wide enough to prompt
7 serious concerns about the United States ability to
8 sustain long-term economic development, produc-
9 tivity, and international competitiveness;

10 (12) the capital markets, including pension
11 funds, private equity funds, mutual funds, sovereign
12 wealth funds, and other investors, have a growing
13 interest in infrastructure investment and represent
14 hundreds of billions of dollars of potential invest-
15 ment; and

16 (13) the establishment of a United States Gov-
17 ernment-owned, independent, professionally managed
18 institution that could provide credit support to quali-
19 fied infrastructure projects of regional and national
20 significance, making transparent merit-based invest-
21 ment decisions based on the commercial viability of
22 infrastructure projects, would catalyze the participa-
23 tion of significant private investment capital.

24 (b) PURPOSE.—The purpose of this Act is to facili-
25 tate investment in, and long-term financing of, economi-

1 cally viable infrastructure projects of regional or national
2 significance in a manner that both complements existing
3 Federal, State, local, and private funding sources for these
4 projects and introduces a merit-based system for financing
5 such projects, in order to mobilize significant private sec-
6 tor investment, create jobs, and ensure United States com-
7 petitiveness through an institution that limits the need for
8 ongoing Federal funding.

9 **SEC. 244. DEFINITIONS.**

10 For purposes of this Act, the following definitions
11 shall apply:

12 (1) AIFA.—The term “AIFA” means the
13 American Infrastructure Financing Authority estab-
14 lished under this Act.

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

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

22 (4) CHAIRPERSON.—The term “Chairperson”
23 means the Chairperson of the Board of Directors of
24 AIFA.

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

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

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

10 (8) ELIGIBLE ENTITY.—The term “eligible enti-
11 ty” means an individual, corporation, partnership
12 (including a public-private partnership), joint ven-
13 ture, trust, State, or other non-Federal govern-
14 mental entity, including a political subdivision or any
15 other instrumentality of a State, or a revolving fund.

16 (9) INFRASTRUCTURE PROJECT.—

17 (A) IN GENERAL.—The term “eligible in-
18 frastructure project” means any non-Federal
19 transportation, water, or energy infrastructure
20 project, or an aggregation of such infrastruc-
21 ture projects, as provided in this Act.

22 (B) TRANSPORTATION INFRASTRUCTURE
23 PROJECT.—The term “transportation infra-
24 structure project” means the construction, al-

1 teration, or repair, including the facilitation of
2 intermodal transit, of the following subsectors:

3 (i) Highway or road.

4 (ii) Bridge.

5 (iii) Mass transit.

6 (iv) Inland waterways.

7 (v) Commercial ports.

8 (vi) Airports.

9 (vii) Air traffic control systems.

10 (viii) Passenger rail, including high-
11 speed rail.

12 (ix) Freight rail systems.

13 (C) WATER INFRASTRUCTURE PROJECT.—

14 The term “water infrastructure project” means
15 the construction, consolidation, alteration, or
16 repair of the following subsectors:

17 (i) Waterwaste treatment facility.

18 (ii) Storm water management system.

19 (iii) Dam.

20 (iv) Solid waste disposal facility.

21 (v) Drinking water treatment facility.

22 (vi) Levee.

23 (vii) Open space management system.

24 (D) ENERGY INFRASTRUCTURE

25 PROJECT.—The term “energy infrastructure

1 project” means the construction, alteration, or
2 repair of the following subsectors:

3 (i) Pollution reduced energy genera-
4 tion.

5 (ii) Transmission and distribution.

6 (iii) Storage.

7 (iv) Energy efficiency enhancements
8 for buildings, including public and com-
9 mercial buildings.

10 (E) BOARD AUTHORITY TO MODIFY SUB-
11 SECTORS.—The Board of Directors may make
12 modifications, at the discretion of the Board, to
13 the subsectors described in this paragraph by a
14 vote of not fewer than 5 of the voting members
15 of the Board of Directors.

16 (10) INVESTMENT PROSPECTUS.—

17 (A) The term “investment prospectus”
18 means the processes and publications described
19 below that will guide the priorities and strategic
20 focus for AIFA’s investments. The investment
21 prospectus shall follow rulemaking procedures
22 under section 553 of title 5, United States
23 Code.

24 (B) AIFA shall publish a detailed descrip-
25 tion of its strategy in an investment prospectus

1 within one year of the enactment of this sub-
2 chapter. The investment prospectus shall—

3 (i) specify what AIFA shall consider
4 significant to the economic competitiveness
5 of the United States or a region thereof in
6 a manner consistent with the primary ob-
7 jective;

8 (ii) specify the priorities and strategic
9 focus of AIFA in forwarding its strategic
10 objectives and carrying out AIFA strategy;

11 (iii) specify the priorities and strategic
12 focus of AIFA in promoting greater effi-
13 ciency in the movement of freight;

14 (iv) specify the priorities and strategic
15 focus of AIFA in promoting the use of in-
16 novation and best practices in the plan-
17 ning, design, development and delivery of
18 projects;

19 (v) describe in detail the framework
20 and methodology for calculating applica-
21 tion qualification scores and associated
22 ranges as specified in this subchapter,
23 along with the data to be requested from
24 applicants and the mechanics of calcula-

1 tions to be applied to that data to deter-
2 mine qualification scores and ranges;

3 (vi) describe how selection criteria will
4 be applied by the Chief Executive Officer
5 in determining the competitiveness of an
6 application and its qualification score and
7 range relative to other current applications
8 and previously funded applications; and

9 (vii) describe how the qualification
10 score and range methodology and project
11 selection framework are consistent with
12 maximizing AIFA goals in both urban and
13 rural areas.

14 (C) The investment prospectus and any
15 subsequent updates thereto shall be approved
16 by a majority vote of the Board of Directors
17 prior to publication.

18 (D) AIFA shall update the investment pro-
19 spectus on every biennial anniversary of its
20 original publication.

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

1 (12) LOAN GUARANTEE.—The term “loan guar-
2 antee” has the same meaning as in section 502 of
3 the Federal Credit Reform Act of 1990 (2 U.S.C.
4 661a).

5 (13) PUBLIC-PRIVATE PARTNERSHIP.—The
6 term “public-private partnership” means any eligible
7 entity—

8 (A)(i) which is undertaking the develop-
9 ment of all or part of an infrastructure project
10 that will have a public benefit, pursuant to re-
11 quirements established in one or more contracts
12 between the entity and a State or an instru-
13 mentality of a State; or

14 (ii) the activities of which, with respect to
15 such an infrastructure project, are subject to
16 regulation by a State or any instrumentality of
17 a State;

18 (B) which owns, leases, or operates or will
19 own, lease, or operate, the project in whole or
20 in part; and

21 (C) the participants in which include not
22 fewer than 1 nongovernmental entity with sig-
23 nificant investment and some control over the
24 project or project vehicle.

1 (14) RURAL INFRASTRUCTURE PROJECT.—The
2 term “rural infrastructure project” means an infra-
3 structure project in a rural area, as that term is de-
4 fined in section 343(a)(13)(A) of the Consolidated
5 Farm and Rural Development Act (7 U.S.C.
6 1991(a)(13)(A)).

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

10 (16) SENIOR MANAGEMENT.—The term “senior
11 management” means the chief financial officer, chief
12 risk officer, chief compliance officer, general counsel,
13 chief lending officer, and chief operations officer of
14 AIFA established under section 249, and such other
15 officers as the Board of Directors may, by majority
16 vote, add to senior management.

17 (17) STATE.—The term “State” includes the
18 District of Columbia, Puerto Rico, Guam, American
19 Samoa, the Virgin Islands, the Commonwealth of
20 the Northern Mariana Islands, and any other terri-
21 tory of the United States.

1 **PART I—AMERICAN INFRASTRUCTURE**

2 **FINANCING AUTHORITY**

3 **SEC. 245. ESTABLISHMENT AND GENERAL AUTHORITY OF**

4 **AIFA.**

5 (a) **ESTABLISHMENT OF AIFA.**—The American In-
6 frastructure Financing Authority is established as a whol-
7 ly owned Government corporation.

8 (b) **GENERAL AUTHORITY OF AIFA.**—AIFA shall
9 provide direct loans and loan guarantees to facilitate infra-
10 structure projects that are both economically viable and
11 of regional or national significance, and shall have such
12 other authority, as provided in this Act.

13 (c) **INCORPORATION.**—

14 (1) **IN GENERAL.**—The Board of Directors first
15 appointed shall be deemed the incorporator of AIFA,
16 and the incorporation shall be held to have been ef-
17 fected from the date of the first meeting of the
18 Board of Directors.

19 (2) **CORPORATE OFFICE.**—AIFA shall—

20 (A) maintain an office in Washington, DC;
21 and

22 (B) for purposes of venue in civil actions,
23 be considered to be a resident of Washington,
24 DC.

25 (d) **RESPONSIBILITY OF THE SECRETARY.**—The Sec-
26 retary shall take such action as may be necessary to assist

1 in implementing AIFA, and in carrying out the purpose
2 of this Act.

3 (e) **RULE OF CONSTRUCTION.**—Chapter 91 of title
4 31, United States Code, does not apply to AIFA, unless
5 otherwise specifically provided in this Act.

6 **SEC. 246. VOTING MEMBERS OF THE BOARD OF DIREC-**
7 **TORS.**

8 (a) **VOTING MEMBERSHIP OF THE BOARD OF DIREC-**
9 **TORS.**—

10 (1) **IN GENERAL.**—AIFA shall have a Board of
11 Directors consisting of 7 voting members appointed
12 by the President, by and with the advice and consent
13 of the Senate, not more than 4 of whom shall be
14 from the same political party.

15 (2) **CHAIRPERSON.**—One of the voting members
16 of the Board of Directors shall be designated by the
17 President to serve as Chairperson thereof.

18 (3) **CONGRESSIONAL RECOMMENDATIONS.**—Not
19 later than 30 days after the date of enactment of
20 this Act, the majority leader of the Senate, the mi-
21 nority leader of the Senate, the Speaker of the
22 House of Representatives, and the minority leader of
23 the House of Representatives shall each submit a
24 recommendation to the President for appointment of

1 a member of the Board of Directors, after consulta-
2 tion with the appropriate committees of Congress.

3 (b) VOTING RIGHTS.—Each voting member of the
4 Board of Directors shall have an equal vote in all decisions
5 of the Board of Directors.

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

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

9 (2) have significant demonstrated expertise in—

10 (A) the management and administration of
11 a financial institution relevant to the operation
12 of AIFA; or a public financial agency or author-
13 ity;

14 (B) the financing, development, or oper-
15 ation of infrastructure projects; or

16 (C) analyzing the economic benefits of in-
17 frastructure investment.

18 (d) TERMS.—

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

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

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

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

6 (3) DATE OF INITIAL NOMINATIONS.—The ini-
7 tial nominations for the appointment of all voting
8 members of the Board of Directors shall be made
9 not later than 60 days after the date of enactment
10 of this Act.

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

19 (5) VACANCIES.—A vacancy in the position of
20 a voting member of the Board of Directors shall be
21 filled by the President, and a member appointed to
22 fill a vacancy on the Board of Directors occurring
23 before the expiration of the term for which the pred-
24 ecessor was appointed shall be appointed only for
25 the remainder of that term.

1 (e) MEETINGS.—

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

5 (A) open to the public; and

6 (B) preceded by reasonable public notice.

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

13 (3) EXCEPTION FOR CLOSED MEETINGS.—The
14 voting members of the Board of Directors may, by
15 majority vote, close a meeting to the public if, dur-
16 ing the meeting to be closed, there is likely to be dis-
17 closed proprietary or sensitive information regarding
18 an infrastructure project under consideration for as-
19 sistance under this Act. The Board of Directors
20 shall prepare minutes of any meeting that is closed
21 to the public, and shall make such minutes available
22 as soon as practicable, not later than 1 year after
23 the date of the closed meeting, with any necessary
24 redactions to protect any proprietary or sensitive in-
25 formation.

1 (4) QUORUM.—For purposes of meetings of the
2 Board of Directors, 5 voting members of the Board
3 of Directors shall constitute a quorum.

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

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

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

19 (a) IN GENERAL.—The chief executive officer of
20 AIFA shall be a nonvoting member of the Board of Direc-
21 tors, who shall be responsible for all activities of AIFA,
22 and shall support the Board of Directors as set forth in
23 this Act and as the Board of Directors deems necessary
24 or appropriate.

1 (b) APPOINTMENT AND TENURE OF THE CHIEF EX-
2 ECUTIVE OFFICER.—

3 (1) IN GENERAL.—The President shall appoint
4 the chief executive officer, by and with the advice
5 and consent of the Senate.

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

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

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

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

21 (2) may not—

22 (A) hold any other public office;

23 (B) have any financial interest in an infra-
24 structure project then being considered by the

1 Board of Directors, unless that interest is
2 placed in a blind trust; or

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

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

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

16 (A) the development and submission to the
17 Board of Directors of the investment pro-
18 spectus, the annual business plans and budget;

19 (B) the development and submission to the
20 Board of Directors of a long-term strategic
21 plan; and

22 (C) the development, revision, and submis-
23 sion to the Board of Directors of internal poli-
24 cies; and

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

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

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

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

23 (D) ensuring, in conjunction with the gen-
24 eral counsel of AIFA, that all activities of

1 AIFA are carried out in compliance with appli-
2 cable law;

3 (E) overseeing the involvement of AIFA in
4 all projects, including—

5 (i) developing eligible projects for
6 AIFA financial assistance;

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

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

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

18 (v) ensuring the implementation of de-
19 cisions of the Board of Directors; and

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

22 (e) COMPENSATION.—

23 (1) IN GENERAL.—Any compensation assess-
24 ment or recommendation by the chief executive offi-
25 cer under this section shall be without regard to the

1 provisions of chapter 51 or subchapter III of chapter
2 53 of title 5, United States Code.

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

10 **SEC. 248. POWERS AND DUTIES OF THE BOARD OF DIREC-**
11 **TORS.**

12 The Board of Directors shall—

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

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

19 (A) develop and approve the bylaws of
20 AIFA, including bylaws for the regulation of
21 the affairs and conduct of the business of
22 AIFA, consistent with the purpose, goals, objec-
23 tives, and policies set forth in this Act;

24 (B) establish subcommittees, including an
25 audit committee that is composed solely of

1 members of the Board of Directors who are
2 independent of the senior management of
3 AIFA;

4 (C) develop and approve, in consultation
5 with senior management, a conflict-of-interest
6 policy for the Board of Directors and for senior
7 management;

8 (D) approve or disapprove internal policies
9 that the chief executive officer shall submit to
10 the Board of Directors, including—

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

13 (I) disclosure and application
14 procedures to be followed by entities
15 in the course of nominating infra-
16 structure projects for assistance under
17 this Act;

18 (II) guidelines for the selection
19 and approval of projects;

20 (III) specific criteria for deter-
21 mining eligibility for project selection,
22 consistent with title II; and

23 (IV) standardized terms and con-
24 ditions, fee schedules, or legal require-

1 ments of a contract or program, so as
2 to carry out this Act; and

3 (ii) operational guidelines; and

4 (E) approve or disapprove a multi-year or
5 1-year business plan and budget for AIFA;

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

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

10 (B) periodically reviewing internal policies;

11 (C) reviewing and approving annual busi-
12 ness plans, annual budgets, and long-term
13 strategies submitted by the chief executive offi-
14 cer;

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

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

19 (F) reviewing and approving all changes to
20 the organization of senior management;

21 (4) appoint and fix, by a vote of 5 of the 7 vot-
22 ing members of the Board of Directors, and without
23 regard to the provisions of chapter 51 or subchapter
24 III of chapter 53 of title 5, United States Code, the
25 compensation and adjustments to compensation of

1 all AIFA personnel, and where, in appointing and
2 fixing any compensation or adjustments to com-
3 pensation under this paragraph, the Board shall—

4 (A) consult with, and seek to maintain
5 comparability with, other comparable Federal
6 personnel;

7 (B) consult with the Office of Personnel
8 Management; and

9 (C) carry out such duties consistent with
10 merit principles, where applicable, as well as the
11 education, experience, level of responsibility, ge-
12 ographic differences, and retention and recruit-
13 ment needs in determining compensation of per-
14 sonnel;

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

18 (6) serve as the primary liaison for AIFA in
19 interactions with Congress, the executive branch,
20 and State and local governments, and to represent
21 the interests of AIFA in such interactions and oth-
22 ers;

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

1 (8) have the authority and responsibility—

2 (A) to oversee entering into and carry out
3 such contracts, leases, cooperative agreements,
4 or other transactions as are necessary to carry
5 out this Act with—

6 (i) any Federal department or agency;

7 (ii) any State, territory, or possession

8 (or any political subdivision thereof, includ-
9 ing State infrastructure banks) of the
10 United States; and

11 (iii) any individual, public-private
12 partnership, firm, association, or corpora-
13 tion;

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

21 (C) to determine the character of, and the
22 necessity for, the obligations and expenditures
23 of AIFA, and the manner in which the obliga-
24 tions and expenditures will be incurred, allowed,
25 and paid, subject to this Act and other Federal

1 law specifically applicable to wholly owned Fed-
2 eral corporations;

3 (D) to execute, in accordance with applica-
4 ble bylaws and regulations, appropriate instru-
5 ments;

6 (E) to approve other forms of credit en-
7 hancement that AIFA may provide to eligible
8 projects, as long as the forms of credit enhance-
9 ments are consistent with the purposes of this
10 Act and terms set forth in title II;

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

14 (G) to sue or be sued in the corporate ca-
15 pacity of AIFA in any court of competent juris-
16 diction;

17 (H) to indemnify the members of the
18 Board of Directors and officers of AIFA for
19 any liabilities arising out of the actions of the
20 members and officers in such capacity, in ac-
21 cordance with, and subject to the limitations
22 contained in this Act;

23 (I) to review all financial assistance pack-
24 ages to all eligible infrastructure projects, as
25 submitted by the chief executive officer and to

1 approve, postpone, or deny the same by major-
2 ity vote;

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

10 (K) to enter into binding commitments, as
11 specified in approved financial assistance pack-
12 ages;

13 (9) delegate to the chief executive officer those
14 duties that the Board of Directors deems appro-
15 priate, to better carry out the powers and purposes
16 of the Board of Directors under this section; and

17 (10) to approve a maximum aggregate amount
18 of outstanding obligations of AIFA at any given
19 time, taking into consideration funding, and the size
20 of AIFA's addressable market for infrastructure
21 projects.

22 **SEC. 249. SENIOR MANAGEMENT.**

23 (a) IN GENERAL.—Senior management shall support
24 the chief executive officer in the discharge of the respon-
25 sibilities of the chief executive officer.

1 (b) APPOINTMENT OF SENIOR MANAGEMENT.—The
2 chief executive officer shall appoint such senior managers
3 as are necessary to carry out the purpose of AIFA, as
4 approved by a majority vote of the voting members of the
5 Board of Directors.

6 (c) TERM.—Each member of senior management
7 shall serve at the pleasure of the chief executive officer
8 and the Board of Directors.

9 (d) REMOVAL OF SENIOR MANAGEMENT.—Any mem-
10 ber of senior management may be removed, either by a
11 majority of the voting members of the Board of Directors
12 upon request by the chief executive officer, or otherwise
13 by vote of not fewer than 5 voting members of the Board
14 of Directors.

15 (e) SENIOR MANAGEMENT.—

16 (1) IN GENERAL.—Each member of senior
17 management shall report directly to the chief execu-
18 tive officer, other than the Chief Risk Officer, who
19 shall report directly to the Board of Directors.

20 (2) DUTIES AND RESPONSIBILITIES.—

21 (A) CHIEF FINANCIAL OFFICER.—The
22 Chief Financial Officer shall be responsible for
23 all financial functions of AIFA. At the discre-
24 tion of the Board of Directors, specific func-

1 tions of the Chief Financial Officer may be del-
2 egated externally.

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

6 (i) the creation of financial, credit,
7 and operational risk management guide-
8 lines and policies;

9 (ii) credit analysis for infrastructure
10 projects;

11 (iii) the creation of conforming stand-
12 ards for infrastructure finance agreements;

13 (iv) the monitoring of the financial,
14 credit, and operational exposure of AIFA;
15 and

16 (v) risk management and mitigation
17 actions, including by reporting such ac-
18 tions, or recommendations of such actions
19 to be taken, directly to the Board of Direc-
20 tors.

21 (C) CHIEF COMPLIANCE OFFICER.—The
22 Chief Compliance Officer shall be responsible
23 for all functions of AIFA relating to internal
24 audits, accounting safeguards, and the enforce-

1 ment of such safeguards and other applicable
2 requirements.

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

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

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

18 (i) all functions of AIFA relating to
19 the development of project pipeline, finan-
20 cial structuring of projects, selection of in-
21 frastructure projects to be reviewed by the
22 Board of Directors, preparation of infra-
23 structure projects to be presented to the
24 Board of Directors, and set aside for rural
25 infrastructure projects;

1 (ii) the creation and management of—

2 (I) a Center for Excellence to
3 provide technical assistance to public
4 sector borrowers in the development
5 and financing of infrastructure
6 projects; and

7 (II) an Office of Rural Assistance
8 to provide technical assistance in the
9 development and financing of rural in-
10 frastructure projects; and

11 (iii) the establishment of guidelines to
12 ensure diversification of lending activities
13 by region, infrastructure project type, and
14 project size.

15 (f) CHANGES TO SENIOR MANAGEMENT.—The Board
16 of Directors, in consultation with the chief executive offi-
17 cer, may alter the structure of the senior management of
18 AIFA at any time to better accomplish the goals, objec-
19 tives, and purposes of AIFA, except that the functions of
20 the Chief Financial Officer set forth in subsection (e) shall
21 remain separate from the functions of the Chief Risk Offi-
22 cer set forth in subsection (e).

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

25 (1) hold any other public office;

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

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

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

14 (a) IN GENERAL.—During the first 5 operating years
15 of AIFA, the Office of the Inspector General of the De-
16 partment of the Treasury shall have responsibility for
17 AIFA.

18 (b) OFFICE OF THE SPECIAL INSPECTOR GEN-
19 ERAL.—Effective 5 years after the date of enactment of
20 the commencement of the operations of AIFA, there is es-
21 tablished the Office of the Special Inspector General for
22 AIFA.

23 (c) APPOINTMENT OF INSPECTOR GENERAL; RE-
24 MOVAL.—

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

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

13 (3) TIMING OF NOMINATION.—The nomination
14 of an individual as Special Inspector General shall
15 be made as soon as is practicable after the effective
16 date under subsection (b).

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

21 (5) RULE OF CONSTRUCTION.—For purposes of
22 section 7324 of title 5, United States Code, the Spe-
23 cial Inspector General shall not be considered an em-
24 ployee who determines policies to be pursued by the

1 United States in the nationwide administration of
2 Federal law.

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

8 (d) DUTIES.—

9 (1) IN GENERAL.—It shall be the duty of the
10 Special Inspector General to conduct, supervise, and
11 coordinate audits and investigations of the business
12 activities of AIFA.

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

19 (3) ADDITIONAL DUTIES.—In addition to the
20 duties specified in paragraphs (1) and (2), the In-
21 spector General shall also have the duties and re-
22 sponsibilities of inspectors general under the Inspec-
23 tor General Act of 1978.

24 (e) POWERS AND AUTHORITIES.—

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

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

9 (f) PERSONNEL, FACILITIES, AND OTHER RE-
10 SOURCES.—

11 (1) ADDITIONAL OFFICERS.—

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

22 (B) The Special Inspector General may ex-
23 ercise the authorities of subsections (b) through
24 (i) of section 3161 of title 5, United States

1 Code (without regard to subsection (a) of that
2 section).

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

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

17 (4) REQUEST FOR INFORMATION.—

18 (A) IN GENERAL.—Upon request of the
19 Special Inspector General for information or as-
20 sistance from any department, agency, or other
21 entity of the Federal Government, the head of
22 such entity shall, insofar as is practicable and
23 not in contravention of any existing law, furnish
24 such information or assistance to the Special
25 Inspector General, or an authorized designee.

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

8 (g) REPORTS.—

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

16 (2) PUBLIC DISCLOSURES.—Nothing in this
17 subsection shall be construed to authorize the public
18 disclosure of information that is—

19 (A) specifically prohibited from disclosure
20 by any other provision of law;

21 (B) specifically required by Executive order
22 to be protected from disclosure in the interest
23 of national defense or national security or in
24 the conduct of foreign affairs; or

1 (C) a part of an ongoing criminal inves-
2 tigation.

3 **SEC. 251. OTHER PERSONNEL.**

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

11 **SEC. 252. COMPLIANCE.**

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

16 **PART II—TERMS AND LIMITATIONS ON DIRECT**
17 **LOANS AND LOAN GUARANTEES**

18 **SEC. 253. ELIGIBILITY CRITERIA FOR ASSISTANCE FROM**
19 **AIFA AND TERMS AND LIMITATIONS OF**
20 **LOANS.**

21 (a) IN GENERAL.—Any project whose use or purpose
22 is private and for which no public benefit is created shall
23 not be eligible for financial assistance from AIFA under
24 this Act. Financial assistance under this Act shall only
25 be made available if the applicant for such assistance has

1 demonstrated to the satisfaction of the Board of Directors
2 that the infrastructure project for which such assistance
3 is being sought—

4 (1) is not for the refinancing of an existing in-
5 rastructure project; and

6 (2) meets—

7 (A) any pertinent requirements set forth in
8 this Act;

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

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

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

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

23 (A) contribute to regional or national eco-
24 nomic growth;

1 (B) offer value for money to the Govern-
2 ment;

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

5 (D) lead to job creation; and

6 (E) mitigate environmental concerns;

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

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

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

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

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

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

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

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

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

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

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

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

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

21 (11) encouraging the use of innovative procure-
22 ment, asset management, or financing to minimize
23 the all-in-life-cycle cost, and improve the cost-effec-
24 tiveness of a project.

25 (c) APPLICATION.—

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

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

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

18 (d) ELIGIBLE INFRASTRUCTURE PROJECT COSTS.—

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

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

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

4 (e) LOAN ELIGIBILITY AND MAXIMUM AMOUNTS.—

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

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

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

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

20 (C) during any fiscal year thereafter,
21 \$50,000,000,000.

22 (f) STATE AND LOCAL PERMITS REQUIRED.—The
23 provision of assistance by the Board of Directors pursuant
24 to this Act shall not be deemed to relieve any recipient
25 of such assistance, or the related infrastructure project,

1 of any obligation to obtain required State and local per-
2 mits and approvals.

3 (g) **EMPLOYEE PROTECTIONS.**—As a condition for
4 the provision of financial assistance by the Board of Direc-
5 tors pursuant to this Act, the interests of employees af-
6 fected by the financial assistance shall be protected under
7 arrangements the Secretary of Labor concludes are fair
8 and equitable in accordance with section 5333(b)(2) of
9 title 49, United States Code.

10 **SEC. 254. LOAN TERMS AND REPAYMENT.**

11 (a) **IN GENERAL.**—A direct loan or loan guarantee
12 under this Act with respect to an eligible infrastructure
13 project shall be on such terms, subject to such conditions,
14 and contain such covenants, representations, warranties,
15 and requirements (including requirements for audits) as
16 the chief executive officer determines appropriate.

