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110TH CONGRESS
2D SESSION

S. _____

[Report No. 110-_____]]

To provide economic stimulus through stimulus rebates to individuals, to provide incentives for business investment, to extend unemployment insurance benefits, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. BAUCUS from the Committee on Finance reported the following original bill; which was read twice and placed on the calendar

A BILL

To provide economic stimulus through stimulus rebates to individuals, to provide incentives for business investment, to extend unemployment insurance benefits, and for other purposes.

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 “Economic Stimulus Act of 2008”.

1 (b) TABLE OF CONTENTS.—The table of contents of
2 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—TAX RELIEF

Subtitle A—Rebates for Individuals

Sec. 101. Economic recovery stimulus credit and rebate.

Subtitle B—Incentives for Businesses

Sec. 111. Temporary bonus depreciation allowance for certain property.

Sec. 112. Increased expensing for small businesses for 2008.

Sec. 113. Carryback of certain net operating losses allowed for 5 years; temporary suspension of 90 percent AMT limit.

Subtitle C—Extensions of Energy Provisions

Sec. 121. Extension of credit for energy efficient appliances.

Sec. 122. Extension of credit for nonbusiness energy property.

Sec. 123. Suspension of taxable income limit with respect to marginal wells.

Sec. 124. Extension of credit for residential energy efficient property.

Sec. 125. Extension of renewable electricity and refined coal production credit.

Sec. 126. Extension of new energy efficient home credit.

Sec. 127. Extension of energy credit.

Sec. 128. Extension and modification of credit for clean renewable energy bonds.

Sec. 129. Extension of energy efficient commercial buildings deduction.

Sec. 130. Special rules for refund of the coal excise tax to certain coal producers and exporters.

Subtitle D—Provisions Relating to Housing Bonds

Sec. 131. Modifications on use of qualified mortgage bonds; temporary increased volume cap for certain housing bonds.

TITLE II—TEMPORARY EXTENDED UNEMPLOYMENT
COMPENSATION

Sec. 201. Federal-State agreements.

Sec. 202. Temporary extended unemployment compensation account.

Sec. 203. Payments to States having agreements for the payment of temporary extended unemployment compensation.

Sec. 204. Financing provisions.

Sec. 205. Fraud and overpayments.

Sec. 206. Definitions.

Sec. 207. Applicability.

1 **TITLE I—TAX RELIEF**
2 **Subtitle A—Rebates for Individuals**

3 **SEC. 101. ECONOMIC RECOVERY STIMULUS CREDIT AND**
4 **REBATE.**

5 (a) IN GENERAL.—Section 6428 of the Internal Rev-
6 enue Code of 1986 is amended to read as follows:

7 **“SEC. 6428. ECONOMIC STIMULUS CREDIT FOR 2008.**

8 “(a) IN GENERAL.—In the case of an eligible indi-
9 vidual who is a taxpayer who meets the requirements of
10 subsection (b), there shall be allowed as a credit against
11 the tax imposed by subtitle A for the first taxable year
12 beginning in 2008 an amount equal to the sum of—

13 “(1) \$500 (\$1,000 in the case of a joint re-
14 turn), plus

15 “(2) the product of \$300 multiplied by the
16 number of qualifying children (within the meaning of
17 section 24(c)) of the taxpayer.

18 “(b) REQUIREMENTS.—An eligible individual meets
19 the requirements of this subsection if the taxpayer—

20 “(1) has qualifying income of at least \$3,000,
21 or

22 “(2) has—

23 “(A) net income tax liability which is
24 greater than zero, and

1 “(B) gross income which is greater than
2 the sum of the basic standard deduction plus
3 the exemption amount (twice the exemption
4 amount in the case of a joint return).

5 “(c) TREATMENT OF CREDIT.—The credit allowed by
6 subsection (a) shall be treated as allowed by subpart C
7 of part IV of subchapter A of chapter 1.

8 “(d) LIMITATION BASED ON ADJUSTED GROSS IN-
9 COME.—The amount of the credit allowed by subsection
10 (a) (determined without regard to this subsection and sub-
11 section (f)) shall be reduced (but not below zero) by 5 per-
12 cent of so much of the taxpayer’s adjusted gross income
13 as exceeds \$150,000 (\$300,000 in the case of a joint re-
14 turn).

15 “(e) DEFINITIONS.—For purposes of this section—

16 “(1) QUALIFYING INCOME.—For purposes of
17 paragraph (1), the term ‘qualifying income’ means—

18 “(A) earned income,

19 “(B) social security benefits (within the
20 meaning of section 86(d)), and

21 “(C) any compensation or pension received
22 under chapter 11 or chapter 15 of title 38,
23 United States Code.

24 “(2) NET INCOME TAX LIABILITY.—The term
25 ‘net income tax liability’ means the excess of—

1 “(A) the sum of the taxpayer’s regular tax
2 liability (within the meaning of section 26(b))
3 and the tax imposed by section 55 for the tax-
4 able year, over

5 “(B) the credits allowed by part IV (other
6 than section 24 and subpart C thereof) of sub-
7 chapter A of chapter 1.

8 “(3) ELIGIBLE INDIVIDUAL.—The term ‘eligible
9 individual’ means any individual other than—

10 “(A) any nonresident alien individual,

11 “(B) any individual with respect to whom
12 a deduction under section 151 is allowable to
13 another taxpayer for a taxable year beginning
14 in the calendar year in which the individual’s
15 taxable year begins,

16 “(C) an estate or trust, and

17 “(D) any individual who is a Senator or
18 Representative in, or Delegate or Resident
19 Commissioner to, Congress.

20 “(4) EARNED INCOME.—The term ‘earned in-
21 come’ has the meaning set forth in section 32(c)(2),
22 except that—

23 “(A) subclause (II) of subparagraph
24 (B)(vi) thereof shall be applied by substituting
25 ‘January 1, 2009’ for ‘January 1, 2008’, and

1 “(B) such term shall not include net earn-
2 ings from self-employment which are not taken
3 into account in computing taxable income.

4 “(5) BASIC STANDARD DEDUCTION; EXEMPTION
5 AMOUNT.—The terms ‘basic standard deduction’ and
6 ‘exemption amount’ shall have the same respective
7 meanings as when used in section 6012(a).

8 “(f) COORDINATION WITH ADVANCE REFUNDS OF
9 CREDIT.—

10 “(1) IN GENERAL.—The amount of credit
11 which would (but for this paragraph) be allowable
12 under this section shall be reduced (but not below
13 zero) by the aggregate refunds and credits made or
14 allowed to the taxpayer under subsection (g). Any
15 failure to so reduce the credit shall be treated as
16 arising out of a mathematical or clerical error and
17 assessed according to section 6213(b)(1).

18 “(2) JOINT RETURNS.—In the case of a refund
19 or credit made or allowed under subsection (g) with
20 respect to a joint return, half of such refund or cred-
21 it shall be treated as having been made or allowed
22 to each individual filing such return.

23 “(g) ADVANCE REFUNDS AND CREDITS.—

24 “(1) IN GENERAL.—Each individual who was
25 an eligible individual who was a taxpayer who met

1 the requirements of subsection (b) for such individ-
2 ual's first taxable year beginning in 2007 shall be
3 treated as having made a payment against the tax
4 imposed by chapter 1 for such first taxable year in
5 an amount equal to the advance refund amount for
6 such taxable year.

7 “(2) ADVANCE REFUND AMOUNT.—For pur-
8 poses of paragraph (1), the advance refund amount
9 is the amount that would have been allowed as a
10 credit under this section for such first taxable year
11 if this section (other than subsection (f) and this
12 subsection) had applied to such taxable year.