17 (b) **TERMS.**—A direct loan or loan guarantee under
18 this Act—

19 (1) shall—

20 (A) be payable, in whole or in part, from
21 tolls, user fees, or other dedicated revenue
22 sources that also secure the senior project obli-
23 gations (such as availability payments and dedi-
24 cated State or local revenues); and

1 (B) include a rate covenant, coverage re-
2 quirement, or similar security feature sup-
3 porting the project obligations; and

4 (2) may have a lien on revenues described in
5 paragraph (1), subject to any lien securing project
6 obligations.

7 (c) BASE INTEREST RATE.—The base interest rate
8 on a direct loan under this Act shall be not less than the
9 yield on United States Treasury obligations of a similar
10 maturity to the maturity of the direct loan.

11 (d) RISK ASSESSMENT.—Before entering into an
12 agreement for assistance under this Act, the chief execu-
13 tive officer, in consultation with the Director of the Office
14 of Management and Budget and considering rating agency
15 preliminary or final rating opinion letters of the project
16 under this section, shall estimate an appropriate Federal
17 credit subsidy amount for each direct loan and loan guar-
18 antee, taking into account such letter, as well as any com-
19 parable market rates available for such a loan or loan
20 guarantee, should any exist. The final credit subsidy cost
21 for each loan and loan guarantee shall be determined con-
22 sistent with the Federal Credit Reform Act (2 U.S.C.
23 661a et seq.).

24 (e) CREDIT FEE.—

1 (1) IN GENERAL.—With respect to each agree-
2 ment for assistance under this Act, the chief execu-
3 tive officer may charge a credit fee to the recipient
4 of such assistance to pay for, over time, all or a por-
5 tion of the Federal credit subsidy determined under
6 subsection (d), with the remainder paid by the ac-
7 count established for AIFA.

8 (2) TREATMENT OF SOURCE OF FEES.—The
9 source of fees paid under this section shall not be a
10 loan or debt obligation guaranteed by the Federal
11 Government.

12 (3) CREDIT FEE ON A DIRECT LOAN.—In the
13 case of a direct loan, such credit fee shall be in addi-
14 tion to the base interest rate established under sub-
15 section (c).

16 (f) MATURITY DATE.—The final maturity date of a
17 direct loan or loan guaranteed by AIFA under this Act
18 shall be not later than 35 years after the date of substan-
19 tial completion of the infrastructure project, as determined
20 by the chief executive officer.

21 (g) RATING OPINION LETTER.—

22 (1) IN GENERAL.—The chief executive officer
23 shall require each applicant for assistance under this
24 Act to provide a rating opinion letter from at least
25 1 ratings agency, indicating that the senior obliga-

1 tions of the infrastructure project, which may be the
2 Federal credit instrument, have the potential to
3 achieve an investment-grade rating.

4 (2) RURAL INFRASTRUCTURE PROJECTS.—With
5 respect to a rural infrastructure project, a rating
6 agency opinion letter described in paragraph (1)
7 shall not be required, except that the loan or loan
8 guarantee shall receive an internal rating score,
9 using methods similar to the ratings agencies gen-
10 erated by AIFA, measuring the proposed direct loan
11 or loan guarantee against comparable direct loans or
12 loan guarantees of similar credit quality in a similar
13 sector.

14 (h) INVESTMENT-GRADE RATING REQUIREMENT.—

15 (1) LOANS AND LOAN GUARANTEES.—The exe-
16 cution of a direct loan or loan guarantee under this
17 Act shall be contingent on the senior obligations of
18 the infrastructure project receiving an investment-
19 grade rating.

20 (2) RATING OF AIFA OVERALL PORTFOLIO.—
21 The average rating of the overall portfolio of AIFA
22 shall be not less than investment grade after 5 years
23 of operation.

24 (i) TERMS AND REPAYMENT OF DIRECT LOANS.—

1 (1) SCHEDULE.—The chief executive officer
2 shall establish a repayment schedule for each direct
3 loan under this Act, based on the projected cash
4 flow from infrastructure project revenues and other
5 repayment sources.

6 (2) COMMENCEMENT.—Scheduled loan repay-
7 ments of principal or interest on a direct loan under
8 this Act shall commence not later than 5 years after
9 the date of substantial completion of the infrastruc-
10 ture project, as determined by the chief executive of-
11 ficer of AIFA.

12 (3) DEFERRED PAYMENTS OF DIRECT
13 LOANS.—

14 (A) AUTHORIZATION.—If, at any time
15 after the date of substantial completion of an
16 infrastructure project assisted under this Act,
17 the infrastructure project is unable to generate
18 sufficient revenues to pay the scheduled loan re-
19 payments of principal and interest on the direct
20 loan under this Act, the chief executive officer
21 may allow the obligor to add unpaid principal
22 and interest to the outstanding balance of the
23 direct loan, if the result would benefit the Gov-
24 ernment.

1 (B) INTEREST.—Any payment deferred
2 under subparagraph (A) shall—

3 (i) continue to accrue interest, in ac-
4 cordance with the terms of the obligation,
5 until fully repaid; and

6 (ii) be scheduled to be amortized over
7 the remaining term of the loan.

8 (C) CRITERIA.—

9 (i) IN GENERAL.—Any payment defer-
10 ral under subparagraph (A) shall be con-
11 tingent on the infrastructure project meet-
12 ing criteria established by the Board of Di-
13 rectors.

14 (ii) REPAYMENT STANDARDS.—The
15 criteria established under clause (i) shall
16 include standards for reasonable assurance
17 of repayment.

18 (4) PREPAYMENT OF DIRECT LOANS.—

19 (A) USE OF EXCESS REVENUES.—Any ex-
20 cess revenues that remain after satisfying
21 scheduled debt service requirements on the in-
22 frastructure project obligations and direct loan
23 and all deposit requirements under the terms of
24 any trust agreement, bond resolution, or similar
25 agreement securing project obligations under

1 this Act may be applied annually to prepay the
2 direct loan, without penalty.

3 (B) USE OF PROCEEDS OF REFI-
4 NANCING.—A direct loan under this Act may be
5 prepaid at any time, without penalty, from the
6 proceeds of refinancing from non-Federal fund-
7 ing sources.

8 (5) SALE OF DIRECT LOANS.—

9 (A) IN GENERAL.—As soon as is prac-
10 ticable after substantial completion of an infra-
11 structure project assisted under this Act, and
12 after notifying the obligor, the chief executive
13 officer may sell to another entity, or reoffer into
14 the capital markets, a direct loan for the infra-
15 structure project, if the chief executive officer
16 determines that the sale or reoffering can be
17 made on favorable terms for the Government.

18 (B) CONSENT OF OBLIGOR.—In making a
19 sale or reoffering under subparagraph (A), the
20 chief executive officer may not change the origi-
21 nal terms and conditions of the direct loan,
22 without the written consent of the obligor.

23 (j) LOAN GUARANTEES.—

24 (1) TERMS.—The terms of a loan guaranteed
25 by AIFA under this Act shall be consistent with the

1 terms set forth in this section for a direct loan, ex-
2 cept that the rate on the guaranteed loan and any
3 payment, pre-payment, or refinancing features shall
4 be negotiated between the obligor and the lender,
5 with the consent of the chief executive officer.

6 (2) GUARANTEED LENDER.—A guaranteed
7 lender shall be limited to those lenders meeting the
8 definition of that term in section 601(a) of title 23,
9 United States Code.

10 (k) COMPLIANCE WITH FCRA; IN GENERAL.—Di-
11 rect loans and loan guarantees authorized by this Act shall
12 be subject to the provisions of the Federal Credit Reform
13 Act of 1990 (2 U.S.C. 661 et seq.).

14 **SEC. 255. COMPLIANCE AND ENFORCEMENT.**

15 (a) CREDIT AGREEMENT.—Notwithstanding any
16 other provision of law, each eligible entity that receives
17 assistance under this Act from AIFA shall enter into a
18 credit agreement that requires such entity to comply with
19 all applicable policies and procedures of AIFA, in addition
20 to all other provisions of the loan agreement.

21 (b) AIFA AUTHORITY ON NONCOMPLIANCE.—In any
22 case in which a recipient of assistance under this Act is
23 materially out of compliance with the loan agreement, or
24 any applicable policy or procedure of AIFA, the Board of
25 Directors may take action to cancel unutilized loan

1 amounts, or to accelerate the repayment terms of any out-
2 standing obligation.

3 (c) CONSTRUCTION.—Nothing in this Act is intended
4 to affect existing provisions of law applicable to the plan-
5 ning, development, construction, or operation of projects
6 funded under the Act.

7 **SEC. 256. AUDITS; REPORTS TO THE PRESIDENT AND CON-**
8 **GRESS.**

9 (a) ACCOUNTING.—The books of account of AIFA
10 shall be maintained in accordance with generally accepted
11 accounting principles, and shall be subject to an annual
12 audit by independent public accountants of nationally rec-
13 ognized standing appointed by the Board of Directors.

14 (b) REPORTS.—

15 (1) BOARD OF DIRECTORS.—Not later than 90
16 days after the last day of each fiscal year, the Board
17 of Directors shall submit to the President and Con-
18 gress a complete and detailed report with respect to
19 the preceding fiscal year, setting forth—

20 (A) a summary of the operations of AIFA,
21 for such fiscal year;

22 (B) a schedule of the obligations of AIFA
23 and capital securities outstanding at the end of
24 such fiscal year, with a statement of the

1 amounts issued and redeemed or paid during
2 such fiscal year;

3 (C) the status of infrastructure projects re-
4 ceiving funding or other assistance pursuant to
5 this Act during such fiscal year, including all
6 nonperforming loans, and including disclosure
7 of all entities with a development, ownership, or
8 operational interest in such infrastructure
9 projects;

10 (D) a description of the successes and
11 challenges encountered in lending to rural com-
12 munities, including the role of the Center for
13 Excellence and the Office of Rural Assistance
14 established under this Act; and

15 (E) an assessment of the risks of the port-
16 folio of AIFA, prepared by an independent
17 source.

18 (2) GAO.—Not later than 5 years after the
19 date of enactment of this Act, the Comptroller Gen-
20 eral of the United States shall conduct an evaluation
21 of, and shall submit to Congress a report on, activi-
22 ties of AIFA for the fiscal years covered by the re-
23 port that includes an assessment of the impact and
24 benefits of each funded infrastructure project, in-
25 cluding a review of how effectively each such infra-

1 structure project accomplished the goals prioritized
2 by the infrastructure project criteria of AIFA.

3 (c) BOOKS AND RECORDS.—

4 (1) IN GENERAL.—AIFA shall maintain ade-
5 quate books and records to support the financial
6 transactions of AIFA, with a description of financial
7 transactions and infrastructure projects receiving
8 funding, and the amount of funding for each such
9 project maintained on a publically accessible data-
10 base.

11 (2) AUDITS BY THE SECRETARY AND GAO.—
12 The books and records of AIFA shall at all times be
13 open to inspection by the Secretary of the Treasury,
14 the Special Inspector General, and the Comptroller
15 General of the United States.

16 **PART III—FUNDING OF AIFA**

17 **SEC. 257. ADMINISTRATIVE FEES.**

18 (a) IN GENERAL.—In addition to fees that may be
19 collected under section 254(e), the chief executive officer
20 shall establish and collect fees from eligible funding recipi-
21 ents with respect to loans and loan guarantees under this
22 Act that—

23 (1) are sufficient to cover all or a portion of the
24 administrative costs to the Federal Government for
25 the operations of AIFA, including the costs of expert

1 firms, including counsel in the field of municipal and
2 project finance, and financial advisors to assist with
3 underwriting, credit analysis, or other independent
4 reviews, as appropriate;

5 (2) may be in the form of an application or
6 transaction fee, or other form established by the
7 chief executive officer; and

8 (3) may be based on the risk premium associ-
9 ated with the loan or loan guarantee, taking into
10 consideration—

11 (A) the price of United States Treasury
12 obligations of a similar maturity;

13 (B) prevailing market conditions;

14 (C) the ability of the infrastructure project
15 to support the loan or loan guarantee; and

16 (D) the total amount of the loan or loan
17 guarantee.

18 (b) AVAILABILITY OF AMOUNTS.—Amounts collected
19 under subsections (a)(1), (a)(2), and (a)(3) shall be avail-
20 able without further action, and the source of fees paid
21 under this section shall not be a loan or debt obligation
22 guaranteed by the Federal Government.

23 **SEC. 258. EFFICIENCY OF AIFA.**

24 The chief executive officer shall, to the extent pos-
25 sible, take actions consistent with this Act to minimize the

1 risk and cost to the Government of AIFA activities. Fees
2 and premiums for loan guarantee or insurance coverage
3 will be set at levels that minimize administrative and Fed-
4 eral credit subsidy costs to the Government, as defined
5 in section 502 of the Federal Credit Reform Act of 1990,
6 of such coverage, while supporting achievement of the pro-
7 gram’s objectives, consistent with policies as set forth in
8 the business plan.

9 **SEC. 259. FUNDING.**

10 (a) IN GENERAL.—There is hereby appropriated to
11 AIFA to carry out this Act, for the cost of direct loans
12 and loan guarantees subject to the limitations under sec-
13 tion 253, and for administrative costs, \$10,000,000,000,
14 to remain available until expended.

15 (b) COSTS DEFINED.—Such costs, including the
16 costs of modifying such loans, shall be as defined in sec-
17 tion 502 of the Federal Credit Reform Act of 1990.

18 (c) ADMINISTRATIVE COSTS.—Of the amounts appro-
19 priated under subsection (a), not more than \$25,000,000
20 for each of fiscal years 2016 through 2017, and not more
21 than \$50,000,000 for fiscal year 2018 may be used for
22 administrative costs of AIFA.

23 (d) OFFSETS OF SUBSIDY COSTS.—Not more than
24 5 percent of such amount may be used to offset subsidy
25 costs associated with rural projects.

1 **PART IV—EXTENSION OF EXEMPTION FROM AL-**
2 **TERNATIVE MINIMUM TAX TREATMENT FOR**
3 **CERTAIN TAX-EXEMPT BONDS**

4 **SEC. 260. EXTENSION OF EXEMPTION FROM ALTERNATIVE**
5 **MINIMUM TAX TREATMENT FOR CERTAIN**
6 **TAX-EXEMPT BONDS.**

7 (a) **IN GENERAL.**—Section 57(a)(5)(C)(vi) of the In-
8 ternal Revenue Code of 1986 is amended—

9 (1) by inserting “, or after December 31, 2014,
10 and before January 1, 2019” after “January 1,
11 2011” in subclause (I), and

12 (2) by striking “BONDS ISSUED IN 2009 AND
13 2010” in the heading and inserting “CERTAIN
14 BONDS”.

15 (b) **ADJUSTED CURRENT EARNINGS.**—Section
16 56(g)(4)(B)(iv) of the Internal Revenue Code of 1986 is
17 amended—

18 (1) by striking “, or after December 31, 2014,
19 and before January 1, 2019” after “January 1,
20 2011” in subclause (I), and

21 (2) by striking “BONDS ISSUED IN 2009 AND
22 2010” in the heading and inserting “CERTAIN
23 BONDS”.

24 (c) **EFFECTIVE DATE.**—The amendments made by
25 this section shall apply to obligations issued after Decem-
26 ber 31, 2014.

1 **Subtitle F—Project Rebuild**

2 **SEC. 261. PROJECT REBUILD.**

3 (a) DIRECT APPROPRIATIONS.—There is appro-
4 priated, out of any money in the Treasury not otherwise
5 appropriated, \$15,000,000,000, to remain available until
6 September 30, 2018, for assistance to eligible entities in-
7 cluding States and units of general local government (as
8 such terms are defined in section 102 of the Housing and
9 Community Development Act of 1974 (42 U.S.C. 5302)),
10 and qualified nonprofit organizations, businesses or con-
11 sortia of eligible entities for the redevelopment of aban-
12 doned and foreclosed-upon properties and for the stabiliza-
13 tion of affected neighborhoods.

14 (b) ALLOCATION OF APPROPRIATED AMOUNTS.—

15 (1) IN GENERAL.—Of the amounts appro-
16 priated, two thirds shall be allocated to States and
17 units of general local government based on a funding
18 formula established by the Secretary of Housing and
19 Urban Development (in this subtitle referred to as
20 the “Secretary”). Of the amounts appropriated, one
21 third shall be distributed competitively to eligible en-
22 tities.

23 (2) FORMULA TO BE DEvised SWIFTLY.—The
24 funding formula required under paragraph (1) shall
25 be established and the Secretary shall announce for-

1 mula funding allocations, not later than 30 days
2 after the date of enactment of this section.

3 (3) FORMULA CRITERIA.—The Secretary may
4 establish a minimum grant size, and the funding for-
5 mula required under paragraph (1) shall ensure that
6 any amounts appropriated or otherwise made avail-
7 able under this section are allocated to States and
8 units of general local government with the greatest
9 need, as such need is determined in the discretion of
10 the Secretary based on—

11 (A) the number and percentage of home
12 foreclosures in each State or unit of general
13 local government;

14 (B) the number and percentage of homes
15 in default or delinquency in each State or unit
16 of general local government; and

17 (C) other factors such as established pro-
18 gram designs, grantee capacity and perform-
19 ance, number and percentage of commercial
20 foreclosures, overall economic conditions, and
21 other market needs data, as determined by the
22 Secretary.

23 (4) COMPETITION CRITERIA.—

24 (A) For the funds distributed competi-
25 tively, eligible entities shall be States, units of

1 general local government, nonprofit entities,
2 for-profit entities, and consortia of eligible enti-
3 ties that demonstrate capacity to use funding
4 within the period of this program.

5 (B) In selecting grantees, the Secretary
6 shall ensure that grantees are in areas with the
7 greatest number and percentage of residential
8 and commercial foreclosures and other market
9 needs data, as determined by the Secretary. Ad-
10 ditional award criteria shall include dem-
11 onstrated grantee capacity to execute projects
12 involving acquisition and rehabilitation or rede-
13 velopment of foreclosed residential and commer-
14 cial property and neighborhood stabilization, le-
15 verage, knowledge of market conditions and of
16 effective stabilization activities to address iden-
17 tified conditions, and any additional factors de-
18 termined by the Secretary.

19 (C) The Secretary may establish a min-
20 imum grant size.

21 (D) The Secretary shall publish competi-
22 tion criteria for any grants awarded under this
23 heading not later than 60 days after appropria-
24 tion of funds, and applications shall be due to
25 the Secretary within 120 days.

1 (c) USE OF FUNDS.—

2 (1) OBLIGATION AND EXPENDITURE.—The Sec-
3 retary shall obligate all funding within 150 days of
4 enactment of this Act. Any eligible entity that re-
5 ceives amounts pursuant to this section shall expend
6 all funds allocated to it within three years of the
7 date the funds become available to the grantee for
8 obligation. Furthermore, the Secretary shall by No-
9 tice establish intermediate expenditure benchmarks
10 at the one and two year dates from the date the
11 funds become available to the grantee for obligation.

12 (2) PRIORITIES.—

13 (A) JOB CREATION.—Each grantee or eli-
14 gible entity shall describe how its proposed use
15 of funds will prioritize job creation, and sec-
16 ondly, will address goals to stabilize neighbor-
17 hoods, reverse vacancy, or increase or stabilize
18 residential and commercial property values.

19 (B) TARGETING.—Any State or unit of
20 general local government that receives formula
21 amounts pursuant to this section shall, in dis-
22 tributing and targeting such amounts give pri-
23 ority emphasis and consideration to those met-
24 ropolitan areas, metropolitan cities, urban
25 areas, rural areas, low- and moderate-income

1 areas, and other areas with the greatest need,
2 including those—

3 (i) with the greatest percentage of
4 home foreclosures;

5 (ii) identified as likely to face a sig-
6 nificant rise in the rate of residential or
7 commercial foreclosures; and

8 (iii) with higher than national average
9 unemployment rate.

10 (C) LEVERAGE.—Each grantee or eligible
11 entity shall describe how its proposed use of
12 funds will leverage private funds.

13 (3) ELIGIBLE USES.—Amounts made available
14 under this section may be used to—

15 (A) establish financing mechanisms for the
16 purchase and redevelopment of abandoned and
17 foreclosed-upon properties, including such
18 mechanisms as soft-seconds, loan loss reserves,
19 and shared-equity loans for low- and moderate-
20 income homebuyers;

21 (B) purchase and rehabilitate properties
22 that have been abandoned or foreclosed upon,
23 in order to sell, rent, or redevelop such prop-
24 erties;

1 (C) establish and operate land banks for
2 properties that have been abandoned or fore-
3 closed upon;

4 (D) demolish blighted structures;

5 (E) redevelop abandoned, foreclosed, de-
6 molished, or vacant properties; and

7 (F) engage in other activities, as deter-
8 mined by the Secretary through notice, that are
9 consistent with the goals of creating jobs, stabi-
10 lizing neighborhoods, reversing vacancy reduc-
11 tion, and increasing or stabilizing residential
12 and commercial property values.

13 (d) LIMITATIONS.—

14 (1) ON PURCHASES.—Any purchase of a prop-
15 erty under this section shall be at a price not to ex-
16 ceed its current market value, taking into account
17 its current condition.

18 (2) REHABILITATION.—Any rehabilitation of an
19 eligible property under this section shall be to the
20 extent necessary to comply with applicable laws, and
21 other requirements relating to safety, quality, mar-
22 ketability, and habitability, in order to sell, rent, or
23 redevelop such properties or provide a renewable en-
24 ergy source or sources for such properties.

1 (3) SALE OF HOMES.—If an abandoned or fore-
2 closed-upon home is purchased, redeveloped, or oth-
3 erwise sold to an individual as a primary residence,
4 then such sale shall be in an amount equal to or less
5 than the cost to acquire and redevelop or rehabilitate
6 such home or property up to a decent, safe, market-
7 able, and habitable condition.

8 (4) ON DEMOLITION OF PUBLIC HOUSING.—
9 Public housing, as defined at section 3(b)(1) of the
10 United States Housing Act of 1937 (42 U.S.C.
11 1437a(b)(1)), may not be demolished with funds
12 under this section.

13 (5) ON DEMOLITION ACTIVITIES.—No more
14 than 10 percent of any grant made under this sec-
15 tion may be used for demolition activities unless the
16 Secretary determines that such use represents an
17 appropriate response to local market conditions.

18 (6) ON USE OF FUNDS FOR NON-RESIDENTIAL
19 PROPERTY.—No more than 30 percent of any grant
20 made under this section may be used for eligible ac-
21 tivities under subparagraphs (A), (B), and (E) of
22 subsection (c)(3) that will not result in residential
23 use of the property involved unless the Secretary de-
24 termines that such use represents an appropriate re-
25 sponse to local market conditions.

1 (e) RULES OF CONSTRUCTION.—

2 (1) IN GENERAL.—Except as otherwise pro-
3 vided by this section, amounts appropriated, reve-
4 nues generated, or amounts otherwise made avail-
5 able to eligible entities under this section shall be
6 treated as though such funds were community devel-
7 opment block grant funds under title I of the Hous-
8 ing and Community Development Act of 1974 (42
9 U.S.C. 5301 et seq.).

10 (2) NO MATCH.—No matching funds shall be
11 required in order for an eligible entity to receive any
12 amounts under this section.

13 (3) TENANT PROTECTIONS.—An eligible entity
14 receiving a grant under this section shall comply
15 with the 14th, 17th, 18th, 19th, 20th, 21st, 22nd,
16 and 23rd provisos under the heading “Department
17 of Housing and Urban Development—Community
18 Planning and Development—Community Develop-
19 ment Fund” in title XII of division A of the Amer-
20 ican Recovery and Reinvestment Act of 2009 (Public
21 Law 111–5, 123 Stat. 218–19), as amended by sec-
22 tion 1497(b)(2) of the Dodd-Frank Wall Street Re-
23 form and Consumer Protection Act (Public Law
24 111–203, 124 Stat. 2211).

1 (4) VICINITY HIRING.—An eligible entity receiv-
2 ing a grant under this section shall comply with sec-
3 tion 1497(a)(8) of the Dodd-Frank Wall Street Re-
4 form and Consumer Protection Act (Public Law
5 111–203, 129 Stat. 2210).

6 (f) AUTHORITY TO SPECIFY ALTERNATIVE RE-
7 QUIREMENTS.—

8 (1) IN GENERAL.—In administering the pro-
9 gram under this section, the Secretary may specify
10 alternative requirements to any provision under title
11 I of the Housing and Community Development Act
12 of 1974 or under title I of the Cranston-Gonzalez
13 National Affordable Housing Act of 1990 (except for
14 those provisions in these laws related to fair hous-
15 ing, nondiscrimination, labor standards, and the en-
16 vironment) for the purpose of expediting and facili-
17 tating the use of funds under this section.

18 (2) NOTICE.—The Secretary shall provide writ-
19 ten notice of intent to the public via Internet to ex-
20 ercise the authority to specify alternative require-
21 ments under paragraph.

22 (3) LOW AND MODERATE INCOME REQUIRE-
23 MENT.—

1 (A) IN GENERAL.—Notwithstanding the
2 authority of the Secretary under paragraph
3 (1)—

4 (i) all of the formula and competitive
5 grantee funds appropriated or otherwise
6 made available under this section shall be
7 used with respect to individuals and fami-
8 lies whose income does not exceed 120 per-
9 cent of area median income; and

10 (ii) not less than 25 percent of the
11 formula and competitive grantee funds ap-
12 propriated or otherwise made available
13 under this section shall be used for the
14 purchase and redevelopment of eligible
15 properties that will be used to house indi-
16 viduals or families whose incomes do not
17 exceed 50 percent of area median income.

18 (B) RECURRENT REQUIREMENT.—The
19 Secretary shall, by rule or order, ensure, to the
20 maximum extent practicable and for the longest
21 feasible term, that the sale, rental, or redevelop-
22 ment of abandoned and foreclosed-upon homes
23 and residential properties under this section re-
24 main affordable to individuals or families de-
25 scribed in subparagraph (A).

1 (g) NATIONWIDE DISTRIBUTION OF RESOURCES.—
2 Notwithstanding any other provision of this section or the
3 amendments made by this section, each State shall receive
4 not less than \$20,000,000 of formula funds.

5 (h) LIMITATION ON USE OF FUNDS WITH RESPECT
6 TO EMINENT DOMAIN.—No State or unit of general local
7 government may use any amounts received pursuant to
8 this section to fund any project that seeks to use the power
9 of eminent domain, unless eminent domain is employed
10 only for a public use, which shall not be construed to in-
11 clude economic development that primarily benefits pri-
12 vate entities.

13 (i) LIMITATION ON DISTRIBUTION OF FUNDS.—

14 (1) IN GENERAL.—None of the funds made
15 available under this section shall be distributed to—

16 (A) an organization which has been in-
17 dicted for a violation under Federal law relating
18 to an election for Federal office; or

19 (B) an organization which employs applica-
20 ble individuals.