13 “(3) TIMING OF PAYMENTS.—The Secretary
14 shall, subject to the provisions of this title, refund
15 or credit any overpayment attributable to this sec-
16 tion as rapidly as possible. No refund or credit shall
17 be made or allowed under this subsection after De-
18 cember 31, 2008.

19 “(4) NO INTEREST.—No interest shall be al-
20 lowed on any overpayment attributable to this sec-
21 tion.

22 “(h) IDENTIFICATION NUMBER REQUIREMENT.—

23 “(1) IN GENERAL.—No credit shall be allowed
24 under subsection (a) to an eligible individual who

1 does not include on the return of tax for the taxable
2 year—

3 “(A) such individual’s valid identification
4 number,

5 “(B) if such individual is married (within
6 the meaning of section 7703), the valid identi-
7 fication number of such individual’s spouse, and

8 “(C) in the case of any qualifying child
9 taken into account under subsection (a)(2), the
10 valid identification number of such qualifying
11 child.

12 “(2) VALID IDENTIFICATION NUMBER.—For
13 purposes of paragraph (1), the term ‘valid identifica-
14 tion number’ means a social security number issued
15 to an individual by the Social Security Administra-
16 tion. Such term shall not include a TIN issued by
17 the Internal Revenue Service.

18 “(i) REFUNDS DISREGARDED IN THE ADMINISTRA-
19 TION OF FEDERAL PROGRAMS AND FEDERALLY AS-
20 SISTED PROGRAMS.—Any payment considered to have
21 been made to any individual by reason of this section shall
22 not be taken into account as income and shall not be taken
23 into account as resources for the month of the receipt and
24 the following 2 months, for purposes of determining the
25 eligibility of such individual or any other individual for

1 benefits or assistance, or the amount or extent of benefits
2 or assistance, under any Federal program or under any
3 State or local program financed in whole or in part with
4 Federal funds.”.

5 (b) TREATMENT OF POSSESSIONS.—

6 (1) MIRROR CODE POSSESSION.—The Secretary
7 of the Treasury shall make a payment to each pos-
8 session of the United States with a mirror code tax
9 system in an amount equal to the loss to that pos-
10 session by reason of the amendments made by this
11 section. Such amount shall be determined by the
12 Secretary of the Treasury based on information pro-
13 vided by the government of the respective possession.

14 (2) OTHER POSSESSIONS.—The Secretary of
15 the Treasury shall make a payment to each posses-
16 sion of the United States which does not have a mir-
17 ror code tax system in an amount estimated by the
18 Secretary of the Treasury as being equal to the ag-
19 gregate benefits that would have been provided to
20 residents of such possession by reason of the amend-
21 ments made by this section if a mirror code tax sys-
22 tem had been in effect in such possession. The pre-
23 ceding sentence shall not apply with respect to any
24 possession of the United States unless such posses-
25 sion has a plan, which has been approved by the

1 Secretary of the Treasury, under which such posses-
2 sion will promptly distribute such payment to the
3 residents of such possession.

4 (3) DEFINITIONS AND SPECIAL RULES.—

5 (A) POSSESSION OF THE UNITED
6 STATES.—For purposes of this subsection, the
7 term “possession of the United States” includes
8 the Commonwealth of Puerto Rico and the
9 Commonwealth of the Northern Mariana Is-
10 lands.

11 (B) MIRROR CODE TAX SYSTEM.—For pur-
12 poses of this subsection, the term “mirror code
13 tax system” means, with respect to any posses-
14 sion of the United States, the income tax sys-
15 tem of such possession if the income tax liabil-
16 ity of the residents of such possession under
17 such system is determined by reference to the
18 income tax laws of the United States as if such
19 possession were the United States.

20 (C) TREATMENT OF PAYMENTS.—For pur-
21 poses of section 1324(b)(2) of title 31, United
22 States Code, the payments under this sub-
23 section shall be treated in the same manner as
24 a refund due from the credit allowed under sec-

1 tion 6428 of the Internal Revenue Code of 1986
2 (as added by this section).