21 (2) APPLICABLE INDIVIDUALS DEFINED.—In
22 this section, the term “applicable individual” means
23 an individual who—

24 (A) is—

1 (i) employed by the organization in a
2 permanent or temporary capacity;

3 (ii) contracted or retained by the or-
4 ganization; or

5 (iii) acting on behalf of, or with the
6 express or apparent authority of, the orga-
7 nization; and

8 (B) has been indicted for a violation under
9 Federal law relating to an election for Federal
10 office.

11 (j) RENTAL HOUSING PREFERENCES.—Each State
12 and local government receiving formula amounts shall es-
13 tablish procedures to create preferences for the develop-
14 ment of affordable rental housing.

15 (k) JOB CREATION.—If a grantee chooses to use
16 funds to create jobs by establishing and operating a pro-
17 gram to maintain eligible neighborhood properties, not
18 more than 10 percent of any grant may be used for that
19 purpose.

20 (l) PROGRAM SUPPORT AND CAPACITY BUILDING.—
21 The Secretary may use up to 0.75 percent of the funds
22 appropriated for capacity building of and support for eligi-
23 ble entities and grantees undertaking neighborhood sta-
24 bilization programs, staffing, training, technical assist-
25 ance, technology, monitoring, travel, enforcement, re-

1 search, and evaluation activities, subject to the following
2 requirements:

3 (1) Funds set aside for the purposes of this
4 subparagraph shall remain available until September
5 30, 2018.

6 (2) Any funds made available under this sub-
7 paragraph and used by the Secretary for personnel
8 expenses related to administering funding under this
9 subparagraph shall be transferred to “Personnel
10 Compensation and Benefits, Community Planning
11 and Development”.

12 (3) Any funds made available under this sub-
13 paragraph and used by the Secretary for training or
14 other administrative expenses shall be transferred to
15 “Administration, Operations, and Management,
16 Community Planning and Development” for non-
17 personnel expenses.

18 (4) Any funds made available under this sub-
19 paragraph and used by the Secretary for technology
20 shall be transferred to “Working Capital Fund”.

21 (m) ENFORCEMENT AND PREVENTION OF FRAUD
22 AND ABUSE.—The Secretary shall establish and imple-
23 ment procedures to prevent fraud and abuse of funds
24 under this section, and shall impose a requirement that
25 grantees have an internal auditor to continuously monitor

1 grantee performance to prevent fraud, waste, and abuse.
2 Grantees shall provide the Secretary and citizens with
3 quarterly progress reports. The Secretary shall recapture
4 funds from formula and competitive grantees that do not
5 expend 100 percent of allocated funds within 3 years of
6 the date that funds become available, and from underper-
7 forming or mismanaged grantees, and shall re-allocate
8 those funds by formula to target areas with the greatest
9 need, as determined by the Secretary through notice. The
10 Secretary may take an alternative sanctions action only
11 upon determining that such action is necessary to achieve
12 program goals in a timely manner.

13 (n) CONFORMANCE OF POLICIES AND PROCE-
14 DURES.—The Secretary of Housing and Urban Develop-
15 ment shall to the extent feasible conform policies and pro-
16 cedures for grants made under this section to the policies
17 and practices already in place for the grants made under
18 section 2301 of the Housing and Economic Recovery Act
19 of 2008 (42 U.S.C. 5301 note); title XII of division A
20 of the American Recovery and Reinvestment Act of 2009
21 (Public Law 111–5; 123 Stat. 203); or section 1497 of
22 the Dodd-Frank Wall Street Reform and Consumer Pro-
23 tection Act (42 U.S.C. 5301 note).

1 **TITLE III—ASSISTANCE FOR THE**
2 **UNEMPLOYED AND PATH-**
3 **WAYS BACK TO WORK**

4 **Subtitle A—Supporting**
5 **Unemployed Workers**

6 **SEC. 301. SHORT TITLE.**

7 This subtitle may be cited as the “Supporting Unem-
8 ployed Workers Act of 2015”.

9 **PART I—EXTENSION OF EMERGENCY UNEMPLOY-**
10 **MENT COMPENSATION AND CERTAIN EX-**
11 **TENDED BENEFITS PROVISIONS, AND ESTAB-**
12 **LISHMENT OF SELF-EMPLOYMENT ASSIST-**
13 **ANCE PROGRAM**

14 **SEC. 311. EXTENSION OF EMERGENCY UNEMPLOYMENT**
15 **COMPENSATION PROGRAM.**

16 (a) **IN GENERAL.**—Section 4007 of the Supplemental
17 Appropriations Act, 2008 (Public Law 110–252; 26
18 U.S.C. 3304 note) is amended by striking “January 1,
19 2014” and inserting “January 1, 2016”.

20 (b) **FUNDING.**—Section 4004(e)(1) of the Supple-
21 mental Appropriations Act, 2008 (Public Law 110–252;
22 26 U.S.C. 3304 note) is amended—

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

1 449; 26 U.S.C. 3304 note) is amended by striking “June
2 30, 2014” and inserting “June 30, 2016”.

3 (c) EXTENSION OF MODIFICATION OF INDICATORS
4 UNDER THE EXTENDED BENEFIT PROGRAM.—Section
5 203 of the Federal-State Extended Unemployment Com-
6 pensation Act of 1970 (26 U.S.C. 3304 note) is amend-
7 ed—

8 (1) in subsection (d), by striking “December
9 31, 2013” and inserting “December 31, 2015”; and

10 (2) in subsection (f)(2), by striking “December
11 31, 2013” and inserting “December 31, 2015”.

12 (d) EFFECTIVE DATE.—The amendments made by
13 this section shall take effect as if included in the enact-
14 ment of the American Taxpayer Relief Act of 2012 (Public
15 Law 112–240; 26 U.S.C. 3304 note).

16 **SEC. 313. ADDITIONAL EXTENDED UNEMPLOYMENT BENE-**
17 **FITS UNDER THE RAILROAD UNEMPLOY-**
18 **MENT INSURANCE ACT.**

19 (a) EXTENSION.—Section 2(c)(2)(D)(iii) of the Rail-
20 road Unemployment Insurance Act (45 U.S.C.
21 352(c)(2)(D)(iii)) is amended—

22 (1) by striking “June 30, 2013” and inserting
23 “June 30, 2015”; and

24 (2) by striking “December 31, 2013” and in-
25 serting “December 31, 2015”.

1 (b) CLARIFICATION ON AUTHORITY TO USE
2 FUNDS.—Funds appropriated under either the first or
3 second sentence of clause (iv) of section 2(c)(2)(D) of the
4 Railroad Unemployment Insurance Act (45 U.S.C.
5 352(c)(2)(D)) shall be available to cover the cost of addi-
6 tional extended unemployment benefits provided under
7 such section 2(c)(2)(D) by reason of the amendments
8 made by subsection (a) as well as to cover the cost of such
9 benefits provided under such section 2(c)(2)(D), as in ef-
10 fect on the day before the date of the enactment of this
11 Act.

12 **PART II—REEMPLOYMENT NOW PROGRAM**

13 **SEC. 321. ESTABLISHMENT OF REEMPLOYMENT NOW PRO-**
14 **GRAM.**

15 (a) IN GENERAL.—There is established the Reem-
16 ployment NOW program to be carried out by the Sec-
17 retary of Labor in accordance with this part in order to
18 facilitate the reemployment of individuals who are receiv-
19 ing emergency unemployment compensation under title IV
20 of the Supplemental Appropriations Act, 2008 (Public
21 Law 110–252; 26 U.S.C. 3304 note) (hereafter in this
22 part referred to as “EUC claimants”).

23 (b) AUTHORIZATION AND APPROPRIATION.—There
24 are authorized to be appropriated \$4,000,000,000 for fis-

1 cal year 2016 to carry out the Reemployment NOW pro-
2 gram under this part.

3 **SEC. 322. DISTRIBUTION OF FUNDS.**

4 (a) IN GENERAL.—Of the amount made available
5 under section 321(b) to carry out this part, the Secretary
6 of Labor shall—

7 (1) reserve up to 1 percent for the costs of Fed-
8 eral administration and for carrying out rigorous
9 evaluations of the activities conducted under this
10 part; and

11 (2) allot the remainder of the funds not re-
12 served under paragraph (1) in accordance with the
13 requirements of subsections (b) and (c) to States
14 that have approved plans under section 323.

15 (b) ALLOTMENT FORMULA.—

16 (1) FORMULA FACTORS.—The Secretary of
17 Labor shall allot the funds available under sub-
18 section (a)(2) as follows—

19 (A) two-thirds of such funds shall be allot-
20 ted on the basis of the relative number of un-
21 employed individuals in each State, compared to
22 the total number of unemployed individuals in
23 all States; and

24 (B) one-third of such funds shall be allot-
25 ted on the basis of the relative number of indi-

1 viduals in each State who have been unem-
2 employed for 27 weeks or more, compared to the
3 total number of individuals in all States who
4 have been unemployed for 27 weeks or more.

5 (2) CALCULATION.—For purposes of paragraph
6 (1), the number of unemployed individuals and the
7 number of individuals unemployed for 27 weeks or
8 more shall be based on the data for the most recent
9 12-month period, as determined by the Secretary.

10 (c) REALLOTMENT.—

11 (1) FAILURE TO SUBMIT STATE PLAN.—If a
12 State does not submit a State plan by the time spec-
13 ified in section 323(b), or a State does not receive
14 approval of a State plan, the amount the State
15 would have been eligible to receive pursuant to the
16 formula under subsection (b) shall be allotted to
17 States that receive approval of the State plan under
18 section 323 in accordance with the relative allot-
19 ments of such States as determined by the Secretary
20 under subsection (b).

21 (2) FAILURE TO IMPLEMENT ACTIVITIES ON A
22 TIMELY BASIS.—The Secretary of Labor may, in ac-
23 cordance with procedures and criteria established by
24 the Secretary, recapture the portion of the State al-
25 lotment under this part that remains unobligated if

1 the Secretary determines such funds are not being
2 obligated at a rate sufficient to meet the purposes
3 of this part. The Secretary shall reallocate such recaptured
4 funds to other States that are not subject to
5 recapture in accordance with the relative share of
6 the allotments of such States as determined by the
7 Secretary under subsection (b).

8 (3) RECAPTURE OF FUNDS.—Funds recaptured
9 under paragraph (2) shall be available for reobliga-
10 tion not later than December 31, 2015.

11 **SEC. 323. STATE PLAN.**

12 (a) IN GENERAL.—For a State to be eligible to re-
13 ceive an allotment under section 322, a State shall submit
14 to the Secretary of Labor a State plan in such form and
15 containing such information as the Secretary may require,
16 which at a minimum shall include—

17 (1) a description of the activities to be carried
18 out by the State to assist in the reemployment of eli-
19 gible individuals to be served in accordance with this
20 part, including which of the activities authorized in
21 sections 324 through 328 the State intends to carry
22 out and an estimate of the amounts the State in-
23 tends to allocate to the activities, respectively;

24 (2) a description of the performance outcomes
25 to be achieved by the State through the activities

1 carried out under this part, including the employ-
2 ment outcomes to be achieved by participants and
3 the processes the State will use to track perform-
4 ance, consistent with guidance provided by the Sec-
5 retary of Labor regarding such outcomes and proc-
6 esses;

7 (3) a description of coordination of activities to
8 be carried out under this part with activities under
9 title I of the Workforce Innovation and Opportunity
10 Act, the Wagner-Peyser Act, and other appropriate
11 Federal programs;

12 (4) the timelines for implementation of the ac-
13 tivities described in the plan and the number of
14 EUC claimants expected to be enrolled in such ac-
15 tivities by quarter;

16 (5) assurances that the State will participate in
17 the evaluation activities carried out by the Secretary
18 of Labor under this section;

19 (6) assurances that the State will provide ap-
20 propriate reemployment services, including coun-
21 seling, to any EUC claimant who participates in any
22 of the programs authorized under this part; and

23 (7) assurances that the State will report such
24 information as the Secretary may require relating to
25 fiscal, performance and other matters, including em-

1 ployment outcomes and effects, which the Secretary
2 determines are necessary to effectively monitor the
3 activities carried out under this part.

4 (b) **PLAN SUBMISSION AND APPROVAL.**—A State
5 plan under this section shall be submitted to the Secretary
6 of Labor for approval not later than 30 days after the
7 Secretary issues guidance relating to submission of such
8 plan. The Secretary shall approve such plans if the Sec-
9 retary determines that the plans meet the requirements
10 of this part and are appropriate and adequate to carry
11 out the purposes of this part.

12 (c) **PLAN MODIFICATIONS.**—A State may submit
13 modifications to a State plan that has been approved
14 under this part, and the Secretary of Labor may approve
15 such modifications, if the plan as modified would meet the
16 requirements of this part and are appropriate and ade-
17 quate to carry out the purposes of this part.

18 **SEC. 324. BRIDGE TO WORK PROGRAM.**

19 (a) **IN GENERAL.**—A State may use funds allotted
20 to the State under this part to establish and administer
21 a Bridge to Work program described in this section.

22 (b) **DESCRIPTION OF PROGRAM.**—In order to in-
23 crease individuals' opportunities to move to permanent
24 employment, a State may establish a Bridge to Work pro-
25 gram to provide an EUC claimant with short-term work

1 experience placements with an eligible employer, during
2 which time such individual—

3 (1) shall be paid emergency unemployment
4 compensation payable under title IV of the Supple-
5 mental Appropriations Act, 2008 (Public Law 110–
6 252; 26 U.S.C. 3304 note), as wages for work per-
7 formed, and as specified in subsection (c);

8 (2) shall be paid the additional amount de-
9 scribed in subsection (e) as augmented wages for
10 work performed; and

11 (3) may be paid compensation in addition to
12 the amounts described in paragraphs (1) and (2) by
13 a State or by a participating employer as wages for
14 work performed.

15 (c) PROGRAM ELIGIBILITY AND OTHER REQUIRE-
16 MENTS.—For purposes of this program—

17 (1) individuals who, except for the requirements
18 described in paragraph (3), are eligible to receive
19 emergency unemployment compensation payments
20 under title IV of the Supplemental Appropriations
21 Act, 2008 (Public Law 110–252; 26 U.S.C. 3304
22 note), and who choose to participate in the program
23 described in subsection (b), shall receive such pay-
24 ments as wages for work performed during their vol-

1 untary participation in the program described under
2 subsection (b);

3 (2) the wages payable to individuals described
4 in paragraph (1) shall be paid from the emergency
5 unemployment compensation account for such indi-
6 vidual as described in section 4002 of the Supple-
7 mental Appropriations Act, 2008 (Public Law 110-
8 252; 26 U.S.C. 3304 note), and the amount in such
9 individual's account shall be reduced accordingly;

10 (3) the wages payable to an individual described
11 in paragraph (1) shall be payable in the same
12 amount, at the same interval, on the same terms,
13 and subject to the same conditions under title IV of
14 the Supplemental Appropriations Act, 2008 (Public
15 Law 110-252; 26 U.S.C. 3304 note), except that—

16 (A) State requirements applied under such
17 Act relating to availability for work and active
18 search for work are not applicable to such indi-
19 viduals who participate for at least 25 hours
20 per week in the program described in subsection
21 (b) for the duration of such individual's partici-
22 pation in the program;

23 (B) State requirements applied under such
24 Act relating to disqualifying income regarding
25 wages earned shall not apply to such individuals

1 who participate for at least 25 hours per week
2 in the program described in subsection (b), and
3 shall not apply with respect to—

4 (i) the wages described under sub-
5 section (b); and

6 (ii) any wages, in addition to those de-
7 scribed under subsection (b), whether paid
8 by a State or a participating employer for
9 the same work activities;

10 (C) State prohibitions or limitations ap-
11 plied under such Act relating to employment
12 status shall not apply to such individuals who
13 participate in the program described in sub-
14 section (b); and

15 (D) State requirements applied under such
16 Act relating to an individual's acceptance of an
17 offer of employment shall not apply with regard
18 to an offer of long-term employment from a
19 participating employer made to such individual
20 who is participating in the program described in
21 subsection (b) in a work experience provided by
22 such employer, where such long-term employ-
23 ment is expected to commence or commences at
24 the conclusion of the duration specified in para-
25 graph (4)(A);

1 (4) the program shall be structured so that in-
2 dividuals described in paragraph (1) may participate
3 in the program for up to—

4 (A) 8 weeks, and

5 (B) 38 hours for each such week;

6 (5) a State shall ensure that all individuals par-
7 ticipating in the program are covered by a workers'
8 compensation insurance program; and

9 (6) the program meets such other requirements
10 as the Secretary of Labor determines to be appro-
11 priate in guidance issued by the Secretary.

12 (d) STATE REQUIREMENTS.—

13 (1) CERTIFICATION OF ELIGIBLE EMPLOYER.—

14 A State may certify as eligible for participation in
15 the program under this section any employer that
16 meets the eligibility criteria as established in guid-
17 ance by the Secretary of Labor, except that an em-
18 ployer shall not be certified as eligible for participa-
19 tion in the program described under subsection

20 (b)—

21 (A) if such employer—

22 (i) is a Federal, State, or local govern-
23 ment entity;

24 (ii) would engage an eligible individual
25 in work activities under any employer's

1 grant, contract, or subcontract with a Fed-
2 eral, State, or local government entity, ex-
3 cept with regard to work activities under
4 any employer's supply contract or sub-
5 contract;

6 (iii) is delinquent with respect to any
7 taxes or employer contributions described
8 under sections 3301 and 3302(a)(1) of the
9 Internal Revenue Code of 1986 or with re-
10 spect to any related reporting require-
11 ments;

12 (iv) is engaged in the business of sup-
13 plying workers to other employers and
14 would participate in the program for the
15 purpose of supplying individuals partici-
16 pating in the program to other employers;
17 or

18 (v) has previously participated in the
19 program and the State has determined
20 that such employer has failed to abide by
21 any of the requirements specified in sub-
22 section (h), (i), or (j), or by any other re-
23 quirements that the Secretary may estab-
24 lish for employers under subsection (c)(6);
25 and

1 (B) unless such employer provides assur-
2 ances that it has not displaced existing workers
3 pursuant to the requirements of subsection (h).

4 (2) AUTHORIZED ACTIVITIES.—Funds allotted
5 to a State under this part for the program—

6 (A) shall be used to—

7 (i) recruit employers for participation
8 in the program;

9 (ii) review and certify employers iden-
10 tified by eligible individuals seeking to par-
11 ticipate in the program;

12 (iii) ensure that reemployment and
13 counseling services are available for pro-
14 gram participants, including services de-
15 scribing the program under subsection (b),
16 prior to an individual's participation in
17 such program;

18 (iv) establish and implement processes
19 to monitor the progress and performance
20 of individual participants for the duration
21 of the program;

22 (v) prevent misuse of the program;
23 and

1 (vi) pay augmented wages to eligible
2 individuals, if necessary, as described in
3 subsection (e); and

4 (B) may be used—

5 (i) to pay workers' compensation in-
6 surance premiums to cover all individuals
7 participating in the program, except that,
8 if a State opts not to make such payments
9 directly to a State administered workers'
10 compensation program, the State involved
11 shall describe in the approved State plan
12 the means by which such State shall en-
13 sure workers' compensation or equivalent
14 coverage for all individuals who participate
15 in the program;

16 (ii) to pay compensation to a partici-
17 pating individual that is in addition to the
18 amounts described in subsections (c)(1)
19 and (e) as wages for work performed;

20 (iii) to provide supportive services,
21 such as transportation, child care, and de-
22 pendent care, that would enable individuals
23 to participate in the program;

24 (iv) for the administration and over-
25 sight of the program; and

1 (v) to fulfill additional program re-
2 quirements included in the approved State
3 plan.

4 (e) PAYMENT OF AUGMENTED WAGES IF NEC-
5 ESSARY.—In the event that the wages described in sub-
6 section (c)(1) are not sufficient to equal or exceed the min-
7 imum wages that are required to be paid by an employer
8 under section 6(a)(1) of the Fair Labor Standards Act
9 of 1938 (29 U.S.C. 206(a)(1)) or the applicable State or
10 local minimum wage law, whichever is higher, a State shall
11 pay augmented wages to a program participant in any
12 amount necessary to cover the difference between—

- 13 (1) such minimum wages amount; and
14 (2) the wages payable under subsection (c)(1).

15 (f) EFFECT OF WAGES ON ELIGIBILITY FOR OTHER
16 PROGRAMS.—None of the wages paid under this section
17 shall be considered as income for the purposes of deter-
18 mining eligibility for and the amount of income transfer
19 and in-kind aid furnished under any Federal or federally
20 assisted program based on need.

21 (g) EFFECT OF WAGES, WORK ACTIVITIES, AND
22 PROGRAM PARTICIPATION ON CONTINUING ELIGIBILITY
23 FOR EMERGENCY UNEMPLOYMENT COMPENSATION.—
24 Any wages paid under this section and any additional
25 wages paid by an employer to an individual described in

1 subsection (c)(1), and any work activities performed by
2 such individual as a participant in the program, shall not
3 be construed so as to render such individual ineligible to
4 receive emergency unemployment compensation under title
5 IV of the Supplemental Appropriations Act, 2008 (Public
6 Law 110–252; 26 U.S.C. 3304 note).

7 (h) NONDISPLACEMENT OF EMPLOYEES.—

8 (1) PROHIBITION.—An employer shall not use a
9 program participant to displace (including a partial
10 displacement, such as a reduction in the hours of
11 non-overtime work, wages, or employment benefits)
12 any current employee (as of the date of the partici-
13 pation).

14 (2) OTHER PROHIBITIONS.—An employer shall
15 not permit a program participant to perform work
16 activities related to any job for which—

17 (A) any other individual is on layoff from
18 the same or any substantially equivalent posi-
19 tion;

20 (B) the employer has terminated the em-
21 ployment of any employee or otherwise reduced
22 the workforce of the employer with the inten-
23 tion of filling or partially filling the vacancy so
24 created with the work activities to be performed
25 by a program participant;

1 (C) there is a strike or lock out at the
2 worksite that is the participant's place of em-
3 ployment; or

4 (D) the job is created in a manner that
5 will infringe in any way upon the promotional
6 opportunities of currently employed individuals
7 (as of the date of the participation).

8 (i) PROHIBITION ON IMPAIRMENT OF CONTRACTS.—

9 An employer shall not, by means of assigning work activi-
10 ties under this section, impair an existing contract for
11 services or a collective bargaining agreement, and no such
12 activity that would be inconsistent with the terms of a col-
13 lective bargaining agreement shall be undertaken without
14 the written concurrence of the labor organization that is
15 signatory to the collective bargaining agreement.

16 (j) LIMITATION ON EMPLOYER PARTICIPATION.—If,

17 after 24 weeks of participation in the program, an em-
18 ployer has not made an offer of suitable long-term employ-
19 ment to any individual described under subsection (c)(1)
20 who was placed with such employer and has completed the
21 program, a State shall bar such employer from further
22 participation in the program. States may impose addi-
23 tional conditions on participating employers to ensure that
24 an appropriate number of participants receive offers of
25 suitable long-term employment.

1 (k) FAILURE TO MEET PROGRAM REQUIREMENTS.—
2 If a State makes a determination based on information
3 provided to the State, or acquired by the State by means
4 of its administration and oversight functions, that a par-
5 ticipating employer under this section has violated a re-
6 quirement of this section, the State shall bar such em-
7 ployer from further participation in the program. The
8 State shall establish a process whereby an individual de-
9 scribed in subsection (c)(1), or any other affected indi-
10 vidual or entity, may file a complaint with the State relat-
11 ing to a violation of any requirement or prohibition under
12 this section.

13 (l) PARTICIPANT OPTION TO TERMINATE PARTICIPA-
14 TION IN BRIDGE TO WORK PROGRAM.—

15 (1) TERMINATION.—An individual who is par-
16 ticipating in a program described in subsection (b)
17 may opt to discontinue participation in such pro-
18 gram.

19 (2) CONTINUED ELIGIBILITY FOR EMERGENCY
20 UNEMPLOYMENT COMPENSATION.—An individual
21 who opts to discontinue participation in such pro-
22 gram, is terminated from such program by a partici-
23 pating employer, or who has completed participation
24 in such program, and who continues to meet the eli-
25 gibility requirements for emergency unemployment

1 compensation under title IV of the Supplemental
2 Appropriations Act, 2008 (Public Law 110–252; 26
3 U.S.C. 3304 note), shall receive emergency unem-
4 ployment compensation payments with respect to
5 subsequent weeks of unemployment, to the extent
6 that amounts remain in the account established for
7 such individual under section 4002(b) of such Act or
8 to the extent that such individual commences receiv-
9 ing the amounts described in subsection (c), (d), or
10 (e) of such section, respectively.

11 (m) EFFECT OF OTHER LAWS.—Unless otherwise
12 provided in this section, nothing in this section shall be
13 construed to alter or affect the rights or obligations under
14 any Federal, State, or local laws with respect to any indi-
15 vidual described in subsection (c)(1) and with respect to
16 any participating employer under this section.

17 (n) TREATMENT OF PAYMENTS.—All wages or other
18 payments to an individual under this section shall be treat-
19 ed as payments of unemployment compensation for pur-
20 poses of section 209 of the Social Security Act (42 U.S.C.
21 409) and for purposes of subtitle A and sections 3101,
22 3111, and 3301 of the Internal Revenue Code of 1986.

1 **SEC. 325. WAGE INSURANCE.**

2 (a) IN GENERAL.—A State may use the funds allot-
3 ted to the State under this part to provide a wage insur-
4 ance program for EUC claimants.

5 (b) BENEFITS.—The wage insurance program pro-
6 vided under this section may use funds allotted to the
7 State under this part to pay, for a period not to exceed
8 2 years, to a worker described in subsection (c), up to 50
9 percent of the difference between—

10 (1) the wages received by the worker at the
11 time of separation; and

12 (2) the wages received by the worker for reem-
13 ployment.

14 (c) INDIVIDUAL ELIGIBILITY.—The benefits de-
15 scribed in subsection (b) may be paid to an individual who
16 is an EUC claimant at the time such individual obtains
17 reemployment and who—

18 (1) is at least 50 years of age;

19 (2) earns not more than \$50,000 per year in
20 wages from reemployment;

21 (3) is employed on a full-time basis as defined
22 by the law of the State; and

23 (4) is not employed by the employer from which
24 the individual was last separated.

25 (d) TOTAL AMOUNT OF PAYMENTS.—A State shall
26 establish a maximum amount of payments per individual

1 for purposes of payments described in subsection (b) dur-
2 ing the eligibility period described in such subsection.

3 (e) NON-DISCRIMINATION REGARDING WAGES.—An
4 employer shall not pay a worker described in subsection
5 (c) less than such employer pays to a regular worker in
6 the same or substantially equivalent position.

7 **SEC. 326. ENHANCED REEMPLOYMENT STRATEGIES.**

8 (a) IN GENERAL.—A State may use funds allotted
9 under this part to provide a program of enhanced reem-
10 ployment services to EUC claimants. In addition to the
11 provision of services to such claimants, the program may
12 include the provision of reemployment services to individ-
13 uals who are unemployed and have exhausted their rights
14 to emergency unemployment compensation under title IV
15 of the Supplemental Appropriations Act, 2008 (Public
16 Law 110–252; 26 U.S.C. 3304 note). The program shall
17 provide reemployment services that are more intensive
18 than the reemployment services provided by the State
19 prior to the receipt of the allotment under this part.

20 (b) TYPES OF SERVICES.—The enhanced reemploy-
21 ment services described in subsection (a) may include serv-
22 ices such as—

23 (1) assessments, counseling, and other intensive
24 services that are provided by staff on a one-to-one
25 basis and may be customized to meet the reemploy-

1 ment needs of EUC claimants and individuals de-
2 scribed in subsection (a);

3 (2) comprehensive assessments designed to
4 identify alternative career paths;

5 (3) case management;

6 (4) reemployment services that are provided
7 more frequently and more intensively than such re-
8 employment services have previously been provided
9 by the State; and

10 (5) services that are designed to enhance com-
11 munication skills, interviewing skills, and other skills
12 that would assist in obtaining reemployment.

13 **SEC. 327. SELF-EMPLOYMENT PROGRAMS.**

14 A State may use funds allotted to the State under
15 this part, in an amount specified under an approved State
16 plan, for the administrative costs associated with starting
17 up the self-employment assistance program described in
18 section 4001(i) of the Supplemental Appropriations Act,
19 2008 (Public Law 110–252; 26 U.S.C. 3304 note).

20 **SEC. 328. ADDITIONAL INNOVATIVE PROGRAMS.**

21 (a) IN GENERAL.—A State may use funds allotted
22 under this part to provide a program for innovative activi-
23 ties, which use a strategy that is different from the reem-
24 ployment strategies described in sections 324–327 and
25 which are designed to facilitate the reemployment of EUC

1 claimants. In addition to the provision of activities to such
2 claimants, the program may include the provision of activi-
3 ties to individuals who are unemployed and have exhausted
4 their rights to emergency unemployment compensation
5 under title IV of the Supplemental Appropriations Act,
6 2008 (Public Law 110–252; 26 U.S.C. 3304 note).

7 (b) CONDITIONS.—The innovative activities approved
8 in accordance with subsection (a)—

9 (1) shall directly benefit EUC claimants and, if
10 applicable, individuals described in subsection (a), ei-
11 ther as a benefit paid to such claimant or individual
12 or as a service provided to such claimant or indi-
13 vidual;

14 (2) shall not result in a reduction in the dura-
15 tion or amount of, emergency unemployment com-
16 pensation for which EUC claimants would otherwise
17 be eligible;

18 (3) shall not include a reduction in the dura-
19 tion, amount of or eligibility for regular compensa-
20 tion or extended benefits;

21 (4) shall not be used to displace (including a
22 partial displacement, such as a reduction in the
23 hours of non-overtime work, wages, or employment
24 benefits) any currently employed employee (as of the
25 date of the participation) or allow a program partici-

1 pant to perform work activities related to any job for
2 which—

3 (A) any other individual is on layoff from
4 the same or any substantially equivalent job;

5 (B) the employer has terminated the em-
6 ployment of any regular employee or otherwise
7 reduced the workforce of the employer with the
8 intention of filling or partially filling the va-
9 cancy so created with the work activities to be
10 performed by a program participant;

11 (C) there is a strike or lock out at the
12 worksite that is the participant's place of em-
13 ployment; or

14 (D) the job is created in a manner that
15 will infringe in any way upon the promotional
16 opportunities of currently employed individuals
17 (as of the date of the participation); and

18 (5) shall not be in violation of any Federal,
19 State, or local law.

20 **SEC. 329. GUIDANCE AND ADDITIONAL REQUIREMENTS.**

21 The Secretary of Labor may establish through guid-
22 ance, without regard to the requirements of section 553
23 of title 5, United States Code, such additional require-
24 ments, including requirements regarding the allotment, re-
25 capture, and reallocation of funds, and reporting require-

1 ments, as the Secretary determines to be necessary to en-
 2 sure fiscal integrity, effective monitoring, and appropriate
 3 and prompt implementation of the activities under this
 4 Act.

5 **SEC. 330. REPORT OF INFORMATION AND EVALUATIONS TO**
 6 **CONGRESS AND THE PUBLIC.**

7 The Secretary of Labor shall provide to the appro-
 8 priate Committees of the Congress and make available to
 9 the public the information reported pursuant to section
 10 329 and the evaluations of activities carried out pursuant
 11 to the funds reserved under section 322(a)(1).

12 **SEC. 331. STATE.**

13 For purposes of this part, the term “State” has the
 14 meaning given that term in section 205 of the Federal-
 15 State Extended Unemployment Compensation Act of 1970
 16 (26 U.S.C. 3304 note).

17 **PART III—SHORT-TIME COMPENSATION**
 18 **PROGRAM**

19 **SEC. 341. TEMPORARY FINANCING OF SHORT-TIME COM-**
 20 **PENSATION PAYMENTS IN STATES WITH PRO-**
 21 **GRAMS IN LAW.**

22 (a) PAYMENTS TO STATES.—

23 (1) IN GENERAL.—Subject to paragraph (3),
 24 there shall be paid to a State an amount equal to
 25 100 percent of the amount of short-time compensa-

1 tion paid under a short-time compensation program
2 (as defined in section 3306(v) of the Internal Rev-
3 enue Code of 1986) under the provisions of the
4 State law.

5 (2) TERMS OF PAYMENTS.—Payments made to
6 a State under paragraph (1) shall be payable by way
7 of reimbursement in such amounts as the Secretary
8 estimates the State will be entitled to receive under
9 this section for each calendar month, reduced or in-
10 creased, as the case may be, by any amount by
11 which the Secretary finds that the Secretary’s esti-
12 mates for any prior calendar month were greater or
13 less than the amounts which should have been paid
14 to the State. Such estimates may be made on the
15 basis of such statistical, sampling, or other method
16 as may be agreed upon by the Secretary and the
17 State agency of the State involved.

18 (3) LIMITATIONS ON PAYMENTS.—

19 (A) GENERAL PAYMENT LIMITATIONS.—

20 No payments shall be made to a State under
21 this section for short-time compensation paid to
22 an individual by the State during a benefit year
23 in excess of 26 times the amount of regular
24 compensation (including dependents’ allow-

1 ances) under the State law payable to such in-
2 dividual for a week of total unemployment.

3 (B) EMPLOYER LIMITATIONS.—No pay-
4 ments shall be made to a State under this sec-
5 tion for benefits paid to an individual by the
6 State under a short-time compensation program
7 if such individual is employed by the partici-
8 pating employer on a seasonal, temporary, or
9 intermittent basis.

10 (b) APPLICABILITY.—

11 (1) IN GENERAL.—Payments to a State under
12 subsection (a) shall be available for weeks of unem-
13 ployment—

14 (A) beginning on or after the date of the
15 enactment of this Act; and

16 (B) ending on or before the date that is 3
17 years and 6 months after the date of the enact-
18 ment of this Act.

19 (2) THREE-YEAR FUNDING LIMITATION FOR
20 COMBINED PAYMENTS UNDER THIS SECTION AND
21 SECTION 343.—States may receive payments under
22 this section and section 343 with respect to a total
23 of not more than 156 weeks.

24 (c) TWO-YEAR TRANSITION PERIOD FOR EXISTING
25 PROGRAMS.—During any period that the transition provi-

1 sion under section 341(a)(3) is applicable to a State with
2 respect to a short-time compensation program, such State
3 shall be eligible for payments under this section. Subject
4 to paragraphs (1)(B) and (2) of subsection (b), if at any
5 point after the date of the enactment of this Act the State
6 enacts a State law providing for the payment of short-
7 time compensation under a short-time compensation pro-
8 gram that meets the definition of such a program under
9 section 3306(v) of the Internal Revenue Code of 1986, the
10 State shall be eligible for payments under this section
11 after the effective date of such enactment.

12 (d) FUNDING AND CERTIFICATIONS.—

13 (1) FUNDING.—There are appropriated, out of
14 moneys in the Treasury not otherwise appropriated,
15 such sums as may be necessary for purposes of car-
16 rying out this section.

17 (2) CERTIFICATIONS.—The Secretary shall
18 from time to time certify to the Secretary of the
19 Treasury for payment to each State the sums pay-
20 able to such State under this section.

21 (e) DEFINITIONS.—In this section:

22 (1) SECRETARY.—The term “Secretary” means
23 the Secretary of Labor.

24 (2) STATE; STATE AGENCY; STATE LAW.—The
25 terms “State”, “State agency”, and “State law”

1 have the meanings given those terms in section 205
2 of the Federal-State Extended Unemployment Com-
3 pensation Act of 1970 (26 U.S.C. 3304 note).

4 **SEC. 342. TEMPORARY FINANCING OF SHORT-TIME COM-**
5 **PENSATION AGREEMENTS.**

6 (a) FEDERAL-STATE AGREEMENTS.—

7 (1) IN GENERAL.—Any State which desires to
8 do so may enter into, and participate in, an agree-
9 ment under this section with the Secretary provided
10 that such State's law does not provide for the pay-
11 ment of short-time compensation under a short-time
12 compensation program (as defined in section
13 3306(v) of the Internal Revenue Code of 1986).

14 (2) ABILITY TO TERMINATE.—Any State which
15 is a party to an agreement under this section may,
16 upon providing 30 days' written notice to the Sec-
17 retary, terminate such agreement.

18 (b) PROVISIONS OF FEDERAL-STATE AGREEMENT.—

19 (1) IN GENERAL.—Any agreement under this
20 section shall provide that the State agency of the
21 State will make payments of short-time compensa-
22 tion under a plan approved by the State. Such plan
23 shall provide that payments are made in accordance
24 with the requirements under section 3306(v) of the
25 Internal Revenue Code of 1986.

1 (2) LIMITATIONS ON PLANS.—

2 (A) GENERAL PAYMENT LIMITATIONS.—A
3 short-time compensation plan approved by a
4 State shall not permit the payment of short-
5 time compensation to an individual by the State
6 during a benefit year in excess of 26 times the
7 amount of regular compensation (including de-
8 pendents' allowances) under the State law pay-
9 able to such individual for a week of total un-
10 employment.

11 (B) EMPLOYER LIMITATIONS.—A short-
12 time compensation plan approved by a State
13 shall not provide payments to an individual if
14 such individual is employed by the participating
15 employer on a seasonal, temporary, or intermit-
16 tent basis.

17 (3) EMPLOYER PAYMENT OF COSTS.—Any
18 short-time compensation plan entered into by an em-
19 ployer must provide that the employer will pay the
20 State an amount equal to one-half of the amount of
21 short-time compensation paid under such plan. Such
22 amount shall be deposited in the State's unemploy-
23 ment fund and shall not be used for purposes of cal-
24 culating an employer's contribution rate under sec-

1 tion 3303(a)(1) of the Internal Revenue Code of
2 1986.

3 (c) PAYMENTS TO STATES.—

4 (1) IN GENERAL.—There shall be paid to each
5 State with an agreement under this section an
6 amount equal to—

7 (A) one-half of the amount of short-time
8 compensation paid to individuals by the State
9 pursuant to such agreement; and

10 (B) any additional administrative expenses
11 incurred by the State by reason of such agree-
12 ment (as determined by the Secretary).

13 (2) TERMS OF PAYMENTS.—Payments made to
14 a State under paragraph (1) shall be payable by way
15 of reimbursement in such amounts as the Secretary
16 estimates the State will be entitled to receive under
17 this section for each calendar month, reduced or in-
18 creased, as the case may be, by any amount by
19 which the Secretary finds that the Secretary's esti-
20 mates for any prior calendar month were greater or
21 less than the amounts which should have been paid
22 to the State. Such estimates may be made on the
23 basis of such statistical, sampling, or other method
24 as may be agreed upon by the Secretary and the
25 State agency of the State involved.

1 (3) FUNDING.—There are appropriated, out of
2 moneys in the Treasury not otherwise appropriated,
3 such sums as may be necessary for purposes of car-
4 rying out this section.

5 (4) CERTIFICATIONS.—The Secretary shall
6 from time to time certify to the Secretary of the
7 Treasury for payment to each State the sums pay-
8 able to such State under this section.

9 (d) APPLICABILITY.—

10 (1) IN GENERAL.—An agreement entered into
11 under this section shall apply to weeks of unemploy-
12 ment—

13 (A) beginning on or after the date on
14 which such agreement is entered into; and

15 (B) ending on or before the date that is 2
16 years and 13 weeks after the date of the enact-
17 ment of this Act.

18 (2) TWO-YEAR FUNDING LIMITATION.—States
19 may receive payments under this section with re-
20 spect to a total of not more than 104 weeks.

21 (e) SPECIAL RULE.—If a State has entered into an
22 agreement under this section and subsequently enacts a
23 State law providing for the payment of short-time com-
24 pensation under a short-time compensation program that
25 meets the definition of such a program under section

1 3306(v) of the Internal Revenue Code of 1986, the
2 State—

3 (1) shall not be eligible for payments under this
4 section for weeks of unemployment beginning after
5 the effective date of such State law; and

6 (2) subject to paragraphs (1)(B) and (2) of sec-
7 tion 342(b), shall be eligible to receive payments
8 under section 342 after the effective date of such
9 State law.

10 (f) DEFINITIONS.—In this section:

11 (1) SECRETARY.—The term “Secretary” means
12 the Secretary of Labor.

13 (2) STATE; STATE AGENCY; STATE LAW.—The
14 terms “State”, “State agency”, and “State law”
15 have the meanings given those terms in section 205
16 of the Federal-State Extended Unemployment Com-
17 pensation Act of 1970 (26 U.S.C. 3304 note).

18 **SEC. 343. GRANTS FOR SHORT-TIME COMPENSATION PRO-**

19 **GRAMS.**

20 (a) GRANTS.—

21 (1) FOR IMPLEMENTATION OR IMPROVED AD-
22 MINISTRATION.—The Secretary shall award grants
23 to States that enact short-time compensation pro-
24 grams (as defined in subsection (i)(2)) for the pur-

1 pose of implementation or improved administration
2 of such programs.

3 (2) FOR PROMOTION AND ENROLLMENT.—The
4 Secretary shall award grants to States that are eligi-
5 ble and submit plans for a grant under paragraph
6 (1) for such States to promote and enroll employers
7 in short-time compensation programs (as so de-
8 fined).

9 (3) ELIGIBILITY.—

10 (A) IN GENERAL.—The Secretary shall de-
11 termine eligibility criteria for the grants under
12 paragraphs (1) and (2).

13 (B) CLARIFICATION.—A State admin-
14 istering a short-time compensation program, in-
15 cluding a program being administered by a
16 State that is participating in the transition
17 under the provisions of sections 341(a)(3) and
18 342(c), that does not meet the definition of a
19 short-time compensation program under section
20 3306(v) of the Internal Revenue Code of 1986,
21 and a State with an agreement under section
22 342, shall not be eligible to receive a grant
23 under this section until such time as the State
24 law of the State provides for payments under a

1 short-time compensation program that meets
2 such definition and such law.

3 (b) AMOUNT OF GRANTS.—

4 (1) IN GENERAL.—The maximum amount avail-
5 able for making grants to a State under paragraphs
6 (1) and (2) shall be equal to the amount obtained
7 by multiplying \$700,000,000 (less the amount used
8 by the Secretary under subsection (e)) by the same
9 ratio as would apply under subsection (a)(2)(B) of
10 section 903 of the Social Security Act (42 U.S.C.
11 1103) for purposes of determining such State's
12 share of any excess amount (as described in sub-
13 section (a)(1) of such section) that would have been
14 subject to transfer to State accounts, as of October
15 1, 2013, under the provisions of subsection (a) of
16 such section.

17 (2) AMOUNT AVAILABLE FOR DIFFERENT
18 GRANTS.—Of the maximum incentive payment deter-
19 mined under paragraph (1) with respect to a
20 State—

21 (A) one-third shall be available for a grant
22 under subsection (a)(1); and

23 (B) two-thirds shall be available for a
24 grant under subsection (a)(2).

25 (c) GRANT APPLICATION AND DISBURSAL.—

1 (1) APPLICATION.—Any State seeking a grant
2 under paragraph (1) or (2) of subsection (a) shall
3 submit an application to the Secretary at such time,
4 in such manner, and complete with such information
5 as the Secretary may require. In no case may the
6 Secretary award a grant under this section with re-
7 spect to an application that is submitted after De-
8 cember 31, 2016.

9 (2) NOTICE.—The Secretary shall, within 30
10 days after receiving a complete application, notify
11 the State agency of the State of the Secretary’s find-
12 ings with respect to the requirements for a grant
13 under paragraph (1) or (2) (or both) of subsection
14 (a).

15 (3) CERTIFICATION.—If the Secretary finds
16 that the State law provisions meet the requirements
17 for a grant under subsection (a), the Secretary shall
18 thereupon make a certification to that effect to the
19 Secretary of the Treasury, together with a certifi-
20 cation as to the amount of the grant payment to be
21 transferred to the State account in the Unemploy-
22 ment Trust Fund (as established in section 904(a)
23 of the Social Security Act (42 U.S.C. 1104(a))) pur-
24 suant to that finding. The Secretary of the Treasury
25 shall make the appropriate transfer to the State ac-

1 count within 7 days after receiving such certifi-
2 cation.

3 (4) REQUIREMENT.—No certification of compli-
4 ance with the requirements for a grant under para-
5 graph (1) or (2) of subsection (a) may be made with
6 respect to any State whose—

7 (A) State law is not otherwise eligible for
8 certification under section 303 of the Social Se-
9 curity Act (42 U.S.C. 503) or approvable under
10 section 3304 of the Internal Revenue Code of
11 1986; or

12 (B) short-time compensation program is
13 subject to discontinuation or is not scheduled to
14 take effect within 12 months of the certifi-
15 cation.

16 (d) USE OF FUNDS.—The amount of any grant
17 awarded under this section shall be used for the implemen-
18 tation of short-time compensation programs and the over-
19 all administration of such programs and the promotion
20 and enrollment efforts associated with such programs,
21 such as through—

22 (1) the creation or support of rapid response
23 teams to advise employers about alternatives to lay-
24 offs;

1 (2) the provision of education or assistance to
2 employers to enable them to assess the feasibility of
3 participating in short-time compensation programs;
4 and

5 (3) the development or enhancement of systems
6 to automate—

7 (A) the submission and approval of plans;
8 and

9 (B) the filing and approval of new and on-
10 going short-time compensation claims.

11 (e) ADMINISTRATION.—The Secretary is authorized
12 to use 0.25 percent of the funds available under subsection
13 (g) to provide for outreach and to share best practices with
14 respect to this section and short-time compensation pro-
15 grams.

16 (f) RECOUPMENT.—The Secretary shall establish a
17 process under which the Secretary shall recoup the
18 amount of any grant awarded under paragraph (1) or (2)
19 of subsection (a) if the Secretary determines that, during
20 the 5-year period beginning on the first date that any such
21 grant is awarded to the State, the State—

22 (1) terminated the State’s short-time compensa-
23 tion program; or

1 (2) failed to meet appropriate requirements
2 with respect to such program (as established by the
3 Secretary).

4 (g) FUNDING.—There are appropriated, out of mon-
5 eys in the Treasury not otherwise appropriated, to the
6 Secretary, \$700,000,000 to carry out this section, to re-
7 main available without fiscal year limitation.

8 (h) REPORTING.—The Secretary may establish re-
9 porting requirements for States receiving a grant under
10 this section in order to provide oversight of grant funds.

11 (i) DEFINITIONS.—In this section:

12 (1) SECRETARY.—The term “Secretary” means
13 the Secretary of Labor.

14 (2) SHORT-TIME COMPENSATION PROGRAM.—
15 The term “short-time compensation program” has
16 the meaning given such term in section 3306(v) of
17 the Internal Revenue Code of 1986.

18 (3) STATE; STATE AGENCY; STATE LAW.—The
19 terms “State”, “State agency”, and “State law”
20 have the meanings given those terms in section 205
21 of the Federal-State Extended Unemployment Com-
22 pensation Act of 1970 (26 U.S.C. 3304 note).

1 **SEC. 344. ASSISTANCE AND GUIDANCE IN IMPLEMENTING**
2 **PROGRAMS.**

3 (a) **IN GENERAL.**—In order to assist States in estab-
4 lishing, qualifying, and implementing short-time com-
5 pensation programs (as defined in section 3306(v) of the
6 Internal Revenue Code of 1986), the Secretary of Labor
7 (in this section referred to as the “Secretary”) shall—

8 (1) develop model legislative language which
9 may be used by States in developing and enacting
10 such programs and periodically review and revise
11 such model legislative language;

12 (2) provide technical assistance and guidance in
13 developing, enacting, and implementing such pro-
14 grams; and

15 (3) establish reporting requirements for States,
16 including reporting on—

17 (A) the number of estimated averted lay-
18 offs;

19 (B) the number of participating employers
20 and workers; and

21 (C) such other items as the Secretary of
22 Labor determines are appropriate.

23 (b) **MODEL LANGUAGE AND GUIDANCE.**—The model
24 language and guidance developed under subsection (a)
25 shall allow sufficient flexibility by States and participating

1 employers while ensuring accountability and program in-
2 tegrity.

3 (c) CONSULTATION.—In developing the model legisla-
4 tive language and guidance under subsection (a), and in
5 order to meet the requirements of subsection (b), the Sec-
6 retary shall consult with employers, labor organizations,
7 State workforce agencies, and other program experts.

8 **SEC. 345. REPORTS.**

9 (a) REPORTS.—

10 (1) IN GENERAL.—Not later than 4 years after
11 the date of the enactment of this Act, the Secretary
12 of Labor shall submit to Congress and to the Presi-
13 dent a report or reports on the implementation of
14 the provisions of this Act.

15 (2) REQUIREMENTS.—Any report under para-
16 graph (1) shall at a minimum include the following:

17 (A) A description of best practices by
18 States and employers in the administration,
19 promotion, and use of short-time compensation
20 programs (as defined in section 3306(v) of the
21 Internal Revenue Code of 1986).

22 (B) An analysis of the significant chal-
23 lenges to State enactment and implementation
24 of short-time compensation programs.

1 (C) A survey of employers in States that
2 have not enacted a short-time compensation
3 program or entered into an agreement with the
4 Secretary on a short-time compensation plan to
5 determine the level of interest among such em-
6 ployers in participating in short-time compensa-
7 tion programs.

8 (b) FUNDING.—There are appropriated, out of any
9 moneys in the Treasury not otherwise appropriated, to the
10 Secretary of Labor, \$1,500,000 to carry out this section,
11 to remain available without fiscal year limitation.

12 **Subtitle B—Long-Term**
13 **Unemployed Hiring Preferences**

14 **SEC. 351. LONG-TERM UNEMPLOYED WORKERS WORK OP-**
15 **PORTUNITY TAX CREDITS.**

16 (a) IN GENERAL.—Section 51(b)(3) of the Internal
17 Revenue Code is amended by inserting “\$10,000 per year
18 in the case of any individual who is a qualified long-term
19 unemployed individual by reason of subsection (d)(11),
20 and” before “\$12,000 per year”.

21 (b) LONG-TERM UNEMPLOYED INDIVIDUALS TAX
22 CREDITS.—Section 51(d) of such Code is amended—

23 (1) in paragraph (1), by striking “or” at the
24 end of subparagraph (H), by striking the period at
25 the end of subparagraph (I) and inserting “, or”,

1 and by inserting after subparagraph (I) the fol-
2 lowing:

3 “(J) a qualified long-term unemployed in-
4 dividual.”, and

5 (2) by redesignating paragraphs (11) through
6 (14) as paragraphs (12) through (15), respectively,
7 and by inserting after paragraph (10) the following
8 new paragraph:

9 “(11) QUALIFIED LONG-TERM UNEMPLOYED
10 INDIVIDUAL.—

11 “(A) IN GENERAL.—The term ‘qualified
12 long-term unemployed individual’ means any in-
13 dividual who was not a student for at least 6
14 months during the 1-year period ending on the
15 hiring date and is certified by the designated
16 local agency as having aggregate periods of un-
17 employment during the 1-year period ending on
18 the hiring date which equal or exceed 6 months.

19 “(B) STUDENT.—For purposes of this sub-
20 section, a student is an individual enrolled at
21 least half-time in a program that leads to a de-
22 gree, certificate, or other recognized educational
23 credential for at least 6 months whether or not
24 consecutive during the 1-year period ending on
25 the hiring date.”.

1 (c) SIMPLIFIED CERTIFICATION.—Section 51(d) of
2 such Code, as amended by subsection (b), is amended by
3 adding at the end the following new paragraph:

4 “(16) CREDIT ALLOWED FOR QUALIFIED LONG-
5 TERM UNEMPLOYED INDIVIDUALS.—

6 “(A) IN GENERAL.—Any qualified long-
7 term unemployed individual under paragraph
8 (11) will be treated as certified by the des-
9 ignated local agency as having aggregate peri-
10 ods of unemployment if the individual is cer-
11 tified by the designated local agency as being in
12 receipt of unemployment compensation under
13 State or Federal law for not less than 6 months
14 during the 1-year period ending on the hiring
15 date.

16 “(B) REGULATORY AUTHORITY.—The Sec-
17 retary may provide alternative methods for cer-
18 tification as a qualified long-term unemployed
19 individual under paragraph (11), at the Sec-
20 retary’s discretion.”.

21 (d) CREDIT MADE AVAILABLE TO TAX-EXEMPT EM-
22 PLOYERS IN CERTAIN CIRCUMSTANCES.—Section 3111(e)
23 of such Code is amended—

24 (1) in the heading for the subsection is amend-
25 ed by inserting “AND QUALIFIED LONG-TERM UN-

1 EMPLOYED INDIVIDUALS” after “QUALIFIED VET-
2 ERANS”,

3 (2) in paragraph (1) by inserting “or qualified
4 long-term unemployed individual” after “qualified
5 veteran”,

6 (3) in paragraph (2) by inserting “and qualified
7 long-term unemployed individuals” after “qualified
8 veterans”,

9 (4) in paragraph (3)(C) by inserting “and
10 qualified long-term unemployed individual, as the
11 case may be,” after “qualified veteran”,

12 (5) in paragraph (4) by inserting “or qualified
13 long-term unemployed individual” after “qualified
14 veteran” both places it appears, and

15 (6) in paragraph (5) by striking “and” at the
16 end of subparagraph (A), by striking the period at
17 the end of subparagraph (B) and inserting “, and”,
18 and by adding at the end the following:

19 “(C) the term ‘qualified long-term unem-
20 ployed individual’ has meaning given such term
21 by section 51(d)(11).”.

22 (e) TREATMENT OF POSSESSIONS.—

23 (1) PAYMENTS TO POSSESSIONS.—

24 (A) MIRROR CODE POSSESSIONS.—The
25 Secretary of the Treasury shall pay to each pos-

1 session of the United States with a mirror code
2 tax system amounts equal to the loss to that
3 possession by reason of the amendments made
4 by this section. Such amounts shall be deter-
5 mined by the Secretary of the Treasury based
6 on information provided by the government of
7 the respective possession of the United States.

8 (B) OTHER POSSESSIONS.—The Secretary
9 of the Treasury shall pay to each possession of
10 the United States which does not have a mirror
11 code tax system the amount estimated by the
12 Secretary of the Treasury as being equal to the
13 loss to that possession that would have occurred
14 by reason of the amendments made by this sec-
15 tion if a mirror code tax system had been in ef-
16 fect in such possession. The preceding sentence
17 shall not apply with respect to any possession
18 of the United States unless such possession es-
19 tablishes to the satisfaction of the Secretary
20 that the possession has implemented (or, at the
21 discretion of the Secretary, will implement) an
22 income tax benefit which is substantially equiv-
23 alent to the income tax credit in effect after the
24 amendments made by this section.