3 (c) ADMINISTRATIVE AMENDMENTS.—

4 (1) DEFINITION OF DEFICIENCY.—Section
5 6211(d)(4)(A) of the Internal Revenue Code of 1986
6 is amended by striking “and 53(e)” and inserting
7 “53(e), and 6428”.

8 (2) MATHEMATICAL OR CLERICAL ERROR AU-
9 THORITY.—Section 6213(g)(2)(L) of such Code is
10 amended by striking “or 32” and inserting “32, or
11 6428”.

12 (d) CONFORMING AMENDMENTS.—

13 (1) Paragraph (2) of section 1324(b) of title
14 31, United States Code, is amended by inserting “or
15 6428” after “section 35”.

16 (2) Paragraph (1) of section 1(i) of the Internal
17 Revenue Code of 1986 is amended by striking sub-
18 paragraph (D).

19 (3) The item relating to section 6428 in the
20 table of sections for subchapter B of chapter 65 of
21 such Code is amended to read as follows:

“Sec. 6428. Economic stimulus credit for 2008.”

1 **Subtitle B—Incentives for**
2 **Businesses**

3 **SEC. 111. TEMPORARY BONUS DEPRECIATION ALLOWANCE**
4 **FOR CERTAIN PROPERTY.**

5 (a) IN GENERAL.—Subsection (k) of section 168 of
6 the Internal Revenue Code of 1986 is amended to read
7 as follows:

8 “(k) SPECIAL ALLOWANCE FOR CERTAIN PROP-
9 ERTY.—

10 “(1) ADDITIONAL ALLOWANCE.—

11 “(A) IN GENERAL.—In the case of any
12 qualified property placed in service by an eligi-
13 ble taxpayer—

14 “(i) the depreciation deduction pro-
15 vided by section 167(a) for each applicable
16 taxable year shall include an allowance
17 equal to 25 percent of the adjusted basis
18 of the qualified property, and

19 “(ii) the adjusted basis of the quali-
20 fied property shall be reduced by the
21 amount of such deduction before com-
22 puting the amount otherwise allowable as a
23 depreciation deduction under this chapter
24 for such taxable year and any subsequent
25 taxable year.

1 “(B) ELIGIBLE TAXPAYER.—

2 “(i) IN GENERAL.—At such time and
3 in such manner as the Secretary shall pre-
4 scribe, each taxpayer may elect to be an el-
5 ible taxpayer with respect to 1 (and only
6 1) of the following:

7 “(I) This subsection.

8 “(II) The application of section
9 56(d)(1)(A)(ii)(I) and section
10 172(b)(1)(H)(ii) in connection with
11 net operating losses relating to tax-
12 able years ending during 2006, 2007,
13 and 2008.

14 “(III) Section 179(b)(7).

15 “(ii) ELIGIBLE TAXPAYER.—For pur-
16 poses of each of the provisions described in
17 clause (i), a taxpayer shall only be treated
18 as an eligible taxpayer with respect to the
19 provision with respect to which the tax-
20 payer made the election under clause (i).

21 “(iii) ELECTION IRREVOCABLE.—An
22 election under clause (i) may not be re-
23 voked except with the consent of the Sec-
24 retary.

1 “(C) APPLICABLE TAXABLE YEAR.—For
2 purposes of subparagraph (A), the term ‘appli-
3 cable taxable year’ means, with respect to any
4 qualified property—

5 “(i) the first taxable year in which
6 such property is placed in service, and

7 “(ii) the next succeeding taxable year.