1 (2) COORDINATION WITH CREDIT ALLOWED
2 AGAINST UNITED STATES INCOME TAXES.—The
3 credit allowed against United States income taxes
4 for any taxable year under the amendments made by
5 this section to section 51 of the Internal Revenue
6 Code of 1986 to any person with respect to any
7 qualified long-term unemployed individual shall be
8 reduced by the amount of any credit (or other tax
9 benefit described in paragraph (1)(B)) allowed to
10 such person against income taxes imposed by the
11 possession of the United States by reason of this
12 subsection with respect to such qualified long-term
13 unemployed individual for such taxable year.

14 (3) DEFINITIONS AND SPECIAL RULES.—

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

22 (B) MIRROR CODE TAX SYSTEM.—For pur-
23 poses of this subsection, the term “mirror code
24 tax system” means, with respect to any posses-
25 sion of the United States, the income tax sys-

1 tem of such possession if the income tax liabil-
2 ity of the residents of such possession under
3 such system is determined by reference to the
4 income tax laws of the United States as if such
5 possession were the United States.

6 (C) TREATMENT OF PAYMENTS.—For pur-
7 poses of section 1324(b)(2) of title 31, United
8 States Code, the payments under this sub-
9 section shall be treated in the same manner as
10 a refund due from credit provisions described in
11 such section.

12 (f) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to individuals who begin work for
14 the employer after the date of the enactment of this Act.

15 **Subtitle C—Pathways Back to** 16 **Work**

17 **SEC. 361. SHORT TITLE.**

18 This subtitle may be cited as the “Pathways Back
19 to Work Act of 2015”.

20 **SEC. 362. AUTHORIZATION OF APPROPRIATIONS.**

21 There is authorized to be appropriated to the Sec-
22 retary of Labor \$5,000,000,000 to carry out this subtitle.

23 **SEC. 363. AVAILABILITY OF FUNDS.**

24 (a) IN GENERAL.—Of the amounts available under
25 section 362(b), the Secretary of Labor shall—

1 (1) allot \$2,000,000,000 in accordance with
2 section 364 to provide subsidized employment to un-
3 employed, low-income adults;

4 (2) allot \$1,500,000,000 in accordance with
5 section 365 to provide summer and year-round em-
6 ployment opportunities to low-income youth; and

7 (3) award \$1,500,000,000 in competitive grants
8 in accordance with section 366 to local entities to
9 carry out work-based training and other work-re-
10 lated and educational strategies and activities of
11 demonstrated effectiveness to unemployed, low-in-
12 come adults and low-income youth to provide the
13 skills and assistance needed to obtain employment.

14 (b) RESERVATION.—The Secretary of Labor may re-
15 serve not more than 1 percent of amounts available under
16 each of paragraphs (1) through (3) of subsection (a) for
17 the costs of technical assistance, evaluations and Federal
18 administration of this Act.

19 (c) PERIOD OF AVAILABILITY.—The amounts appro-
20 priated under this Act shall be available for obligation by
21 the Secretary of Labor until December 31, 2016, and shall
22 be available for expenditure by grantees and subgrantees
23 until September 30, 2017.

1 **SEC. 364. SUBSIDIZED EMPLOYMENT FOR UNEMPLOYED,**
2 **LOW-INCOME ADULTS.**

3 (a) IN GENERAL.—

4 (1) ALLOTMENTS.—From the funds available
5 under section 363(a)(1), the Secretary of Labor
6 shall make an allotment under subsection (b) to each
7 State that has a State plan approved under sub-
8 section (c) and to each outlying area and Native
9 American grantee under section 166 of the Work-
10 force Innovation and Opportunity Act that meets the
11 requirements of this section, for the purpose of pro-
12 viding subsidized employment opportunities to unem-
13 ployed, low-income adults.

14 (2) GUIDANCE.—Not later than 30 days after
15 the date of enactment of this Act, the Secretary of
16 Labor, in coordination with the Secretary of Health
17 and Human Services, shall issue guidance regarding
18 the implementation of this section. Such guidance
19 shall, consistent with this section, include procedures
20 for the submission and approval of State and local
21 plans and the allotment and allocation of funds, in-
22 cluding reallocation and reallocation of such funds,
23 that promote the expeditious and effective implemen-
24 tation of the activities authorized under this section.

25 (b) STATE ALLOTMENTS.—

1 (1) RESERVATIONS FOR OUTLYING AREAS AND
2 TRIBES.—Of the funds described subsection (a)(1),
3 the Secretary shall reserve—

4 (A) not more than one-quarter of one per-
5 cent to provide assistance to outlying areas to
6 provide subsidized employment to low-income
7 adults who are unemployed; and

8 (B) 1.5 percent to provide assistance to
9 grantees of the Native American programs
10 under section 166 of the Workforce Innovation
11 and Opportunity Act to provide subsidized em-
12 ployment to low-income adults who are unem-
13 ployed.

14 (2) STATES.—After determining the amounts to
15 be reserved under paragraph (1), the Secretary of
16 Labor shall allot the remainder of the amounts de-
17 scribed in subsection (a)(1) among the States as fol-
18 lows—

19 (A) one-third shall be allotted on the basis
20 of the relative number of unemployed individ-
21 uals in areas of substantial unemployment in
22 each State, compared to the total number of
23 unemployed individuals in areas of substantial
24 unemployment in all States;

1 (B) one-third shall be allotted on the basis
2 of the relative excess number of unemployed in-
3 dividuals in each State, compared to the total
4 excess number of unemployed individuals in all
5 States; and

6 (C) one-third shall be allotted on the basis
7 of the relative number of disadvantaged adults
8 and youth in each State, compared to the total
9 number of disadvantaged adults and youth in
10 all States.

11 (3) DEFINITIONS.—For purposes of the for-
12 mula described in paragraph (2)—

13 (A) AREA OF SUBSTANTIAL UNEMPLOY-
14 MENT.—The term “area of substantial unem-
15 ployment” means any contiguous area with a
16 population of at least 10,000 and that has an
17 average rate of unemployment of at least 6.5
18 percent for the most recent 12 months, as de-
19 termined by the Secretary.

20 (B) DISADVANTAGED ADULTS AND
21 YOUTH.—The term “disadvantaged adults and
22 youth” means an individual who is age 16 and
23 older who received an income, or is a member
24 of a family that received a total family income,

1 that, in relation to family size, does not exceed
2 the higher of—

3 (i) the poverty line; or

4 (ii) 70 percent of the lower living
5 standard income level.

6 (C) EXCESS NUMBER.—The term “excess
7 number” means, used with respect to the excess
8 number of unemployed individuals within a
9 State, the higher of—

10 (i) the number that represents the
11 number of unemployed individuals in ex-
12 cess of 4.5 percent of the civilian labor
13 force in the State; or

14 (ii) the number that represents the
15 number of unemployed individuals in ex-
16 cess of 4.5 percent of the civilian labor
17 force in areas of substantial unemployment
18 in such State.

19 (4) REALLOTMENT.—If the Governor of a State
20 does not submit a State plan by the time specified
21 in subsection (c), or a State does not receive ap-
22 proval of a State plan, the amount the State would
23 have been eligible to receive pursuant to the formula
24 under paragraph (2) shall be added to the amounts

1 available for the competitive grants under section
2 363(a)(3).

3 (c) STATE PLAN.—

4 (1) IN GENERAL.—For a State to be eligible to
5 receive an allotment of the funds under subsection
6 (b), the Governor of the State shall submit to the
7 Secretary of Labor a State plan in such form and
8 containing such information as the Secretary may
9 require. At a minimum, such plan shall include—

10 (A) a description of the strategies and ac-
11 tivities to be carried out by the State, in coordi-
12 nation with employers in the State, to provide
13 subsidized employment opportunities to unem-
14 ployed, low-income adults, including strategies
15 relating to the level and duration of subsidies
16 consistent with subsection (e)(2);

17 (B) a description of the requirements the
18 State will apply relating to the eligibility of un-
19 employed, low-income adults, consistent with
20 section 368(6), for subsidized employment op-
21 portunities, which may include criteria to target
22 assistance to particular categories of such
23 adults, such as individuals with disabilities or
24 individuals who have exhausted all rights to un-
25 employment compensation;

1 (C) a description of how the funds allotted
2 to provide subsidized employment opportunities
3 will be administered in the State and local
4 areas, in accordance with subsection (d);

5 (D) a description of the performance out-
6 comes to be achieved by the State through the
7 activities carried out under this section and the
8 processes the State will use to track perform-
9 ance, consistent with guidance provided by the
10 Secretary of Labor regarding such outcomes
11 and processes and with section 367(b);

12 (E) a description of the coordination of ac-
13 tivities to be carried out with the funds pro-
14 vided under this section with activities under
15 title I of the Workforce Innovation and Oppor-
16 tunity Act, the TANF program under part A of
17 title IV of the Social Security Act, and other
18 appropriate Federal and State programs that
19 may assist unemployed, low-income adults in
20 obtaining and retaining employment;

21 (F) a description of the timelines for im-
22 plementation of the activities described in sub-
23 paragraph (A), and the number of unemployed,
24 low-income adults expected to be placed in sub-
25 sidized employment by quarter;

1 (G) assurances that the State will report
2 such information as the Secretary of Labor may
3 require relating to fiscal, performance and other
4 matters that the Secretary determines is nec-
5 essary to effectively monitor the activities car-
6 ried out under this section; and

7 (H) assurances that the State will ensure
8 compliance with the labor standards and protec-
9 tions described in section 367(a) of this Act.

10 (2) SUBMISSION AND APPROVAL OF STATE
11 PLAN.—

12 (A) SUBMISSION WITH OTHER PLANS.—

13 The State plan described in this subsection may
14 be submitted in conjunction with the State plan
15 modification or request for funds required
16 under section 365, and may be submitted as a
17 modification to a State plan that has been ap-
18 proved under section 102 or 103 of the Work-
19 force Innovation and Opportunity Act.

20 (B) SUBMISSION AND APPROVAL.—

21 (i) SUBMISSION.—The Governor shall
22 submit a plan to the Secretary of Labor
23 not later than 75 days after the enactment
24 of this Act and the Secretary of Labor
25 shall make a determination regarding the

1 approval or disapproval of such plans not
2 later than 45 days after the submission of
3 such plan. If the plan is disapproved, the
4 Secretary of Labor may provide a reason-
5 able period of time in which a disapproved
6 plan may be amended and resubmitted for
7 approval.

8 (ii) APPROVAL.—The Secretary of
9 Labor shall approve a State plan that the
10 Secretary determines is consistent with re-
11 quirements of this section and reasonably
12 appropriate and adequate to carry out the
13 purposes of this section. If the plan is ap-
14 proved, the Secretary shall allot funds to
15 States within 30 days after such approval.

16 (3) MODIFICATIONS TO STATE PLAN.—The
17 Governor may submit a modification to a State plan
18 under this subsection consistent with the require-
19 ments of this section.

20 (d) ADMINISTRATION WITHIN THE STATE.—

21 (1) OPTION.—The State may administer the
22 funds for activities under this section through—

23 (A) the State and local entities responsible
24 for the administration of the adult formula pro-

1 gram under subtitle B of title I of the Work-
2 force Innovation and Opportunity Act;

3 (B) the entities responsible for the admin-
4 istration of the TANF program under part A of
5 title IV of the Social Security Act; or

6 (C) a combination of the entities described
7 in subparagraphs (A) and (B).

8 (2) WITHIN-STATE ALLOCATIONS.—

9 (A) ALLOCATION OF FUNDS.—The Gov-
10 ernor may reserve up to 5 percent of the allot-
11 ment under subsection (b)(2) for administration
12 and technical assistance, and shall allocate the
13 remainder, in accordance with the option elect-
14 ed under paragraph (1)—

15 (i) among local workforce investment
16 areas within the State in accordance with
17 the factors identified in subsection (b)(2),
18 except that for purposes of such allocation
19 references to a State in such paragraph
20 shall be deemed to be references to a local
21 workforce investment area and references
22 to all States shall be deemed to be ref-
23 erences to all local areas in the State in-
24 volved, of which not more than 10 percent
25 of the funds allocated to a local workforce

1 investment area may be used for the costs
2 of administration of this section; or

3 (ii) through entities responsible for
4 the administration of the TANF program
5 under part A of title IV of the Social Secu-
6 rity Act in local areas in such manner as
7 the State may determine appropriate.

8 (B) LOCAL PLANS.—

9 (i) IN GENERAL.—In the case where
10 the responsibility for the administration of
11 activities is to be carried out by the enti-
12 ties described under paragraph (1)(A), in
13 order to receive an allocation under sub-
14 paragraph (A)(i), a local workforce invest-
15 ment board, in partnership with the chief
16 elected official of the local workforce in-
17 vestment area involved, shall submit to the
18 Governor a local plan for the use of such
19 funds under this section not later than 30
20 days after the submission of the State
21 plan. Such local plan may be submitted as
22 a modification to a local plan approved
23 under section 108 of the Workforce Inno-
24 vation and Opportunity Act.

1 (ii) CONTENTS.—The local plan de-
2 scribed in clause (i) shall contain the ele-
3 ments described in subparagraphs (A)–(H)
4 of subsection (c)(1), as applied to the local
5 workforce investment area.

6 (iii) APPROVAL.—The Governor shall
7 approve or disapprove the local plan sub-
8 mitted under clause (i) within 30 days
9 after submission, or if later, 30 days after
10 the approval of the State plan. The Gov-
11 ernor shall approve the plan unless the
12 Governor determines that the plan is in-
13 consistent with requirements of this section
14 or is not reasonably appropriate and ade-
15 quate to carry out the purposes of this sec-
16 tion. If the Governor has not made a de-
17 termination within the period specified
18 under the first sentence of this clause, the
19 plan shall be considered approved. If the
20 plan is disapproved, the Governor may pro-
21 vide a reasonable period of time in which
22 a disapproved plan may be amended and
23 resubmitted for approval. The Governor
24 shall allocate funds to local workforce in-

1 investment areas with approved plans within
2 30 days after such approval.

3 (C) REALLOCATION OF FUNDS TO LOCAL
4 AREAS.—If a local workforce investment board
5 does not submit a local plan by the time speci-
6 fied in subparagraph (B) or the Governor does
7 not approve a local plan, the amount the local
8 workforce investment area would have been eli-
9 gible to receive pursuant to the formula under
10 subparagraph (A)(i) shall be allocated to local
11 workforce investment areas that receive ap-
12 proval of the local plan under subparagraph
13 (B). Such reallocations shall be made in accord-
14 ance with the relative share of the allocations to
15 such local workforce investment areas applying
16 the formula factors described under subpara-
17 graph (A)(i).

18 (e) USE OF FUNDS.—

19 (1) IN GENERAL.—The funds under this section
20 shall be used to provide subsidized employment for
21 unemployed, low-income adults. The State and local
22 entities described in subsection (d)(1) may use a va-
23 riety of strategies in recruiting employers and identi-
24 fying appropriate employment opportunities, with a
25 priority to be provided to employment opportunities

1 likely to lead to unsubsidized employment in emerg-
2 ing or in-demand occupations in the local area.
3 Funds under this section may be used to provide
4 support services, such as transportation and child
5 care, that are necessary to enable the participation
6 of individuals in subsidized employment opportuni-
7 ties.

8 (2) LEVEL OF SUBSIDY AND DURATION.—The
9 States or local entities described in subsection (d)(1)
10 may determine the percentage of the wages and
11 costs of employing a participant for which an em-
12 ployer may receive a subsidy with the funds provided
13 under this section, and the duration of such subsidy,
14 in accordance with guidance issued by the Secretary.
15 The State or local entities may establish criteria for
16 determining such percentage or duration using ap-
17 propriate factors such as the size of the employer
18 and types of employment.

19 (f) COORDINATION OF FEDERAL ADMINISTRATION.—
20 The Secretary of Labor shall administer this section in
21 coordination with the Secretary of Health and Human
22 Services to ensure the effective implementation of this sec-
23 tion.

1 guidance, and the allotment and allocation of funds,
2 including reallocation and reallocation of such funds,
3 that promote the expeditious and effective implemen-
4 tation of the activities authorized under this section.

5 (2) REQUIREMENTS.—Except as otherwise pro-
6 vided in the guidance described in paragraph (1)
7 and in this section and other provisions of this Act,
8 the funds provided for activities under this section
9 shall be administered in accordance with subtitles B
10 and E of title I of the Workforce Innovation and
11 Opportunity Act relating to youth activities.

12 (c) STATE ALLOTMENTS.—

13 (1) RESERVATIONS FOR OUTLYING AREAS AND
14 TRIBES.—Of the funds described subsection (a), the
15 Secretary shall reserve—

16 (A) not more than one-quarter of one per-
17 cent to provide assistance to outlying areas to
18 provide summer and year-round employment
19 opportunities to low-income youth; and

20 (B) 1.5 percent to provide assistance to
21 grantees of the Native American programs
22 under section 166 of the Workforce Innovation
23 and Opportunity Act to provide summer and
24 year-round employment opportunities to low-in-
25 come youth.

1 (2) STATES.—After determining the amounts to
2 be reserved under paragraph (1), the Secretary of
3 Labor shall allot the remainder of the amounts de-
4 scribed in subsection (a) among the States in ac-
5 cordance with the factors described in section
6 364(b)(2) of this Act.

7 (3) REALLOTMENT.—If the Governor of a State
8 does not submit a State plan modification or other
9 request for funds specified in guidance under sub-
10 section (b) by the time specified in subsection
11 (d)(2)(B), or a State does not receive approval of
12 such State plan modification or request, the amount
13 the State would have been eligible to receive pursu-
14 ant to the formula under paragraph (2) shall be
15 added to the amounts available for the competitive
16 grants under section 363(a)(3).

17 (d) STATE PLAN MODIFICATION.—

18 (1) IN GENERAL.—For a State to be eligible to
19 receive an allotment of the funds under subsection
20 (e), the Governor of the State shall submit to the
21 Secretary of Labor a modification to a State plan
22 approved under section 102 or 103 of the Workforce
23 Innovation and Opportunity Act, or other request
24 for funds described in guidance in subsection (b), in
25 such form and containing such information as the

1 Secretary may require. At a minimum, such plan
2 modification or request shall include—

3 (A) a description of the strategies and ac-
4 tivities to be carried out to provide summer em-
5 ployment opportunities and year-round employ-
6 ment opportunities, including the linkages to
7 educational activities, consistent with subsection
8 (f);

9 (B) a description of the requirements the
10 States will apply relating to the eligibility of
11 low-income youth, consistent with section
12 368(4), for summer employment opportunities
13 and year-round employment opportunities,
14 which may include criteria to target assistance
15 to particular categories of such low-income
16 youth, such as youth with disabilities, con-
17 sistent with subsection (f);

18 (C) a description of the performance out-
19 comes to be achieved by the State through the
20 activities carried out under this section and the
21 processes the State will use to track perform-
22 ance, consistent with guidance provided by the
23 Secretary of Labor regarding such outcomes
24 and processes and with section 367(b);

1 (D) a description of the timelines for im-
2 plementation of the activities described in sub-
3 paragraph (A), and the number of low-income
4 youth expected to be placed in summer employ-
5 ment opportunities, and year-round employment
6 opportunities, respectively, by quarter;

7 (E) assurances that the State will report
8 such information as the Secretary may require
9 relating to fiscal, performance and other mat-
10 ters that the Secretary determines is necessary
11 to effectively monitor the activities carried out
12 under this section; and

13 (F) assurances that the State will ensure
14 compliance with the labor standards protections
15 described in section 367(a).

16 (2) SUBMISSION AND APPROVAL OF STATE
17 PLAN MODIFICATION OR REQUEST.—

18 (A) SUBMISSION.—The Governor shall
19 submit a modification of the State plan or other
20 request for funds described in guidance in sub-
21 section (b) to the Secretary of Labor not later
22 than 30 days after the issuance of such guid-
23 ance. The State plan modification or request for
24 funds required under this subsection may be

1 submitted in conjunction with the State plan re-
2 quired under section 364.

3 (B) APPROVAL.—The Secretary of Labor
4 shall approve the plan or request submitted
5 under subparagraph (A) within 30 days after
6 submission, unless the Secretary determines
7 that the plan or request is inconsistent with the
8 requirements of this section. If the Secretary
9 has not made a determination within 30 days,
10 the plan or request shall be considered ap-
11 proved. If the plan or request is disapproved,
12 the Secretary may provide a reasonable period
13 of time in which a disapproved plan or request
14 may be amended and resubmitted for approval.
15 If the plan or request is approved, the Sec-
16 retary shall allot funds to States within 30 days
17 after such approval.

18 (3) MODIFICATIONS TO STATE PLAN OR RE-
19 QUEST.—The Governor may submit further modi-
20 fications to a State plan or request for funds identi-
21 fied under subsection (b) to carry out this section in
22 accordance with the requirements of this section.

23 (e) WITHIN-STATE ALLOCATION AND ADMINISTRA-
24 TION.—

1 (1) IN GENERAL.—Of the funds allotted to the
2 State under subsection (c), the Governor—

3 (A) may reserve up to 5 percent of the al-
4 lotment for administration and technical assist-
5 ance; and

6 (B) shall allocate the remainder of the al-
7 lotment among local workforce investment areas
8 within the State in accordance with the factors
9 identified in section 364(b)(2), except that for
10 purposes of such allocation references to a
11 State in such paragraph shall be deemed to be
12 references to a local workforce investment area
13 and references to all States shall be deemed to
14 be references to all local areas in the State in-
15 volved. Not more than 10 percent of the funds
16 allocated to a local workforce investment area
17 may be used for the costs of administration of
18 this section.

19 (2) LOCAL PLAN.—

20 (A) SUBMISSION.—In order to receive an
21 allocation under paragraph (1)(B), the local
22 workforce investment board, in partnership with
23 the chief elected official for the local workforce
24 investment area involved, shall submit to the
25 Governor a modification to a local plan ap-

1 proved under section 108 of the Workforce In-
2 novation and Opportunity Act, or other form of
3 request for funds as may be identified in the
4 guidance issued under subsection (b), not later
5 than 30 days after the submission by the State
6 of the modification to the State plan or other
7 request for funds identified in subsection (b),
8 describing the strategies and activities to be
9 carried out under this section.

10 (B) APPROVAL.—The Governor shall ap-
11 prove the local plan submitted under subpara-
12 graph (A) within 30 days after submission, un-
13 less the Governor determines that the plan is
14 inconsistent with requirements of this section.
15 If the Governor has not made a determination
16 within 30 days, the plan shall be considered ap-
17 proved. If the plan is disapproved, the Governor
18 may provide a reasonable period of time in
19 which a disapproved plan may be amended and
20 resubmitted for approval. The Governor shall
21 allocate funds to local workforce investment
22 areas with approved plans within 30 days after
23 approval.

24 (3) REALLOCATION.—If a local workforce in-
25 vestment board does not submit a local plan modi-

1 fication (or other request for funds identified in
2 guidance under subsection (b)) by the time specified
3 in paragraph (2), or does not receive approval of a
4 local plan, the amount the local workforce invest-
5 ment area would have been eligible to receive pursu-
6 ant to the formula under paragraph (1)(B) shall be
7 allocated to local workforce investment areas that re-
8 ceive approval of the local plan modification or re-
9 quest for funds under paragraph (2). Such realloca-
10 tions shall be made in accordance with the relative
11 share of the allocations to such local workforce in-
12 vestment areas applying the formula factors de-
13 scribed under paragraph (1)(B).

14 (f) USE OF FUNDS.—

15 (1) IN GENERAL.—The funds provided under
16 this section shall be used—

17 (A) to provide summer employment oppor-
18 tunities for low-income youth, ages 16 through
19 24, with direct linkages to academic and occu-
20 pational learning, and may include the provision
21 of supportive services, such as transportation or
22 child care, necessary to enable such youth to
23 participate; and

24 (B) to provide year round employment op-
25 portunities, which may be combined with other

1 activities authorized under section 129 of the
2 Workforce Innovation and Opportunity Act, to
3 low-income youth, ages 16 through 24, with a
4 priority to out-of-school youth who are—

5 (i) high school dropouts; or

6 (ii) recipients of a secondary school
7 diploma or its equivalent but who are basic
8 skills deficient unemployed or under-
9 employed.

10 (2) PROGRAM PRIORITIES.—In administering
11 the funds under this section, the local board and
12 local chief elected officials shall give a priority to—

13 (A) identifying employment opportunities
14 that are—

15 (i) in emerging or in-demand occupa-
16 tions in the local workforce investment
17 area; or

18 (ii) in the public or nonprofit sector
19 that meet community needs; and

20 (B) linking year-round program partici-
21 pants to training and educational activities that
22 will provide such participants an industry-recog-
23 nized certificate or credential.

24 (3) PERFORMANCE ACCOUNTABILITY.—For ac-
25 tivities funded under this section, State and local

1 workforce investment areas shall provide such re-
2 ports as the Secretary of Labor may require regard-
3 ing the performance outcomes described in section
4 367(a)(5).

5 **SEC. 366. WORK-BASED EMPLOYMENT STRATEGIES OF**
6 **DEMONSTRATED EFFECTIVENESS.**

7 (a) IN GENERAL.—From the funds available under
8 section 363(a)(3), the Secretary of Labor shall award
9 grants on a competitive basis to eligible entities to carry
10 out work-based strategies of demonstrated effectiveness.

11 (b) USE OF FUNDS.—The grants awarded under this
12 section shall be used to support strategies and activities
13 of demonstrated effectiveness that are designed to provide
14 unemployed, low-income adults or low-income youth with
15 the skills that will lead to employment as part of or upon
16 completion of participation in such activities. Such strate-
17 gies and activities may include—

18 (1) on-the-job training, registered apprentice-
19 ship programs, or other programs that combine work
20 with skills development;

21 (2) sector-based training programs that have
22 been designed to meet the specific requirements of
23 an employer or group of employers in that sector
24 and where employers are committed to hiring indi-
25 viduals upon successful completion of the training;

1 (3) training that supports an industry sector or
2 an employer-based or labor-management committee
3 industry partnership which includes a significant
4 work-experience component;

5 (4) acquisition of industry-recognized creden-
6 tials in a field identified by the State or local work-
7 force investment area as a growth sector or demand
8 industry in which there are likely to be significant
9 job opportunities in the short term;

10 (5) connections to immediate work opportuni-
11 ties, including subsidized employment opportunities,
12 or summer employment opportunities for youth, that
13 includes concurrent skills training and other sup-
14 ports;

15 (6) career academies that provide students with
16 the academic preparation and training, including
17 paid internships and concurrent enrollment in com-
18 munity colleges or other postsecondary institutions,
19 needed to pursue a career pathway that leads to
20 postsecondary credentials and high-demand jobs;
21 and

22 (7) adult basic education and integrated basic
23 education and training models for low-skilled adults,
24 hosted at community colleges or at other sites, to

1 prepare individuals for jobs that are in demand in
2 a local area.