8 “(2) QUALIFIED PROPERTY.—For purposes of
9 this subsection—

10 “(A) IN GENERAL.—The term ‘qualified
11 property’ means property—

12 “(i)(I) to which this section applies
13 which has a recovery period of 20 years or
14 less,

15 “(II) which is computer software (as
16 defined in section 167(f)(1)(B)) for which
17 a deduction is allowable under section
18 167(a) without regard to this subsection,

19 “(III) which is water utility property,
20 or

21 “(IV) which is qualified leasehold im-
22 provement property,

23 “(ii) the original use of which com-
24 mences with the taxpayer on or after the
25 starting date,

1 “(iii) which is—

2 “(I) acquired by the taxpayer on
3 or after the starting date and before
4 the ending date, but only if no written
5 binding contract for the acquisition
6 was in effect before the starting date,
7 or

8 “(II) acquired by the taxpayer
9 pursuant to a written binding contract
10 which was entered into on or after the
11 starting date and before the ending
12 date, and

13 “(iv) which is placed in service by the
14 taxpayer before the ending date, or, in the
15 case of property described in subparagraph
16 (B) or (C), before the date that is 1 year
17 after the ending date.

18 “(B) CERTAIN PROPERTY HAVING LONGER
19 PRODUCTION PERIODS TREATED AS QUALIFIED
20 PROPERTY.—

21 “(i) IN GENERAL.—The term ‘quali-
22 fied property’ includes any property if such
23 property—

1 “(I) meets the requirements of
2 clauses (i), (ii), (iii), and (iv) of sub-
3 paragraph (A),

4 “(II) has a recovery period of at
5 least 10 years or is transportation
6 property,

7 “(III) is subject to section 263A,
8 and

9 “(IV) meets the requirements of
10 clause (iii) of section 263A(f)(1)(B)
11 (determined as if such clause also ap-
12 plied to property which has a long
13 useful life (within the meaning of sec-
14 tion 263A(f))).

15 “(ii) ONLY PRE-ENDING DATE BASIS
16 ELIGIBLE FOR ADDITIONAL ALLOWANCE.—
17 In the case of property which is qualified
18 property solely by reason of clause (i),
19 paragraph (1) shall apply only to the ex-
20 tent of the adjusted basis thereof attrib-
21 utable to manufacture, construction, or
22 production before the ending date.

23 “(iii) TRANSPORTATION PROPERTY.—
24 For purposes of this subparagraph, the
25 term ‘transportation property’ means tan-

1 gible personal property used in the trade
2 or business of transporting persons or
3 property.

4 “(iv) APPLICATION OF SUBPARA-
5 GRAPH.—This subparagraph shall not
6 apply to any property which is described in
7 subparagraph (C).

8 “(C) CERTAIN AIRCRAFT.—The term
9 ‘qualified property’ includes property—

10 “(i) which meets the requirements of
11 clauses (ii), (iii), and (iv) of subparagraph
12 (A),

13 “(ii) which is an aircraft which is not
14 a transportation property (as defined in
15 subparagraph (B)(iii)) other than for agri-
16 cultural or firefighting purposes,

17 “(iii) which is purchased and on which
18 such purchaser, at the time of the contract
19 for purchase, has made a nonrefundable
20 deposit of the lesser of—

21 “(I) 10 percent of the cost, or

22 “(II) \$100,000, and

23 “(iv) which has—

24 “(I) an estimated production pe-
25 riod exceeding 4 months, and

1 “(II) a cost exceeding \$200,000.

2 “(3) EXCEPTIONS.—

3 “(A) ALTERNATIVE DEPRECIATION PROP-
4 ERTY.—This subsection shall not apply to any
5 property to which the alternative depreciation
6 system under subsection (g) applies, deter-
7 mined—

8 “(i) without regard to paragraph (7)
9 of subsection (g) (relating to election to
10 have system apply), and

11 “(ii) after application of section
12 280F(b) (relating to listed property with
13 limited business use).

14 “(B) ELECTION OUT.—If a taxpayer
15 makes an election under this subparagraph with
16 respect to any class of property for any taxable
17 year, this subsection shall not apply to all prop-
18 erty in such class placed in service during such
19 taxable year.

20 “(4) SPECIAL RULES.—

21 “(A) SELF-CONSTRUCTED PROPERTY.—In
22 the case of a taxpayer manufacturing, con-
23 structing, or producing property for the tax-
24 payer’s own use, the requirements of paragraph
25 (2)(A)(iii) shall be treated as met if the tax-

1 payer begins manufacturing, constructing, or
2 producing the property on or after the starting
3 date and before the ending date.

4 “(B) SALE-LEASEBACKS.—For purposes of
5 subparagraph (C) and paragraph (2)(A)(ii), if
6 property is—

7 “(i) originally placed in service on or
8 after the starting date by a person, and

9 “(ii) sold and leased back by such per-
10 son within 3 months after the date such
11 property was originally placed in service,
12 such property shall be treated as originally
13 placed in service not earlier than the date on
14 which such property is used under the leaseback
15 referred to in clause (ii).

16 “(C) SYNDICATION.—For purposes of
17 paragraph (2)(A)(ii), if—

18 “(i) property is originally placed in
19 service on or after the starting date by the
20 lessor of such property,

21 “(ii) such property is sold by such les-
22 sor or any subsequent purchaser within 3
23 months after the date such property was
24 originally placed in service (or, in the case
25 of multiple units of property subject to the

1 same lease, within 3 months after the date
2 the final unit is placed in service, so long
3 as the period between the time the first
4 unit is placed in service and the time the
5 last unit is placed in service does not ex-
6 ceed 12 months), and

7 “(iii) the user of such property after
8 the last sale during such 3-month period
9 remains the same as when such property
10 was originally placed in service,

11 such property shall be treated as originally
12 placed in service not earlier than the date of
13 such last sale.

14 “(D) LIMITATIONS RELATED TO USERS
15 AND RELATED PARTIES.—This subsection shall
16 not apply to any property if—

17 “(i) the user of such property (as of
18 the date on which such property is origi-
19 nally placed in service) or a person which
20 is related (within the meaning of section
21 267(b) or 707(b)) to such user or to the
22 taxpayer had a written binding contract in
23 effect for the acquisition of such property
24 at any time before the starting date, or

1 “(ii) in the case of property manufac-
2 tured, constructed, or produced for such
3 user’s or person’s own use, the manufac-
4 ture, construction, or production of such
5 property began at any time before the
6 starting date.

7 “(5) COORDINATION WITH SECTION 280F.—For
8 purposes of section 280F—

9 “(A) AUTOMOBILES.—In the case of a pas-
10 senger automobile (as defined in section
11 280F(d)(5)) which is qualified property, the
12 Secretary shall increase the limitations under
13 clauses (i) and (ii) of section 280F(a)(1)(A) by
14 \$3,825.

15 “(B) LISTED PROPERTY.—The deduction
16 allowable under paragraph (1) shall be taken
17 into account in computing any recapture
18 amount under section 280F(b)(2).

19 “(6) DEDUCTION ALLOWED IN COMPUTING
20 MINIMUM TAX.—For purposes of determining alter-
21 native minimum taxable income under section 55,
22 the deduction under subsection (a) for qualified
23 property shall be determined under this section with-
24 out regard to any adjustment under section 56.

1 “(7) QUALIFIED LEASEHOLD IMPROVEMENT
2 PROPERTY.—For purposes of this subsection—

3 “(A) IN GENERAL.—The term ‘qualified
4 leasehold improvement property’ means any im-
5 provement to an interior portion of a building
6 which is nonresidential real property if—

7 “(i) such improvement is made under
8 or pursuant to a lease (as defined in sub-
9 section (h)(7))—

10 “(I) by the lessee (or any subles-
11 see) of such portion, or

12 “(II) by the lessor of such por-
13 tion,

14 “(ii) such portion is to be occupied ex-
15 clusively by the lessee (or any sublessee) of
16 such portion, and

17 “(iii) such improvement is placed in
18 service more than 3 years after the date
19 the building was first placed in service.