3 (c) ELIGIBLE ENTITY.—An eligible entity shall in-
4 clude a local chief elected official, in collaboration with the
5 local workforce investment board for the local workforce
6 investment area involved (which may include a partnership
7 with of such officials and boards in the region and in the
8 State), or an entity eligible to apply for an Indian and
9 Native American grant under section 166 of the Work-
10 force Innovation and Opportunity Act, and may include,
11 in partnership with such officials, boards, and entities, the
12 following—

- 13 (1) employers or employer associations;
- 14 (2) adult education providers and postsecondary
15 educational institutions, including community col-
16 leges;
- 17 (3) community-based organizations;
- 18 (4) joint labor-management committees;
- 19 (5) work-related intermediaries; or
- 20 (6) other appropriate organizations.

21 (d) APPLICATION.—An eligible entity seeking to re-
22 ceive a grant under this section shall submit to the Sec-
23 retary of Labor an application at such time, in such man-
24 ner, and containing such information as the Secretary may
25 require. At a minimum, the application shall—

1 (1) describe the strategies and activities of dem-
2 onstrated effectiveness that the eligible entities will
3 carry out to provide unemployed, low-income adults
4 and low-income youth with the skills that will lead
5 to employment upon completion of participation in
6 such activities;

7 (2) describe the requirements that will apply re-
8 lating to the eligibility of unemployed, low-income
9 adults or low-income youth, consistent with para-
10 graphs (4) and (6) of section 368, for activities car-
11 ried out under this section, which may include cri-
12 teria to target assistance to particular categories of
13 such adults and youth, such as individuals with dis-
14 abilities or individuals who have exhausted all rights
15 to unemployment compensation;

16 (3) describe how the strategies and activities
17 address the needs of the target populations identi-
18 fied in paragraph (2) and the needs of employers in
19 the local area;

20 (4) describe the expected outcomes to be
21 achieved by implementing the strategies and activi-
22 ties;

23 (5) provide evidence that the funds provided
24 may be expended expeditiously and efficiently to im-
25 plement the strategies and activities;

1 (6) describe how the strategies and activities
2 will be coordinated with other Federal, State, and
3 local programs providing employment, education,
4 and supportive activities;

5 (7) provide evidence of employer commitment to
6 participate in the activities funded under this sec-
7 tion, including identification of anticipated occupa-
8 tional and skill needs;

9 (8) provide assurances that the grant recipient
10 will report such information as the Secretary may
11 require relating to fiscal, performance and other
12 matters that the Secretary determines is necessary
13 to effectively monitor the activities carried out under
14 this section; and

15 (9) provide assurances that the use of the funds
16 provided under this section will comply with the
17 labor standards and protections described section
18 367(a).

19 (e) PRIORITY IN AWARDS.—In awarding grants
20 under this section, the Secretary of Labor shall give a pri-
21 ority to applications submitted by eligible entities from
22 areas of high poverty and high unemployment, as defined
23 by the Secretary, such as Public Use Microdata Areas
24 (PUMAs) as designated by the Census Bureau.

1 (f) COORDINATION OF FEDERAL ADMINISTRATION.—
2 The Secretary of Labor shall administer this section in
3 coordination with the Secretary of Education, the Sec-
4 retary of Health and Human Services, and other appro-
5 priate agency heads, to ensure the effective implementa-
6 tion of this section.

7 **SEC. 367. GENERAL REQUIREMENTS.**

8 (a) LABOR STANDARDS AND PROTECTIONS.—Activi-
9 ties provided with funds under this Act shall be subject
10 to the requirements and restrictions, including the labor
11 standards, described in section 181 of the Workforce Inno-
12 vation and Opportunity Act and the nondiscrimination
13 provisions of section 188 of such Act, in addition to other
14 applicable Federal laws.

15 (b) REPORTING.—The Secretary may require the re-
16 porting of information relating to fiscal, performance and
17 other matters that the Secretary determines is necessary
18 to effectively monitor the activities carried out with funds
19 provided under this Act. At a minimum, grantees and sub-
20 grantees shall provide information relating to—

21 (1) the number individuals participating in ac-
22 tivities with funds provided under this Act and the
23 number of such individuals who have completed such
24 participation;

1 (2) the expenditures of funds provided under
2 the Act;

3 (3) the number of jobs created pursuant to the
4 activities carried out under this Act;

5 (4) the demographic characteristics of individ-
6 uals participating in activities under this Act; and

7 (5) the performance outcomes of individuals
8 participating in activities under this Act, including—

9 (A) for adults participating in activities
10 funded under section 364 of this Act—

11 (i) entry in unsubsidized employment;

12 (ii) retention in unsubsidized employ-
13 ment; and

14 (iii) earnings in unsubsidized employ-
15 ment;

16 (B) for low-income youth participating in
17 summer employment activities under sections
18 365 and 366—

19 (i) work readiness skill attainment
20 using an employer validated checklist; and

21 (ii) placement in or return to sec-
22 ondary or postsecondary education or
23 training, or entry into unsubsidized em-
24 ployment;

1 (C) for low-income youth participating in
2 year-round employment activities under section
3 365 or in activities under section 366—

4 (i) placement in or return to post-sec-
5 ondary education;

6 (ii) attainment of high school diploma
7 or its equivalent;

8 (iii) attainment of an industry-recog-
9 nized credential; and

10 (iv) entry into unsubsidized employ-
11 ment, retention, and earnings as described
12 in subparagraph (A); and

13 (D) for unemployed, low-income adults
14 participating in activities under section 366—

15 (i) entry into unsubsidized employ-
16 ment, retention, and earnings as described
17 in subparagraph (A); and

18 (ii) the attainment of industry-recog-
19 nized credentials.

20 (e) ACTIVITIES REQUIRED TO BE ADDITIONAL.—

21 Funds provided under this Act shall only be used for ac-
22 tivities that are in addition to activities that would other-
23 wise be available in the State or local area in the absence
24 of such funds.

1 (d) ADDITIONAL REQUIREMENTS.—The Secretary of
2 Labor may establish such additional requirements as the
3 Secretary determines may be necessary to ensure fiscal in-
4 tegrity, effective monitoring, and the appropriate and
5 prompt implementation of the activities under this Act.

6 (e) REPORT OF INFORMATION AND EVALUATIONS TO
7 CONGRESS AND THE PUBLIC.—The Secretary of Labor
8 shall provide to the appropriate Committees of the Con-
9 gress and make available to the public the information re-
10 ported pursuant to subsection (b) and the evaluations of
11 activities carried out pursuant to the funds reserved under
12 section 363(b).

13 **SEC. 368. DEFINITIONS.**

14 In this Act:

15 (1) LOCAL CHIEF ELECTED OFFICIAL.—The
16 term “local chief elected official” means the chief
17 elected executive officer of a unit of local govern-
18 ment in a local workforce investment area or in the
19 case where more than one unit of general govern-
20 ment, the individuals designated under an agreement
21 described in section 107(c)(1)(B) of the Workforce
22 Innovation and Opportunity Act.

23 (2) LOCAL WORKFORCE INVESTMENT AREA.—
24 The term “local workforce investment area” means

1 such area designated under section 106 of the Work-
2 force Innovation and Opportunity Act.

3 (3) LOCAL WORKFORCE INVESTMENT BOARD.—
4 The term “local workforce investment board” means
5 such board established under section 107 of the
6 Workforce Innovation and Opportunity Act.

7 (4) LOW-INCOME YOUTH.—The term “low-in-
8 come youth” means an individual who—

9 (A) is aged 16 through 24; and

10 (B) meets the definition of a “low-income
11 individual” provided in section 3 of the Work-
12 force Innovation and Opportunity Act, except
13 that States, local workforce investment areas
14 under section 365, and eligible entities under
15 section 366(c), subject to approval in the appli-
16 cable State plans, local plans, and applications
17 for funds, may increase the income level speci-
18 fied in subparagraph (B)(i) of such section to
19 an amount not in excess of 200 percent of the
20 poverty line for purposes of determining eligi-
21 bility for participation in activities under sec-
22 tions 365 and 366 of this Act.

23 (5) OUTLYING AREA.—The term “outlying
24 area” means the United States Virgin Islands,
25 Guam, American Samoa, the Commonwealth of the

1 Northern Mariana Islands, and the Republic of
2 Palau.

3 (6) UNEMPLOYED, LOW-INCOME ADULT.—The
4 term “unemployed, low-income adult” means an in-
5 dividual who—

6 (A) is age 18 or older;

7 (B) is without employment and is seeking
8 assistance under this Act to obtain employment;
9 and

10 (C) meets the definition of a “low-income
11 individual” under section 3 of the Workforce
12 Innovation and Opportunity Act, except that
13 States, local entities described in section
14 364(d)(1), and eligible entities under section
15 366(c), subject to approval in the applicable
16 State plans, local plans, and applications for
17 funds, may increase the income level specified
18 in subparagraph (B)(i) of such section to an
19 amount not in excess of 200 percent of the pov-
20 erty line for purposes of determining eligibility
21 for participation in activities under sections 364
22 and 366 of this Act.

23 (7) STATE.—The term “State” means each of
24 the several States of the United States, the District
25 of Columbia, and Puerto Rico.

1 **Subtitle D—Prohibition of Dis-**
2 **crimination in Employment on**
3 **the Basis of an Individual’s Sta-**
4 **tus as Unemployed**

5 **SEC. 371. SHORT TITLE.**

6 This subtitle may be cited as the “Fair Employment
7 Opportunity Act of 2015”.

8 **SEC. 372. FINDINGS AND PURPOSE.**

9 (a) **FINDINGS.**—Congress finds that denial of em-
10 ployment opportunities to individuals because of their sta-
11 tus as unemployed is discriminatory and burdens com-
12 merce by—

13 (1) reducing personal consumption and under-
14 mining economic stability and growth;

15 (2) squandering human capital essential to the
16 Nation’s economic vibrancy and growth;

17 (3) increasing demands for Federal and State
18 unemployment insurance benefits, reducing trust
19 fund assets, and leading to higher payroll taxes for
20 employers, cuts in benefits for jobless workers, or
21 both;

22 (4) imposing additional burdens on publicly
23 funded health and welfare programs; and

24 (5) depressing income, property, and other tax
25 revenues that the Federal Government, States, and

1 localities rely on to support operations and institu-
2 tions essential to commerce.

3 (b) PURPOSES.—The purposes of this subtitle are—

4 (1) to prohibit employers and employment agen-
5 cies from disqualifying an individual from employ-
6 ment opportunities because of that individual’s sta-
7 tus as unemployed;

8 (2) to prohibit employers and employment agen-
9 cies from publishing or posting any advertisement or
10 announcement for an employment opportunity that
11 indicates that an individual’s status as unemployed
12 disqualifies that individual for the opportunity; and

13 (3) to eliminate the burdens imposed on com-
14 merce due to the exclusion of such individuals from
15 employment.

16 **SEC. 373. DEFINITIONS.**

17 As used in this subtitle—

18 (1) the term “affected individual” means any
19 person who was subject to an unlawful employment
20 practice solely because of that individual’s status as
21 unemployed;

22 (2) the term “Commission” means the Equal
23 Employment Opportunity Commission;

24 (3) the term “employee” means—

1 (A) an employee as defined in section
2 701(f) of the Civil Rights Act of 1964 (42
3 U.S.C. 2000e(f));

4 (B) a State employee to which section
5 302(a)(1) of the Government Employee Rights
6 Act of 1991 (42 U.S.C. 2000e–16b(a)(1)) ap-
7 plies;

8 (C) a covered employee, as defined in sec-
9 tion 101 of the Congressional Accountability
10 Act of 1995 (2 U.S.C. 1301) or section 411(c)
11 of title 3, United States Code; or

12 (D) an employee or applicant to which sec-
13 tion 717(a) of the Civil Rights Act of 1964 (42
14 U.S.C. 2000e–16(a)) applies;

15 (4) the term “employer” means—

16 (A) a person engaged in an industry affect-
17 ing commerce (as defined in section 701(h) of
18 the Civil Rights Act of 1964 (42 U.S.C.
19 2000e(h))) who has 15 or more employees for
20 each working day in each of 20 or more cal-
21 endar weeks in the current or preceding cal-
22 endar year, and any agent of such a person, but
23 does not include a bona fide private member-
24 ship club that is exempt from taxation under

1 section 501(e) of the Internal Revenue Code of
2 1986;

3 (B) an employing authority to which sec-
4 tion 302(a)(1) of the Government Employee
5 Rights Act of 1991 applies;

6 (C) an employing office, as defined in sec-
7 tion 101 of the Congressional Accountability
8 Act of 1995 or section 411(c) of title 3, United
9 States Code; or

10 (D) an entity to which section 717(a) of
11 the Civil Rights Act of 1964 (42 U.S.C. 2000e-
12 16(a)) applies;

13 (5) the term “employment agency” means any
14 person regularly undertaking with or without com-
15 pensation to procure employees for an employer or
16 to procure for individuals opportunities to work as
17 employees for an employer and includes an agent of
18 such a person, and any person who maintains an
19 Internet website or print medium that publishes ad-
20 vertisements or announcements of openings in jobs
21 for employees;

22 (6) the term “person” has the meaning given
23 the term in section 701(a) of the Civil Rights Act
24 of 1964 (42 U.S.C. 2000e(a)); and

1 (7) the term “status as unemployed”, used with
2 respect to an individual, means that the individual,
3 at the time of application for employment or at the
4 time of action alleged to violate this subtitle, does
5 not have a job, is available for work and is searching
6 for work.

7 **SEC. 374. PROHIBITED ACTS.**

8 (a) **EMPLOYERS.**—It shall be an unlawful employ-
9 ment practice for an employer to—

10 (1) publish in print, on the Internet, or in any
11 other medium, an advertisement or announcement
12 for an employee for any job that includes—

13 (A) any provision stating or indicating that
14 an individual’s status as unemployed disquali-
15 fies the individual for any employment oppor-
16 tunity; or

17 (B) any provision stating or indicating that
18 an employer will not consider or hire an indi-
19 vidual for any employment opportunity based
20 on that individual’s status as unemployed;

21 (2) fail or refuse to consider for employment, or
22 fail or refuse to hire, an individual as an employee
23 because of the individual’s status as unemployed; or

24 (3) direct or request that an employment agen-
25 cy take an individual’s status as unemployed into ac-

1 count to disqualify an applicant for consideration,
2 screening, or referral for employment as an em-
3 ployee.

4 (b) EMPLOYMENT AGENCIES.—It shall be an unlaw-
5 ful employment practice for an employment agency to—

6 (1) publish, in print or on the Internet or in
7 any other medium, an advertisement or announce-
8 ment for any vacancy in a job, as an employee, that
9 includes—

10 (A) any provision stating or indicating that
11 an individual's status as unemployed disquali-
12 fies the individual for any employment oppor-
13 tunity; or

14 (B) any provision stating or indicating that
15 the employment agency or an employer will not
16 consider or hire an individual for any employ-
17 ment opportunity based on that individual's sta-
18 tus as unemployed;

19 (2) screen, fail or refuse to consider, or fail or
20 refuse to refer an individual for employment as an
21 employee because of the individual's status as unem-
22 ployed; or

23 (3) limit, segregate, or classify any individual in
24 any manner that would limit or tend to limit the in-
25 dividual's access to information about jobs, or con-

1 sideration, screening, or referral for jobs, as employ-
2 ees, solely because of an individual's status as unem-
3 ployed.

4 (c) INTERFERENCE WITH RIGHTS, PROCEEDINGS OR
5 INQUIRIES.—It shall be unlawful for any employer or em-
6 ployment agency to—

7 (1) interfere with, restrain, or deny the exercise
8 of or the attempt to exercise, any right provided
9 under this subtitle; or

10 (2) fail or refuse to hire, to discharge, or in any
11 other manner to discriminate against any individual,
12 as an employee, because such individual—

13 (A) opposed any practice made unlawful by
14 this subtitle;

15 (B) has asserted any right, filed any
16 charge, or has instituted or caused to be insti-
17 tuted any proceeding, under or related to this
18 subtitle;

19 (C) has given, or is about to give, any in-
20 formation in connection with any inquiry or
21 proceeding relating to any right provided under
22 this subtitle; or

23 (D) has testified, or is about to testify, in
24 any inquiry or proceeding relating to any right
25 provided under this subtitle.

1 (d) CONSTRUCTION.—Nothing in this subtitle is in-
2 tended to preclude an employer or employment agency
3 from considering an individual’s employment history, or
4 from examining the reasons underlying an individual’s sta-
5 tus as unemployed, in assessing an individual’s ability to
6 perform a job or in otherwise making employment deci-
7 sions about that individual. Such consideration or exam-
8 ination may include an assessment of whether an individ-
9 ual’s employment in a similar or related job for a period
10 of time reasonably proximate to the consideration of such
11 individual for employment is job-related or consistent with
12 business necessity.

13 **SEC. 375. ENFORCEMENT.**

14 (a) ENFORCEMENT POWERS.—With respect to the
15 administration and enforcement of this subtitle—

16 (1) the Commission shall have the same powers
17 as the Commission has to administer and enforce—

18 (A) title VII of the Civil Rights Act of
19 1964 (42 U.S.C. 2000e et seq.); or

20 (B) sections 302 and 304 of the Govern-
21 ment Employee Rights Act of 1991 (42 U.S.C.
22 2000e–16b and 2000e–16c), in the case of an
23 affected individual who would be covered by
24 such title, or by section 302(a)(1) of the Gov-

1 ernment Employee Rights Act of 1991 (42
2 U.S.C. 2000e–16b(a)(1)), respectively;

3 (2) the Librarian of Congress shall have the
4 same powers as the Librarian of Congress has to ad-
5 minister and enforce title VII of the Civil Rights Act
6 of 1964 (42 U.S.C. 2000e et seq.) in the case of an
7 affected individual who would be covered by such
8 title;

9 (3) the Board (as defined in section 101 of the
10 Congressional Accountability Act of 1995 (2 U.S.C.
11 1301)) shall have the same powers as the Board has
12 to administer and enforce the Congressional Ac-
13 countability Act of 1995 (2 U.S.C. 1301 et seq.) in
14 the case of an affected individual who would be cov-
15 ered by section 201(a)(1) of such Act (2 U.S.C.
16 1311(a)(1));

17 (4) the Attorney General shall have the same
18 powers as the Attorney General has to administer
19 and enforce—

20 (A) title VII of the Civil Rights Act of
21 1964 (42 U.S.C. 2000e et seq.); or

22 (B) sections 302 and 304 of the Govern-
23 ment Employee Rights Act of 1991 (42 U.S.C.
24 2000e–16b and 2000e–16c); in the case of an
25 affected individual who would be covered by

1 such title, or of section 302(a)(1) of the Gov-
2 ernment Employee Rights Act of 1991 (42
3 U.S.C. 2000e–16b(a)(1)), respectively;

4 (5) the President, the Commission, and the
5 Merit Systems Protection Board shall have the same
6 powers as the President, the Commission, and the
7 Board, respectively, have to administer and enforce
8 chapter 5 of title 3, United States Code, in the case
9 of an affected individual who would be covered by
10 section 411 of such title; and

11 (6) a court of the United States shall have the
12 same jurisdiction and powers as the court has to en-
13 force—

14 (A) title VII of the Civil Rights Act of
15 1964 (42 U.S.C. 2000e et seq.) in the case of
16 a claim alleged by such individual for a viola-
17 tion of such title;

18 (B) sections 302 and 304 of the Govern-
19 ment Employee Rights Act of 1991 (42 U.S.C.
20 2000e–16b and 2000e–16c) in the case of a
21 claim alleged by such individual for a violation
22 of section 302(a)(1) of such Act (42 U.S.C.
23 2000e–16b(a)(1));

24 (C) the Congressional Accountability Act
25 of 1995 (2 U.S.C. 1301 et seq.) in the case of

1 a claim alleged by such individual for a viola-
2 tion of section 201(a)(1) of such Act (2 U.S.C.
3 1311(a)(1)); and

4 (D) chapter 5 of title 3, United States
5 Code, in the case of a claim alleged by such in-
6 dividual for a violation of section 411 of such
7 title.

8 (b) PROCEDURES.—The procedures applicable to a
9 claim alleged by an individual for a violation of this sub-
10 title are—

11 (1) the procedures applicable for a violation of
12 title VII of the Civil Rights Act of 1964 (42 U.S.C.
13 2000e et seq.) in the case of a claim alleged by such
14 individual for a violation of such title;

15 (2) the procedures applicable for a violation of
16 section 302(a)(1) of the Government Employee
17 Rights Act of 1991 (42 U.S.C. 2000e–16b(a)(1)) in
18 the case of a claim alleged by such individual for a
19 violation of such section;

20 (3) the procedures applicable for a violation of
21 section 201(a)(1) of the Congressional Account-
22 ability Act of 1995 (2 U.S.C. 1311(a)(1)) in the
23 case of a claim alleged by such individual for a viola-
24 tion of such section; and

1 (4) the procedures applicable for a violation of
2 section 411 of title 3, United States Code, in the
3 case of a claim alleged by such individual for a viola-
4 tion of such section.

5 (c) REMEDIES.—

6 (1) In any claim alleging a violation of section
7 374(a)(1) or 374(b)(1) of this subtitle, an indi-
8 vidual, or any person acting on behalf of the indi-
9 vidual as set forth in section 375(a) of this subtitle,
10 may be awarded, as appropriate:

11 (A) An order enjoining the respondent
12 from engaging in the unlawful employment
13 practice.

14 (B) Reimbursement of costs expended as a
15 result of the unlawful employment practice.

16 (C) An amount in liquidated damages not
17 to exceed \$1,000 for each day of the violation.

18 (D) Reasonable attorney's fees (including
19 expert fees) and costs attributable to the pur-
20 suit of a claim under this subtitle.

21 (2) In any claim alleging a violation of any
22 other subsection of this subtitle, an individual, or
23 any person acting on behalf of the individual as set
24 forth in section 375(a) of this subtitle, may be
25 awarded, as appropriate, the remedies available for

1 a violation of title VII of the Civil Rights Act of
2 1964 (42 U.S.C. 2000e et seq.), section 302(a)(1) of
3 the Government Employee Rights Act of 1991 (42
4 U.S.C. 2000e–16b(a)(1)), section 201(a)(1) of the
5 Congressional Accountability Act of 1995 (2 U.S.C.
6 1311(a)(1)), and section 411 of title 3, United
7 States Code, except that in a case in which wages,
8 salary, employment benefits, or other compensation
9 have not been denied or lost to the individual, dam-
10 ages may be awarded in an amount not to exceed
11 \$5,000.

12 **SEC. 376. FEDERAL AND STATE IMMUNITY.**

13 (a) **ABROGATION OF STATE IMMUNITY.**—A State
14 shall not be immune under the 11th Amendment to the
15 Constitution from a suit brought in a Federal court of
16 competent jurisdiction for a violation of this subtitle.

17 (b) **WAIVER OF STATE IMMUNITY.**—

18 (1) **IN GENERAL.**—

19 (A) **WAIVER.**—A State’s receipt or use of
20 Federal financial assistance for any program or
21 activity of a State shall constitute a waiver of
22 sovereign immunity, under the 11th Amend-
23 ment to the Constitution or otherwise, to a suit
24 brought by an employee or applicant for em-
25 ployment of that program or activity under this

1 subtitle for a remedy authorized under section
2 375(c) of this subtitle.

3 (B) DEFINITION.—In this paragraph, the
4 term “program or activity” has the meaning
5 given the term in section 606 of the Civil
6 Rights Act of 1964 (42 U.S.C. 2000d–4a).

7 (2) EFFECTIVE DATE.—With respect to a par-
8 ticular program or activity, paragraph (1) applies to
9 conduct occurring on or after the day, after the date
10 of enactment of this Act, on which a State first re-
11 ceives or uses Federal financial assistance for that
12 program or activity.

13 (c) REMEDIES AGAINST STATE OFFICIALS.—An offi-
14 cial of a State may be sued in the official capacity of the
15 official by any employee or applicant for employment who
16 has complied with the applicable procedures of this sub-
17 title, for relief that is authorized under this subtitle.

18 (d) REMEDIES AGAINST THE UNITED STATES AND
19 THE STATES.—Notwithstanding any other provision of
20 this subtitle, in an action or administrative proceeding
21 against the United States or a State for a violation of this
22 subtitle, remedies (including remedies at law and in eq-
23 uity) are available for the violation to the same extent as
24 such remedies would be available against a non-govern-
25 mental entity.

1 **SEC. 377. RELATIONSHIP TO OTHER LAWS.**

2 This subtitle shall not invalidate or limit the rights,
3 remedies, or procedures available to an individual claiming
4 discrimination prohibited under any other Federal law or
5 regulation or any law or regulation of a State or political
6 subdivision of a State.

7 **SEC. 378. SEVERABILITY.**

8 If any provision of this subtitle, or the application
9 of the provision to any person or circumstance, is held to
10 be invalid, the remainder of this subtitle and the applica-
11 tion of the provision to any other person or circumstances
12 shall not be affected by the invalidity.

13 **SEC. 379. EFFECTIVE DATE.**

14 This subtitle shall take effect on the date of enact-
15 ment of this Act and shall not apply to conduct occurring
16 before the effective date.

17 **TITLE IV—OFFSETS**

18 **Subtitle A—28-Percent Limitation**
19 **on Certain Deductions and Ex-**
20 **clusions**

21 **SEC. 401. 28-PERCENT LIMITATION ON CERTAIN DEDUC-**
22 **TIONS AND EXCLUSIONS.**

23 (a) IN GENERAL.—Part I of subchapter B of chapter
24 1 of the Internal Revenue Code of 1986 is amended by
25 adding at the end the following new section:

1 **“SEC. 69. LIMITATION ON CERTAIN DEDUCTIONS AND EX-**
2 **CLUSIONS.**

3 “(a) IN GENERAL.—In the case of an individual for
4 any taxable year, if—

5 “(1) the taxpayer’s adjusted gross income ex-
6 ceeds—

7 “(A) \$250,000 in the case of a joint return
8 within the meaning of section 6013,

9 “(B) \$225,000 in the case of a head of
10 household return,

11 “(C) \$125,000 in the case of a married fil-
12 ing separately return, or

13 “(D) \$200,000 in all other cases, and

14 “(2) the taxpayer’s adjusted taxable income for
15 such taxable year exceeds the minimum marginal
16 rate amount, then the tax imposed under section 1
17 with respect to such taxpayer for such taxable year
18 shall be increased by the amount determined under
19 subsection (b). If the taxpayer is subject to tax
20 under section 55, then in lieu of an increase in tax
21 under section 1, the tax imposed under section 55
22 with respect to such taxpayer for such taxable year
23 shall be increased by the amount determined under
24 subsection (c).

1 “(b) ADDITIONAL AMOUNT.—The amount deter-
2 mined under this subsection with respect to any taxpayer
3 for any taxable year is the excess (if any) of—

4 “(1) the tax which would be imposed under sec-
5 tion 1 with respect to such taxpayer for such taxable
6 year if ‘adjusted taxable income’ were substituted
7 for ‘taxable income’ each place it appears therein,
8 over

9 “(2) the sum of—

10 “(A) the tax which would be imposed
11 under such section with respect to such tax-
12 payer for such taxable year on the greater of—

13 “(i) taxable income, or

14 “(ii) the minimum marginal rate
15 amount, plus

16 “(B) 28 percent of the excess (if any) of
17 the taxpayer’s adjusted taxable income over the
18 greater of—

19 “(i) the taxpayer’s taxable income, or

20 “(ii) the minimum marginal rate
21 amount.

22 “(c) ADDITIONAL AMT AMOUNT.—

23 “(1) The amount determined under this sub-
24 section with respect to any taxpayer for any taxable

1 year is the additional amount computed under sub-
2 section (b) multiplied by the ratio that—

3 “(A) the result of—

4 “(i) all itemized deductions (before
5 the application of section 68), plus

6 “(ii) the specified above-the-line de-
7 ductions and specified exclusions, minus

8 “(iii) the amount of deductions dis-
9 allowed under section 56(b)(1) (A) and
10 (B), minus

11 “(iv) the non-preference disallowed de-
12 ductions, bears to—

13 “(B) the sum of—

14 “(i) the total of itemized deductions
15 (after the application of section 68), plus

16 “(ii) the specified above-the-line de-
17 ductions and specified exclusions.

18 “(2) If the top of the AMT exemption phase-
19 out range for the taxpayer exceeds the minimum
20 marginal rate amount for the taxpayer and if the
21 taxpayer’s alternative minimum taxable income does
22 not exceed the top of the AMT exemption phase-out
23 range, the taxpayer must increase its additional
24 AMT amount by 7 percent of the excess of—

25 “(A) the lesser of—

1 “(i) the top of the AMT exemption
2 phase-out range, or

3 “(ii) the taxpayer’s alternative min-
4 imum taxable income, computed—

5 “(I) without regard to any
6 itemized deduction or any specified
7 above-the-line deduction, and

8 “(II) by including the amount of
9 any specified exclusion, over

10 “(B) the greater of—

11 “(i) the taxpayer’s alternative min-
12 imum taxable income, or

13 “(ii) the minimum marginal rate
14 amount.

15 “(d) MINIMUM MARGINAL RATE AMOUNT.—For pur-
16 poses of this section, the term ‘minimum marginal rate
17 amount’ means, with respect to any taxpayer for any tax-
18 able year, the highest amount of the taxpayer’s taxable
19 income which would be subject to a marginal rate of tax
20 under section 1 that is less than 36 percent with respect
21 to such taxable year.

22 “(e) ADJUSTED TAXABLE INCOME.—For purposes of
23 this section—

24 “(1) IN GENERAL.—The term ‘adjusted taxable
25 income’ means taxable income computed—

1 “(A) without regard to any itemized deduc-
2 tion or any specified above-the-line deduction,
3 and

4 “(B) by including in gross income any
5 specified exclusion.

6 “(2) SPECIFIED ABOVE-THE-LINE DEDUC-
7 TION.—The term ‘specified above-the-line deduction’
8 means—

9 “(A) the deduction provided under section
10 162(l) (relating to special rules for health insur-
11 ance costs of self-employed individuals),

12 “(B) the deduction provided under section
13 199 (relating to income attributable to domestic
14 production activities), and

15 “(C) the deductions provided under the fol-
16 lowing paragraphs of section 62(a):

17 “(i) Paragraph (2) (relating to certain
18 trade and business deductions of employ-
19 ees), other than subparagraph (A) thereof.

20 “(ii) Paragraph (15) (relating to mov-
21 ing expenses).

22 “(iii) Paragraph (16) (relating to Ar-
23 cher MSAs).

24 “(iv) Paragraph (17) (relating to in-
25 terest on education loans).

1 “(v) Paragraph (18) (relating to high-
2 er education expenses).

3 “(vi) Paragraph (19) (relating to
4 health savings accounts).

5 “(3) SPECIFIED EXCLUSION.—The term ‘speci-
6 fied exclusion’ means—

7 “(A) any interest excluded under section
8 103,

9 “(B) any exclusion with respect to the cost
10 described in section 6051(a)(14) (without re-
11 gard to subparagraph (B) thereof), and

12 “(C) any foreign earned income excluded
13 under section 911.

14 “(f) NON-PREFERENCE DISALLOWED DEDUC-
15 TIONS.—For purposes of this section, the term ‘AMT-al-
16 lowed deductions’ means all itemized deductions dis-
17 allowed by section 68 multiplied by the ratio that—

18 “(1) a taxpayer’s itemized deductions for the
19 taxable year that are subject to section 68 (that is,
20 not including those excluded under section 68(e))
21 and that are not limited under section 56(b)(1) (A)
22 or (B), bears to

23 “(2) the taxpayer’s itemized deductions for the
24 taxable year that are subject to section 68 (that is,
25 not including those excluded under section 68(c)).

1 “(g) REGULATIONS.—The Secretary shall prescribe
2 such regulations as may be appropriate to carry out this
3 section, including regulations which provide appropriate
4 adjustments to the additional AMT amount.”.

5 (b) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to taxable years beginning on or
7 after January 1, 2015.

8 **Subtitle B—Tax Carried Interest in**
9 **Investment Partnerships as Or-**
10 **dinary Income**

11 **SEC. 411. PARTNERSHIP INTERESTS TRANSFERRED IN**
12 **CONNECTION WITH PERFORMANCE OF SERV-**
13 **ICES.**

14 (a) MODIFICATION TO ELECTION TO INCLUDE PART-
15 NERSHIP INTEREST IN GROSS INCOME IN YEAR OF
16 TRANSFER.—Section 83(c) of the Internal Revenue Code
17 of 1986 is amended by redesignating paragraph (4) as
18 paragraph (5) and by inserting after paragraph (3) the
19 following new paragraph:

20 “(4) PARTNERSHIP INTERESTS.—Except as
21 provided by the Secretary—

22 “(A) IN GENERAL.—In the case of any
23 transfer of an interest in a partnership in con-
24 nection with the provision of services to (or for
25 the benefit of) such partnership—

1 “(i) the fair market value of such in-
2 terest shall be treated for purposes of this
3 section as being equal to the amount of the
4 distribution which the partner would re-
5 ceive if the partnership sold (at the time of
6 the transfer) all of its assets at fair market
7 value and distributed the proceeds of such
8 sale (reduced by the liabilities of the part-
9 nership) to its partners in liquidation of
10 the partnership, and

11 “(ii) the person receiving such interest
12 shall be treated as having made the elec-
13 tion under subsection (b)(1) unless such
14 person makes an election under this para-
15 graph to have such subsection not apply.

16 “(B) ELECTION.—The election under sub-
17 paragraph (A)(ii) shall be made under rules
18 similar to the rules of subsection (b)(2).”.

19 (b) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to interests in partnerships trans-
21 ferred after December 31, 2015.

1 **SEC. 412. SPECIAL RULES FOR PARTNERS PROVIDING IN-**
2 **VESTMENT MANAGEMENT SERVICES TO**
3 **PARTNERSHIPS.**

4 (a) IN GENERAL.—Part I of subchapter K of chapter
5 1 of the Internal Revenue Code of 1986 is amended by
6 adding at the end the following new section:

7 **“SEC. 710. SPECIAL RULES FOR PARTNERS PROVIDING IN-**
8 **VESTMENT MANAGEMENT SERVICES TO**
9 **PARTNERSHIPS.**

10 “(a) TREATMENT OF DISTRIBUTIVE SHARE OF
11 PARTNERSHIP ITEMS.—For purposes of this title, in the
12 case of an investment services partnership interest—

13 “(1) IN GENERAL.—Notwithstanding section
14 702(b)—

15 “(A) an amount equal to the net capital
16 gain with respect to such interest for any part-
17 nership taxable year shall be treated as ordi-
18 nary income, and

19 “(B) subject to the limitation of paragraph
20 (2), an amount equal to the net capital loss
21 with respect to such interest for any partner-
22 ship taxable year shall be treated as an ordi-
23 nary loss.

24 “(2) RECHARACTERIZATION OF LOSSES LIM-
25 ITED TO RECHARACTERIZED GAINS.—The amount
26 treated as ordinary loss under paragraph (1)(B) for

1 any taxable year shall not exceed the excess (if any)
2 of—

3 “(A) the aggregate amount treated as ordi-
4 nary income under paragraph (1)(A) with re-
5 spect to the investment services partnership in-
6 terest for all preceding partnership taxable
7 years to which this section applies, over

8 “(B) the aggregate amount treated as or-
9 dinary loss under paragraph (1)(B) with re-
10 spect to such interest for all preceding partner-
11 ship taxable years to which this section applies.

12 “(3) ALLOCATION TO ITEMS OF GAIN AND
13 LOSS.—

14 “(A) NET CAPITAL GAIN.—The amount
15 treated as ordinary income under paragraph
16 (1)(A) shall be allocated ratably among the
17 items of long-term capital gain taken into ac-
18 count in determining such net capital gain.

19 “(B) NET CAPITAL LOSS.—The amount
20 treated as ordinary loss under paragraph (1)(B)
21 shall be allocated ratably among the items of
22 long-term capital loss and short-term capital
23 loss taken into account in determining such net
24 capital loss.

1 “(4) TERMS RELATING TO CAPITAL GAINS AND
2 LOSSES.—For purposes of this section—

3 “(A) IN GENERAL.—Net capital gain, long-
4 term capital gain, and long-term capital loss,
5 with respect to any investment services partner-
6 ship interest for any taxable year, shall be de-
7 termined under section 1222, except that such
8 section shall be applied—

9 “(i) without regard to the recharacter-
10 ization of any item as ordinary income or
11 ordinary loss under this section,

12 “(ii) by only taking into account items
13 of gain and loss taken into account by the
14 holder of such interest under section 702
15 with respect to such interest for such tax-
16 able year,

17 “(iii) by treating property which is
18 taken into account in determining gains
19 and losses to which section 1231 applies as
20 capital assets held for more than 1 year,
21 and

22 “(iv) without regard to section 1202.

23 “(B) NET CAPITAL LOSS.—The term ‘net
24 capital loss’ means the excess of the losses from
25 sales or exchanges of capital assets over the

1 gains from such sales or exchanges. Rules simi-
2 lar to the rules of clauses (i) through (iv) of
3 subparagraph (A) shall apply for purposes of
4 the preceding sentence.

5 “(5) SPECIAL RULES FOR DIVIDENDS.—

6 “(A) INDIVIDUALS.—Any dividend allo-
7 cated to any investment services partnership in-
8 terest shall not be treated as qualified dividend
9 income for purposes of section 1(h).

10 “(B) CORPORATIONS.—No deduction shall
11 be allowed under section 243 or 245 with re-
12 spect to any dividend allocated to any invest-
13 ment services partnership interest.

14 “(b) DISPOSITIONS OF PARTNERSHIP INTERESTS.—

15 “(1) GAIN.—

16 “(A) IN GENERAL.—Any gain on the dis-
17 position of an investment services partnership
18 interest shall be—

19 “(i) treated as ordinary income, and

20 “(ii) recognized notwithstanding any
21 other provision of this subtitle.

22 “(B) EXCEPTIONS; CERTAIN TRANSFERS
23 TO CHARITIES AND RELATED PERSONS.—Sub-
24 paragraph (A) shall not apply to—

25 “(i) a disposition by gift,

1 “(ii) a transfer at death, or

2 “(iii) other disposition identified by
3 the Secretary as a disposition with respect
4 to which it would be inconsistent with the
5 purposes of this section to apply subpara-
6 graph (A), if such gift, transfer, or other
7 disposition is to an organization described
8 in section 170(b)(1)(A) (other than any or-
9 ganization described in section 509(a)(3)
10 or any fund or account described in section
11 4966(d)(2)) or a person with respect to
12 whom the transferred interest is an invest-
13 ment services partnership interest.

14 “(2) Loss.—Any loss on the disposition of an
15 investment services partnership interest shall be
16 treated as an ordinary loss to the extent of the ex-
17 cess (if any) of—

18 “(A) the aggregate amount treated as ordi-
19 nary income under subsection (a) with respect
20 to such interest for all partnership taxable
21 years to which this section applies, over

22 “(B) the aggregate amount treated as ordi-
23 nary loss under subsection (a) with respect to
24 such interest for all partnership taxable years
25 to which this section applies.

1 “(3) ELECTION WITH RESPECT TO CERTAIN EX-
2 CHANGES.—Paragraph (1)(A)(ii) shall not apply to
3 the contribution of an investment services partner-
4 ship interest to a partnership in exchange for an in-
5 terest in such partnership if—

6 “(A) the taxpayer makes an irrevocable
7 election to treat the partnership interest re-
8 ceived in the exchange as an investment serv-
9 ices partnership interest, and

10 “(B) the taxpayer agrees to comply with
11 such reporting and recordkeeping requirements
12 as the Secretary may prescribe.

13 “(4) DISTRIBUTIONS OF PARTNERSHIP PROP-
14 ERTY.—

15 “(A) IN GENERAL.—In the case of any dis-
16 tribution of property by a partnership with re-
17 spect to any investment services partnership in-
18 terest held by a partner, the partner receiving
19 such property shall recognize gain equal to the
20 excess (if any) of—

21 “(i) the fair market value of such
22 property at the time of such distribution,
23 over

24 “(ii) the adjusted basis of such prop-
25 erty in the hands of such partner (deter-

1 mined without regard to subparagraph
2 (C)).

3 “(B) TREATMENT OF GAIN AS ORDINARY
4 INCOME.—Any gain recognized by such partner
5 under subparagraph (A) shall be treated as or-
6 dinary income to the same extent and in the
7 same manner as the increase in such partner’s
8 distributive share of the taxable income of the
9 partnership would be treated under subsection
10 (a) if, immediately prior to the distribution, the
11 partnership had sold the distributed property at
12 fair market value and all of the gain from such
13 disposition were allocated to such partner. For
14 purposes of applying paragraphs (2) and (3) of
15 subsection (a), any gain treated as ordinary in-
16 come under this subparagraph shall be treated
17 as an amount treated as ordinary income under
18 subsection (a)(1)(A).

19 “(C) ADJUSTMENT OF BASIS.—In the case
20 a distribution to which subparagraph (A) ap-
21 plies, the basis of the distributed property in
22 the hands of the distributee partner shall be the
23 fair market value of such property.

24 “(D) SPECIAL RULES WITH RESPECT TO
25 MERGERS, DIVISIONS, AND TECHNICAL TERMI-

1 NATIONS.—In the case of a taxpayer which sat-
2 satisfies requirements similar to the requirements
3 of subparagraphs (A) and (B) of paragraph (3),
4 this paragraph and paragraph (1)(A)(ii) shall
5 not apply to the distribution of a partnership
6 interest if such distribution is in connection
7 with a contribution (or deemed contribution) of
8 any property of the partnership to which sec-
9 tion 721 applies pursuant to a transaction de-
10 scribed in paragraph (1)(B) or (2) of section
11 708(b).

12 “(c) INVESTMENT SERVICES PARTNERSHIP INTER-
13 EST.—For purposes of this section—

14 “(1) IN GENERAL.—The term ‘investment serv-
15 ices partnership interest’ means any interest in an
16 investment partnership acquired or held by any per-
17 son in connection with the conduct of a trade or
18 business described in paragraph (2) by such person
19 (or any person related to such person). An interest
20 in an investment partnership held by any person—

21 “(A) shall not be treated as an investment
22 services partnership interest for any period be-
23 fore the first date on which it is so held in con-
24 nection with such a trade or business,

1 “(B) shall not cease to be an investment
2 services partnership interest merely because
3 such person holds such interest other than in
4 connection with such a trade or business, and

5 “(C) shall be treated as an investment
6 services partnership interest if acquired from a
7 related person in whose hands such interest was
8 an investment services partnership interest.

9 “(2) BUSINESSES TO WHICH THIS SECTION AP-
10 PLIES.—A trade or business is described in this
11 paragraph if such trade or business primarily in-
12 volves the performance of any of the following serv-
13 ices with respect to assets held (directly or indi-
14 rectly) by the investment partnership referred to in
15 paragraph (1):

16 “(A) Advising as to the advisability of in-
17 vesting in, purchasing, or selling any specified
18 asset.

19 “(B) Managing, acquiring, or disposing of
20 any specified asset.

21 “(C) Arranging financing with respect to
22 acquiring specified assets.

23 “(D) Any activity in support of any service
24 described in subparagraphs (A) through (C).

25 “(3) INVESTMENT PARTNERSHIP.—

1 “(A) IN GENERAL.—The term ‘investment
2 partnership’ means any partnership if, at the
3 end of any calendar quarter ending after De-
4 cember 31, 2014—

5 “(i) substantially all of the assets of
6 the partnership are specified assets (deter-
7 mined without regard to any section 197
8 intangible within the meaning of section
9 197(d)), and

10 “(ii) more than half of the contributed
11 capital of the partnership is attributable to
12 contributions of property by one or more
13 persons in exchange for interests in the
14 partnership which (in the hands of such
15 persons) constitute property held for the
16 production of income.

17 “(B) SPECIAL RULES FOR DETERMINING
18 IF PROPERTY HELD FOR THE PRODUCTION OF
19 INCOME.—Except as otherwise provided by the
20 Secretary, for purposes of determining whether
21 any interest in a partnership constitutes prop-
22 erty held for the production of income under
23 subparagraph (A)(ii)—

1 “(i) any election under subsection (e)
2 or (f) of section 475 shall be disregarded,
3 and

4 “(ii) paragraph (5)(B) shall not apply.

5 “(C) ANTIABUSE RULES.—The Secretary
6 may issue regulations or other guidance which
7 prevent the avoidance of the purposes of sub-
8 paragraph (A), including regulations or other
9 guidance which treat convertible and contingent
10 debt (and other debt having the attributes of
11 equity) as a capital interest in the partnership.

12 “(D) CONTROLLED GROUPS OF ENTI-
13 TIES.—

14 “(i) IN GENERAL.—In the case of a
15 controlled group of entities, if an interest
16 in the partnership received in exchange for
17 a contribution to the capital of the part-
18 nership by any member of such controlled
19 group would (in the hands of such mem-
20 ber) constitute property not held for the
21 production of income, then any interest in
22 such partnership held by any member of
23 such group shall be treated for purposes of
24 subparagraph (A) as constituting (in the

1 hands of such member) property not held
2 for the production of income.

3 “(ii) CONTROLLED GROUP OF ENTI-
4 TIES.—For purposes of clause (i), the term
5 ‘controlled group of entities’ means a con-
6 trolled group of corporations as defined in
7 section 1563(a)(1), applied without regard
8 to subsections (a)(4) and (b)(2) of section
9 1563. A partnership or any other entity
10 (other than a corporation) shall be treated
11 as a member of a controlled group of enti-
12 ties if such entity is controlled (within the
13 meaning of section 954(d)(3)) by members
14 of such group (including any entity treated
15 as a member of such group by reason of
16 this sentence).

17 “(4) SPECIFIED ASSET.—The term ‘specified
18 asset’ means securities (as defined in section
19 475(c)(2) without regard to the last sentence there-
20 of), real estate held for rental or investment, inter-
21 ests in partnerships, commodities (as defined in sec-
22 tion 475(e)(2)), cash or cash equivalents, or options
23 or derivative contracts with respect to any of the
24 foregoing.

25 “(5) RELATED PERSONS.—

1 “(A) IN GENERAL.—A person shall be
2 treated as related to another person if the rela-
3 tionship between such persons is described in
4 section 267(b) or 707(b).

5 “(B) CONTRIBUTION OF PARTNER SERV-
6 ICES.—Any service described in paragraph (2)
7 which is provided by a partner of a partnership
8 shall be treated as also provided by such part-
9 nership.

10 “(d) EXCEPTION FOR CERTAIN CAPITAL INTER-
11 ESTS.—

12 “(1) IN GENERAL.—In the case of any portion
13 of an investment services partnership interest which
14 is a qualified capital interest, all items of gain and
15 loss (and any dividends) which are allocated to such
16 qualified capital interest shall not be taken into ac-
17 count under subsection (a) if—

18 “(A) allocations of items are made by the
19 partnership to such qualified capital interest in
20 the same manner as such allocations are made
21 to other qualified capital interests held by part-
22 ners who do not provide any services described
23 in subsection (c)(2) and who are not related to
24 the partner holding the qualified capital inter-
25 est, and

1 “(B) the allocations made to such other in-
2 terests are significant compared to the alloca-
3 tions made to such qualified capital interest.

4 “(2) AUTHORITY TO PROVIDE EXCEPTIONS TO
5 ALLOCATION REQUIREMENTS.—To the extent pro-
6 vided by the Secretary in regulations or other guid-
7 ance—

8 “(A) ALLOCATIONS TO PORTION OF QUALI-
9 FIED CAPITAL INTEREST.—Paragraph (1) may
10 be applied separately with respect to a portion
11 of a qualified capital interest.

12 “(B) NO OR INSIGNIFICANT ALLOCATIONS
13 TO NONSERVICE PROVIDERS.—In any case in
14 which the requirements of paragraph (1)(B) are
15 not satisfied, items of gain and loss (and any
16 dividends) shall not be taken into account under
17 subsection (a) to the extent that such items are
18 properly allocable under such regulations or
19 other guidance to qualified capital interests.

20 “(C) ALLOCATIONS TO SERVICE PRO-
21 VIDERS’ QUALIFIED CAPITAL INTERESTS WHICH
22 ARE LESS THAN OTHER ALLOCATIONS.—Alloca-
23 tions shall not be treated as failing to meet the
24 requirement of paragraph (1)(A) merely be-
25 cause the allocations to the qualified capital in-

1 terest represent a lower return than the alloca-
2 tions made to the other qualified capital inter-
3 ests referred to in such paragraph.

4 “(3) SPECIAL RULE FOR CHANGES IN SERVICES
5 AND CAPITAL CONTRIBUTIONS.—In the case of an
6 interest in a partnership which was not an invest-
7 ment services partnership interest and which, by
8 reason of a change in the services with respect to as-
9 sets held (directly or indirectly) by the partnership
10 or by reason of a change in the capital contributions
11 to such partnership, becomes an investment services
12 partnership interest, the qualified capital interest of
13 the holder of such partnership interest immediately
14 after such change shall not, for purposes of this sub-
15 section, be less than the fair market value of such
16 interest (determined immediately before such
17 change).

18 “(4) SPECIAL RULE FOR TIERED PARTNER-
19 SHIPS.—Except as otherwise provided by the Sec-
20 retary, in the case of tiered partnerships, all items
21 which are allocated in a manner which meets the re-
22 quirements of paragraph (1) to qualified capital in-
23 terests in a lower-tier partnership shall retain such
24 character to the extent allocated on the basis of

1 qualified capital interests in any upper-tier partner-
2 ship.

3 “(5) EXCEPTION FOR NO-SELF-CHARGED
4 CARRY AND MANAGEMENT FEE PROVISIONS.—Ex-
5 cept as otherwise provided by the Secretary, an in-
6 terest shall not fail to be treated as satisfying the
7 requirement of paragraph (1)(A) merely because the
8 allocations made by the partnership to such interest
9 do not reflect the cost of services described in sub-
10 section (c)(2) which are provided (directly or indi-
11 rectly) to the partnership by the holder of such in-
12 terest (or a related person).

13 “(6) SPECIAL RULE FOR DISPOSITIONS.—In the
14 case of any investment services partnership interest
15 any portion of which is a qualified capital interest,
16 subsection (b) shall not apply to so much of any
17 gain or loss as bears the same proportion to the en-
18 tire amount of such gain or loss as—

19 “(A) the distributive share of gain or loss
20 that would have been allocated to the qualified
21 capital interest (consistent with the require-
22 ments of paragraph (1)) if the partnership had
23 sold all of its assets at fair market value imme-
24 diately before the disposition, bears to

1 “(B) the distributive share of gain or loss
2 that would have been so allocated to the invest-
3 ment services partnership interest of which such
4 qualified capital interest is a part.

5 “(7) QUALIFIED CAPITAL INTEREST.—For pur-
6 poses of this subsection—

7 “(A) IN GENERAL.—The term ‘qualified
8 capital interest’ means so much of a partner’s
9 interest in the capital of the partnership as is
10 attributable to—

11 “(i) the fair market value of any
12 money or other property contributed to the
13 partnership in exchange for such interest
14 (determined without regard to section
15 752(a)),

16 “(ii) any amounts which have been in-
17 cluded in gross income under section 83
18 with respect to the transfer of such inter-
19 est, and

20 “(iii) the excess (if any) of—

21 “(I) any items of income and
22 gain taken into account under section
23 702 with respect to such interest, over

24 “(II) any items of deduction and
25 loss so taken into account.

1 “(B) ADJUSTMENT TO QUALIFIED CAPITAL
2 INTEREST.—

3 “(i) DISTRIBUTIONS AND LOSSES.—

4 The qualified capital interest shall be re-
5 duced by distributions from the partner-
6 ship with respect to such interest and by
7 the excess (if any) of the amount described
8 in subparagraph (A)(iii)(II) over the
9 amount described in subparagraph
10 (A)(iii)(I).

11 “(ii) SPECIAL RULE FOR CONTRIBU-
12 TIONS OF PROPERTY.—In the case of any
13 contribution of property described in sub-
14 paragraph (A)(i) with respect to which the
15 fair market value of such property is not
16 equal to the adjusted basis of such prop-
17 erty immediately before such contribution,
18 proper adjustments shall be made to the
19 qualified capital interest to take into ac-
20 count such difference consistent with such
21 regulations or other guidance as the Sec-
22 retary may provide.

23 “(C) TECHNICAL TERMINATIONS, ETC.,
24 DISREGARDED.—No increase or decrease in the
25 qualified capital interest of any partner shall re-

1 sult from a termination, merger, consolidation,
2 or division described in section 708, or any
3 similar transaction.

4 “(8) TREATMENT OF CERTAIN LOANS.—

5 “(A) PROCEEDS OF PARTNERSHIP LOANS
6 NOT TREATED AS QUALIFIED CAPITAL INTER-
7 EST OF SERVICE PROVIDING PARTNERS.—For
8 purposes of this subsection, an investment serv-
9 ices partnership interest shall not be treated as
10 a qualified capital interest to the extent that
11 such interest is acquired in connection with the
12 proceeds of any loan or other advance made or
13 guaranteed, directly or indirectly, by any other
14 partner or the partnership (or any person re-
15 lated to any such other partner or the partner-
16 ship). The preceding sentence shall not apply to
17 the extent the loan or other advance is repaid
18 before January 1, 2017, unless such repayment
19 is made with the proceeds of a loan or other ad-
20 vance described in the preceding sentence.

21 “(B) REDUCTION IN ALLOCATIONS TO
22 QUALIFIED CAPITAL INTERESTS FOR LOANS
23 FROM NONSERVICE-PROVIDING PARTNERS TO
24 THE PARTNERSHIP.—For purposes of this sub-
25 section, any loan or other advance to the part-

1 nership made or guaranteed, directly or indi-
2 rectly, by a partner not providing services de-
3 scribed in subsection (c)(2) to the partnership
4 (or any person related to such partner) shall be
5 taken into account in determining the qualified
6 capital interests of the partners in the partner-
7 ship.

8 “(e) OTHER INCOME AND GAIN IN CONNECTION
9 WITH INVESTMENT MANAGEMENT SERVICES.—

10 “(1) IN GENERAL.—If—

11 “(A) a person performs (directly or indi-
12 rectly) investment management services for any
13 investment entity,

14 “(B) such person holds (directly or indi-
15 rectly) a disqualified interest with respect to
16 such entity, and

17 “(C) the value of such interest (or pay-
18 ments thereunder) is substantially related to
19 the amount of income or gain (whether or not
20 realized) from the assets with respect to which
21 the investment management services are per-
22 formed, any income or gain with respect to such
23 interest shall be treated as ordinary income.
24 Rules similar to the rules of subsections (a)(5)

1 and (d) shall apply for purposes of this sub-
2 section.

3 “(2) DEFINITIONS.—For purposes of this sub-
4 section—

5 “(A) DISQUALIFIED INTEREST.—

6 “(i) IN GENERAL.—The term ‘dis-
7 qualified interest’ means, with respect to
8 any investment entity—

9 “(I) any interest in such entity
10 other than indebtedness,

11 “(II) convertible or contingent
12 debt of such entity,

13 “(III) any option or other right
14 to acquire property described in sub-
15 clause (I) or (II), and

16 “(IV) any derivative instrument
17 entered into (directly or indirectly)
18 with such entity or any investor in
19 such entity.

20 “(ii) EXCEPTIONS.—Such term shall
21 not include—

22 “(I) a partnership interest,

23 “(II) except as provided by the
24 Secretary, any interest in a taxable
25 corporation, and

1 “(III) except as provided by the
2 Secretary, stock in an S corporation.

3 “(B) TAXABLE CORPORATION.—The term
4 ‘taxable corporation’ means—

5 “(i) a domestic C corporation, or

6 “(ii) a foreign corporation substan-
7 tially all of the income of which is—

8 “(I) effectively connected with
9 the conduct of a trade or business in
10 the United States, or

11 “(II) subject to a comprehensive
12 foreign income tax (as defined in sec-
13 tion 457A(d)(2)).

14 “(C) INVESTMENT MANAGEMENT SERV-
15 ICES.—The term ‘investment management serv-
16 ices’ means a substantial quantity of any of the
17 services described in subsection (c)(2).

18 “(D) INVESTMENT ENTITY.—The term ‘in-
19 vestment entity’ means any entity which, if it
20 were a partnership, would be an investment
21 partnership.

22 “(f) REGULATIONS.—The Secretary shall prescribe
23 such regulations or other guidance as is necessary or ap-
24 propriate to carry out the purposes of this section, includ-
25 ing regulations or other guidance to—

1 “(1) provide modifications to the application of
2 this section (including treating related persons as
3 not related to one another) to the extent such modi-
4 fication is consistent with the purposes of this sec-
5 tion, and

6 “(2) coordinate this section with the other pro-
7 visions of this title.

8 “(g) CROSS REFERENCE.—For 40-percent penalty
9 on certain underpayments due to the avoidance of this sec-
10 tion, see section 6662.”.

11 (b) APPLICATION OF SECTION 751 TO INDIRECT DIS-
12 POSITIONS OF INVESTMENT SERVICES PARTNERSHIP IN-
13 TERESTS.—

14 (1) IN GENERAL.—Section 751(a) of such Code
15 is amended by striking “or” at the end of paragraph
16 (1), by inserting “or” at the end of paragraph (2),
17 and by inserting after paragraph (2) the following
18 new paragraph:

19 “(3) investment services partnership interests
20 held by the partnership,”.

21 (2) CERTAIN DISTRIBUTIONS TREATED AS
22 SALES OR EXCHANGES.—Section 751(b)(1)(A) of
23 such Code is amended by striking “or” at the end
24 of clause (i), by inserting “or” at the end of clause

1 (ii), and by inserting after clause (ii) the following
2 new clause:

3 “(iii) investment services partnership
4 interests held by the partnership,”.

5 (3) APPLICATION OF SPECIAL RULES IN THE
6 CASE OF TIERED PARTNERSHIPS.—Section 751(f) of
7 such Code is amended by striking “or” at the end
8 of paragraph (1), by inserting “or” at the end of
9 paragraph (2), and by inserting after paragraph (2)
10 the following new paragraph:

11 “(3) investment services partnership interests
12 held by the partnership,”.

13 (4) INVESTMENT SERVICES PARTNERSHIP IN-
14 TERESTS; QUALIFIED CAPITAL INTERESTS.—Section
15 751 of such Code is amended by adding at the end
16 the following new subsection:

17 “(g) INVESTMENT SERVICES PARTNERSHIP INTER-
18 ESTS.—For purposes of this section—

19 “(1) IN GENERAL.—The term ‘investment serv-
20 ices partnership interest’ has the meaning given
21 such term by section 710(c).

22 “(2) ADJUSTMENTS FOR QUALIFIED CAPITAL
23 INTERESTS.—The amount to which subsection (a)
24 applies by reason of paragraph (3) thereof shall not
25 include so much of such amount as is attributable

1 to any portion of the investment services partnership
2 interest which is a qualified capital interest (deter-
3 mined under rules similar to the rules of section
4 710(d)).

5 “(3) RECOGNITION OF GAINS.—Any gain with
6 respect to which subsection (a) applies by reason of
7 paragraph (3) thereof shall be recognized notwith-
8 standing any other provision of this title.

9 “(4) COORDINATION WITH INVENTORY
10 ITEMS.—An investment services partnership interest
11 held by the partnership shall not be treated as an
12 inventory item of the partnership.

13 “(5) PREVENTION OF DOUBLE COUNTING.—
14 Under regulations or other guidance prescribed by
15 the Secretary, subsection (a)(3) shall not apply with
16 respect to any amount to which section 710 ap-
17 plies.”.

18 (c) TREATMENT FOR PURPOSES OF SECTION
19 7704.—Section 7704(d) of such Code is amended by add-
20 ing at the end the following new paragraph:

21 “(6) INCOME FROM CERTAIN CARRIED INTER-
22 ESTS NOT QUALIFIED.—

23 “(A) IN GENERAL.—Specified carried in-
24 terest income shall not be treated as qualifying
25 income.

1 “(B) SPECIFIED CARRIED INTEREST IN-
2 COME.—For purposes of this paragraph—

3 “(i) IN GENERAL.—The term ‘speci-
4 fied carried interest income’ means—

5 “(I) any item of income or gain
6 allocated to an investment services
7 partnership interest (as defined in
8 section 710(c)) held by the partner-
9 ship,

10 “(II) any gain on the disposition
11 of an investment services partnership
12 interest (as so defined) or a partner-
13 ship interest to which (in the hands of
14 the partnership) section 751 applies,
15 and

16 “(III) any income or gain taken
17 into account by the partnership under
18 subsection (b)(4) or (e) of section
19 710.

20 “(ii) EXCEPTION FOR QUALIFIED CAP-
21 ITAL INTERESTS.—A rule similar to the
22 rule of section 710(d) shall apply for pur-
23 poses of clause (i).

24 “(C) COORDINATION WITH OTHER PROVI-
25 SIONS.—Subparagraph (A) shall not apply to

1 any item described in paragraph (1)(E) (or so
2 much of paragraph (1)(F) as relates to para-
3 graph (1)(E)).

4 “(D) SPECIAL RULES FOR CERTAIN PART-
5 NERSHIPS.—

6 “(i) CERTAIN PARTNERSHIPS OWNED
7 BY REAL ESTATE INVESTMENT TRUSTS.—
8 Subparagraph (A) shall not apply in the
9 case of a partnership which meets each of
10 the following requirements:

11 “(I) Such partnership is treated
12 as publicly traded under this section
13 solely by reason of interests in such
14 partnership being convertible into in-
15 terests in a real estate investment
16 trust which is publicly traded.

17 “(II) 50 percent or more of the
18 capital and profits interests of such
19 partnership are owned, directly or in-
20 directly, at all times during the tax-
21 able year by such real estate invest-
22 ment trust (determined with the ap-
23 plication of section 267(c)).

1 “(III) Such partnership meets
2 the requirements of paragraphs (2),
3 (3), and (4) of section 856(c).

4 “(ii) CERTAIN PARTNERSHIPS OWN-
5 ING OTHER PUBLICLY TRADED PARTNER-
6 SHIPS.—Subparagraph (A) shall not apply
7 in the case of a partnership which meets
8 each of the following requirements:

9 “(I) Substantially all of the as-
10 sets of such partnership consist of in-
11 terests in one or more publicly traded
12 partnerships (determined without re-
13 gard to subsection (b)(2)).

14 “(II) Substantially all of the in-
15 come of such partnership is ordinary
16 income or section 1231 gain (as de-
17 fined in section 1231(a)(3)).

18 “(E) TRANSITIONAL RULE.—Subpara-
19 graph (A) shall not apply to any taxable year
20 of the partnership beginning before the date
21 which is 10 years after January 1, 2016.”.

22 (d) IMPOSITION OF PENALTY ON UNDERPAY-
23 MENTS.—

1 (1) IN GENERAL.—Section 6662(b) of such
2 Code is amended by inserting after paragraph (7)
3 the following new paragraph:

4 “(8) The application of section 710(e) or the
5 regulations or other guidance prescribed under sec-
6 tion 710(h) to prevent the avoidance of the purposes
7 of section 710.”.

8 (2) AMOUNT OF PENALTY.—

9 (A) IN GENERAL.—Section 6662 of such
10 Code is amended by adding at the end the fol-
11 lowing new subsection:

12 “(k) INCREASE IN PENALTY IN CASE OF PROPERTY
13 TRANSFERRED FOR INVESTMENT MANAGEMENT SERV-
14 ICES.—In the case of any portion of an underpayment to
15 which this section applies by reason of subsection (b)(8),
16 subsection (a) shall be applied with respect to such portion
17 by substituting ‘40 percent’ for ‘20 percent’.”.

18 (B) CONFORMING AMENDMENT.—Section
19 6662A(e)(2)(B) is amended by striking “or (i)”
20 and inserting “, (i), or (k)”.

21 (3) SPECIAL RULES FOR APPLICATION OF REA-
22 SONABLE CAUSE EXCEPTION.—Section 6664(c) is
23 amended—

24 (A) by redesignating paragraphs (3) and
25 (4) as paragraphs (4) and (5), respectively;

1 (B) by striking “paragraph (3)” in para-
2 graph (5)(A), as so redesignated, and inserting
3 “paragraph (4)”; and

4 (C) by inserting after paragraph (2) the
5 following new paragraph:

6 “(3) SPECIAL RULE FOR UNDERPAYMENTS AT-
7 TRIBUTABLE TO INVESTMENT MANAGEMENT SERV-
8 ICES.—

9 “(A) IN GENERAL.—Paragraph (1) shall
10 not apply to any portion of an underpayment to
11 which section 6662 applies by reason of sub-
12 section (b)(8) unless—

13 “(i) the relevant facts affecting the
14 tax treatment of the item are adequately
15 disclosed,

16 “(ii) there is or was substantial au-
17 thority for such treatment, and

18 “(iii) the taxpayer reasonably believed
19 that such treatment was more likely than
20 not the proper treatment.

21 “(B) RULES RELATING TO REASONABLE
22 BELIEF.—Rules similar to the rules of sub-
23 section (d)(3) shall apply for purposes of sub-
24 paragraph (A)(iii).”.

1 (e) INCOME AND LOSS FROM INVESTMENT SERVICES
2 PARTNERSHIP INTERESTS TAKEN INTO ACCOUNT IN DE-
3 TERMINING NET EARNINGS FROM SELF-EMPLOYMENT.—

4 (1) INTERNAL REVENUE CODE.—

5 (A) IN GENERAL.—Section 1402(a) of
6 such Code is amended by striking “and” at the
7 end of paragraph (16), by striking the period at
8 the end of paragraph (17) and inserting “;
9 and”, and by inserting after paragraph (17) the
10 following new paragraph:

11 “(18) notwithstanding the preceding provisions
12 of this subsection, in the case of any individual en-
13 gaged in the trade or business of providing services
14 described in section 710(c)(2) with respect to any
15 entity, investment services partnership income or
16 loss (as defined in subsection (m)) of such individual
17 with respect to such entity shall be taken into ac-
18 count in determining the net earnings from self-em-
19 ployment of such individual.”.

20 (B) INVESTMENT SERVICES PARTNERSHIP
21 INCOME OR LOSS.—Section 1402 of such Code
22 is amended by adding at the end the following
23 new subsection:

24 “(m) INVESTMENT SERVICES PARTNERSHIP INCOME
25 OR LOSS.—For purposes of subsection (a)—

1 “(1) IN GENERAL.—The term ‘investment serv-
2 ices partnership income or loss’ means, with respect
3 to any investment services partnership interest (as
4 defined in section 710(c)), the net of—

5 “(A) the amounts treated as ordinary in-
6 come or ordinary loss under subsections (b) and
7 (e) of section 710 with respect to such interest,

8 “(B) all items of income, gain, loss, and
9 deduction allocated to such interest, and

10 “(C) the amounts treated as realized from
11 the sale or exchange of property other than a
12 capital asset under section 751 with respect to
13 such interest.

14 “(2) EXCEPTION FOR QUALIFIED CAPITAL IN-
15 TERESTS.—A rule similar to the rule of section
16 710(d) shall apply for purposes of applying para-
17 graph (1)(B)(ii).”.

18 (2) SOCIAL SECURITY ACT.—Section 211(a) of
19 the Social Security Act is amended by striking
20 “and” at the end of paragraph (15), by striking the
21 period at the end of paragraph (16) and inserting “;
22 and”, and by inserting after paragraph (16) the fol-
23 lowing new paragraph:

24 “(17) Notwithstanding the preceding provisions
25 of this subsection, in the case of any individual en-

1 gaged in the trade or business of providing services
2 described in section 710(c)(2) of the Internal Rev-
3 enue Code of 1986 with respect to any entity, invest-
4 ment services partnership income or loss (as defined
5 in section 1402(m) of such Code) shall be taken into
6 account in determining the net earnings from self-
7 employment of such individual.”.

8 (f) CONFORMING AMENDMENTS.—

9 (1) Subsection (d) of section 731 of the Inter-
10 nal Revenue Code of 1986 is amended by inserting
11 “section 710(b)(4) (relating to distributions of part-
12 nership property),” after “to the extent otherwise
13 provided by”.

14 (2) Section 741 of such Code is amended by in-
15 serting “or section 710 (relating to special rules for
16 partners providing investment management services
17 to partnerships)” before the period at the end.

18 (3) The table of sections for part I of sub-
19 chapter K of chapter 1 of such Code is amended by
20 adding at the end the following new item:

“Sec. 710. Special rules for partners providing investment management services
to partnerships.”.

21 (g) EFFECTIVE DATE.—

22 (1) IN GENERAL.—Except as otherwise pro-
23 vided in this subsection, the amendments made by

1 this section shall apply to taxable years ending after
2 December 31, 2015.

3 (2) PARTNERSHIP TAXABLE YEARS WHICH IN-
4 CLUDE EFFECTIVE DATE.—In applying section
5 710(a) of such Code (as added by this section) in
6 the case of any partnership taxable year which in-
7 cludes January 1, 2016, the amount of the net in-
8 come referred to in such section shall be treated as
9 being the lesser of the net income for the entire
10 partnership taxable year or the net income deter-
11 mined by only taking into account items attributable
12 to the portion of the partnership taxable year which
13 is after such date.

14 (3) DISPOSITIONS OF PARTNERSHIP INTER-
15 ESTS.—

16 (A) IN GENERAL.—Section 710(b) of such
17 Code (as added by this section) shall apply to
18 dispositions and distributions after December
19 31, 2015.

20 (B) INDIRECT DISPOSITIONS.—The amend-
21 ments made by subsection (b) shall apply to
22 transactions after December 31, 2015.

23 (4) OTHER INCOME AND GAIN IN CONNECTION
24 WITH INVESTMENT MANAGEMENT SERVICES.—Sec-

1 tion 710(e) of such Code (as added by this section)
2 shall take effect on January 1, 2016.

3 **Subtitle C—Close Loophole for**
4 **Corporate Jet Depreciation**

5 **SEC. 421. GENERAL AVIATION AIRCRAFT TREATED AS 7-**
6 **YEAR PROPERTY.**

7 (a) IN GENERAL.—Section 168(e)(3)(C) of the Inter-
8 nal Revenue Code of 1986 is amended by striking “and”
9 at the end of clause (iv), by redesignating clause (v) as
10 clause (vi), and by inserting after clause (iv) the following
11 new clause:

12 “(v) any general aviation aircraft, and”.

13 (b) CLASS LIFE.—Section 168(g)(3) of such Code is
14 amended by inserting after subparagraph (E) the fol-
15 lowing new subparagraph:

16 “(F) General aviation aircraft. In the case
17 of any general aviation aircraft, the recovery
18 period used for purposes of paragraph (2) shall
19 be 12 years.”.

20 (c) GENERAL AVIATION AIRCRAFT.—Section 168(i)
21 of such Code is amended by inserting after paragraph (19)
22 the following new paragraph:

23 “(20) GENERAL AVIATION AIRCRAFT.—The
24 term ‘general aviation aircraft’ means any airplane
25 or helicopter (including airframes and engines) not

1 used in commercial or contract carrying of pas-
2 sengers or freight, but which primarily engages in
3 the carrying of passengers.”.

4 (d) EFFECTIVE DATE.—This section shall be effec-
5 tive for property placed in service after December 31,
6 2015.

7 **Subtitle D—Repeal Oil Subsidies**

8 **SEC. 431. REPEAL OF DEDUCTION FOR INTANGIBLE DRILL- 9 ING AND DEVELOPMENT COSTS IN THE CASE 10 OF OIL AND GAS WELLS.**

11 (a) IN GENERAL.—Section 263(c) of the Internal
12 Revenue Code of 1986 is amended by adding at the end
13 the following new sentence: “This subsection shall not
14 apply in the case of oil and gas wells with respect to
15 amounts paid or incurred after December 31, 2015.”.

16 (b) EFFECTIVE DATE.—The amendment made by
17 this section shall apply to amounts paid or incurred after
18 December 31, 2015.

19 **SEC. 432. REPEAL OF DEDUCTION FOR TERTIARY 20 INJECTANTS.**

21 (a) IN GENERAL.—Part VI of subchapter B of chap-
22 ter 1 of the Internal Revenue Code of 1986 is amended
23 by striking section 193 (relating to tertiary injectants).

1 (b) CLERICAL AMENDMENT.—The table of sections
2 for part VI of subchapter B of chapter 1 of such Code
3 is amended by striking the item relating to section 193.

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to amounts paid or incurred after
6 December 31, 2015.

7 **SEC. 433. REPEAL OF PERCENTAGE DEPLETION FOR OIL**
8 **AND GAS WELLS.**

9 (a) IN GENERAL.—Section 613A of the Internal Rev-
10 enue Code of 1986 is amended to read as follows:

11 **“SEC. 613A. PERCENTAGE DEPLETION NOT ALLOWED IN**
12 **CASE OF OIL AND GAS WELLS.**

13 “The allowance for depletion under section 611 with
14 respect to any oil and gas well shall be computed without
15 regard to section 613.”.

16 (b) EFFECTIVE DATE.—The amendment made by
17 this section shall apply to taxable years beginning after
18 December 31, 2015.

19 **SEC. 434. SECTION 199 DEDUCTION NOT ALLOWED WITH**
20 **RESPECT TO OIL, NATURAL GAS, OR PRIMARY**
21 **PRODUCTS THEREOF.**

22 (a) IN GENERAL.—Section 199(c)(4)(B) of the Inter-
23 nal Revenue Code of 1986 (relating to income attributable
24 to domestic production activities) is amended—

25 (1) by striking “or” at the end of clause (ii),

1 (2) by striking the period at the end of clause
2 (iii) and inserting in lieu thereof “, or”, and

3 (3) by adding at the end thereof the following
4 new clause:

5 “(iv) the production, refining, proe-
6 ssing, transportation, or distribution of
7 oil, natural gas, or any primary product
8 (within the meaning of subsection (d)(9))
9 thereof.”.

10 (b) CONFORMING AMENDMENT.—Paragraph (9) of
11 section 199(d) is amended to read as follows:

12 “(9) PRIMARY PRODUCT.—For purposes of sub-
13 section (c)(4)(B)(iv), the term ‘primary product’ has
14 the same meaning as when used in section
15 927(a)(2)(C), as in effect before its repeal.”.

16 (c) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to taxable years beginning after
18 December 31, 2015.

19 **SEC. 435. REPEAL OIL AND GAS WORKING INTEREST EX-**
20 **CEPTION TO PASSIVE ACTIVITY RULES.**

21 (a) IN GENERAL.—Section 469(c)(3) of the Internal
22 Revenue Code of 1986 is amended by adding at the end
23 thereof the following new subparagraph—

1 “(C) TERMINATION.—Subparagraph (A)
2 shall not apply for any taxable year beginning
3 after December 31 2015.”.

4 (b) EFFECTIVE DATE.—The amendment made by
5 this section shall apply to taxable years beginning after
6 December 31, 2015.

7 **SEC. 436. REPEAL ENHANCED OIL RECOVERY CREDIT.**

8 (a) IN GENERAL.—Subpart D of part IV of sub-
9 chapter A of chapter 1 of the Internal Revenue Code of
10 1986 is amended by striking section 43.

11 (b) CLERICAL AMENDMENT.—The table of sections
12 for subpart D of part IV of subchapter A of chapter 1
13 of such Code is amended by striking the item relating to
14 section 43.

15 (c) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to taxable years beginning after
17 December 31, 2015.

18 **SEC. 437. UNIFORM SEVEN-YEAR AMORTIZATION FOR GEO-**
19 **LOGICAL AND GEOPHYSICAL EXPENDITURES.**

20 (a) IN GENERAL.—Section 167(h)(1) of the Internal
21 Revenue Code of 1986 is amended by striking “24-month”
22 and inserting in lieu thereof “7-year”.

23 (b) CONFORMING AMENDMENTS.—Section 167(h) of
24 such Code is amended—

1 (1) by striking “24-month” in paragraph (4)
2 and inserting “7-year”, and

3 (2) by striking paragraph (5).

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to amounts paid or incurred after
6 December 31, 2015.

7 **SEC. 438. REPEAL MARGINAL WELL PRODUCTION CREDIT.**

8 (a) IN GENERAL.—Subpart D of part IV of sub-
9 chapter A of chapter 1 of the Internal Revenue Code of
10 1986 is amended by striking section 45I.

11 (b) CLERICAL AMENDMENT.—The table of sections
12 for subpart D of part IV of subchapter A of chapter 1
13 of such Code is amended by striking the item relating to
14 section 45I.

15 (c) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to taxable years beginning after
17 December 31, 2015.

18 **Subtitle E—Dual Capacity**
19 **Taxpayers**

20 **SEC. 441. MODIFICATIONS OF FOREIGN TAX CREDIT RULES**
21 **APPLICABLE TO DUAL CAPACITY TAXPAYERS.**

22 (a) IN GENERAL.—Section 901 of the Internal Rev-
23 enue Code of 1986 is amended by redesignating subsection
24 (n) as subsection (o) and by inserting after subsection (m)
25 the following new subsection:

1 “(n) SPECIAL RULES RELATING TO DUAL CAPACITY
2 TAXPAYERS.—

3 “(1) GENERAL RULE.—Notwithstanding any
4 other provision of this chapter, any amount paid or
5 accrued by a dual capacity taxpayer or any member
6 of the worldwide affiliated group of which such dual
7 capacity taxpayer is also a member to any foreign
8 country or to any possession of the United States
9 for any period shall not be considered a tax to the
10 extent such amount exceeds the amount (determined
11 in accordance with regulations) which would have
12 been required to be paid if the taxpayer were not a
13 dual capacity taxpayer.

14 “(2) DUAL CAPACITY TAXPAYER.—For pur-
15 poses of this subsection, the term ‘dual capacity tax-
16 payer’ means, with respect to any foreign country or
17 possession of the United States, a person who—

18 “(A) is subject to a levy of such country or
19 possession, and

20 “(B) receives (or will receive) directly or
21 indirectly a specific economic benefit (as deter-
22 mined in accordance with regulations) from
23 such country or possession.

24 “(3) REGULATIONS.—The Secretary may issue
25 such regulations or other guidance as is necessary or

1 appropriate to carry out the purposes of this sub-
2 section.”.

3 (b) **CONTRARY TREATY OBLIGATIONS UPHELD.**—

4 The amendments made by this section shall not apply to
5 the extent contrary to any treaty obligation of the United
6 States.

7 (c) **EFFECTIVE DATE.**—The amendments made by
8 this section shall apply to amounts that, if such amounts
9 were an amount of tax paid or accrued, would be consid-
10 ered paid or accrued in taxable years beginning after De-
11 cember 31, 2015.

12 **SEC. 442. SEPARATE BASKET TREATMENT TAXES PAID ON**
13 **FOREIGN OIL AND GAS INCOME.**

14 (a) **SEPARATE BASKET FOR FOREIGN TAX CRED-**
15 **IT.**—Section 904(d)(1) of the Internal Revenue Code of
16 1986 is amended by striking “and” at the end of subpara-
17 graph (A), by striking the period at the end of subpara-
18 graph (B) and inserting “, and”, and by adding at the
19 end the following:

20 “(C) combined foreign oil and gas income
21 (as defined in section 907(b)(1)).”.

22 (b) **COORDINATION.**—Section 904(d)(2) of such Code
23 is amended by inserting after subparagraph (I) the fol-
24 lowing new subparagraph:

1 “(J) COORDINATION WITH COMBINED FOR-
2 EIGN OIL AND GAS INCOME.—For purposes of
3 this section, passive category income and gen-
4 eral category income shall not include combined
5 foreign oil and gas income (as defined in section
6 907(b)(1)).”.

7 (c) CONFORMING AMENDMENTS.—

8 (1) Section 907(a) is hereby repealed.

9 (2) Section 907(c)(4) is hereby repealed.

10 (3) Section 907(f) is hereby repealed.

11 (d) EFFECTIVE DATES.—

12 (1) IN GENERAL.—The amendments made by
13 this section shall apply to taxable years beginning
14 after December 31, 2015.

15 (2) TRANSITIONAL RULES.—

16 (A) CARRYOVERS.—Any unused foreign oil
17 and gas taxes which under section 907(f) of
18 such Code (as in effect before the amendment
19 made by subsection (c)(3)) would have been al-
20 lowable as a carryover to the taxpayer’s first
21 taxable year beginning after December 31,
22 2013 (without regard to the limitation of para-
23 graph (2) of such section 907(f) for first tax-
24 able year), shall be allowed as carryovers under
25 section 904(c) of such Code in the same man-

1 ner as if such taxes were unused taxes under
2 such section 904(c) with respect to foreign oil
3 and gas extraction income.

4 (B) LOSSES.—The amendment made by
5 subsection (c)(2) shall not apply to foreign oil
6 and gas extraction losses arising in taxable
7 years beginning on or before the date of the en-
8 actment of this Act.

9 **Subtitle F—Repeal of**
10 **Sequestration**

11 **SEC. 451. REPEAL OF SEQUESTRATION.**

12 Section 251A of the Balanced Budget and Emer-
13 gency Deficit Control Act of 1985 is repealed.

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