20 “(B) CERTAIN IMPROVEMENTS NOT IN-
21 CLUDED.—Such term shall not include any im-
22 provement for which the expenditure is attrib-
23 utable to—

24 “(i) the enlargement of the building,

25 “(ii) any elevator or escalator,

1 phrase ‘more than 50 percent’ each
2 place it appears in such subsection.

3 “(8) OTHER DEFINITIONS.—For purposes of
4 this subsection—

5 “(A) STARTING DATE.—The term ‘starting
6 date’ means January 30, 2008.

7 “(B) ENDING DATE.—The term ‘ending
8 date’ means December 31, 2008.”.

9 (b) COORDINATION WITH OTHER BONUS DEPRECI-
10 A-TION PROVISIONS.—

11 (1) CELLULOSIC BIOMASS ETHANOL PLANT
12 PROPERTY.—Paragraph (4) of section 168(l) of the
13 Internal Revenue Code of 1986 is amended by redesi-
14 gnating subparagraphs (A), (B), and (C) as sub-
15 subparagraphs (B), (C), and (D) and inserting before
16 subparagraph (B) (as so redesignated) the following
17 new subparagraph:

18 “(A) BONUS DEPRECIATION PROPERTY
19 UNDER SUBSECTION (k).—Such term shall not
20 include any property to which section 168(k)
21 applies.”.

22 (2) SPECIFIED GULF OPPORTUNITY ZONE EX-
23 TENSION PROPERTY.—Subparagraph (B) of section
24 1400N(d)(6) of such Code is amended by adding at
25 the end the following new flush sentence:

1 “Such term shall not include any property to
2 which section 168(k) applies.”.

3 (c) CONFORMING AMENDMENTS.—

4 (1) Section 168(e)(6) of the Internal Revenue
5 Code of 1986 is amended by striking “section
6 168(k)(3)” and inserting “section 168(k)(7)”.

7 (2) Section 168(l) of such Code is amended—

8 (A) in paragraph (4)(B), as redesignated
9 by subsection (b)(1), by striking
10 “168(k)(2)(D)(i)” and inserting
11 “169(k)(3)(A)”.

12 (B) by striking paragraph (5) and insert-
13 ing the following:

14 “(5) SPECIAL RULES.—For purposes of this
15 subsection, rules similar to the rules of paragraph
16 (4) of section 168(k) shall apply, except that in ap-
17 plying such paragraph—

18 “(A) the starting date shall be one day
19 after the date of the enactment of this sub-
20 section,

21 “(B) the ending date shall be January 1,
22 2013, and

23 “(C) ‘qualified cellulosic biomass ethanol
24 plant property’ shall be substituted for ‘quali-
25 fied property’ in clause (iv) thereof.”, and

1 (C) in paragraph (6), by striking
2 “168(k)(2)(G)” and inserting “168(k)(6)”.

3 (3) Section 1400L(b)(2) of such Code is
4 amended—

5 (A) in subparagraph (C)(ii), by striking
6 “168(k)(2)(D)(i)” and inserting
7 “168(k)(3)(A)”,

8 (B) in subparagraph (C)(iv), by striking
9 “168(k)(2)(D)(iii)” and inserting
10 “168(k)(3)(B)”, and

11 (C) in subparagraph (E), by striking
12 “168(k)(2)(G)” and inserting “168(k)(6)”.

13 (4) Section 1400L(c) of such Code is amend-
14 ed—

15 (A) in paragraph (2), by striking
16 “168(k)(3)” and inserting “168(k)(7)”, and

17 (B) in paragraph (5), by striking
18 “168(k)(2)(D)(iii)” and inserting
19 “168(k)(3)(B)”.

20 (5) Section 1400N(d) of such Code is amend-
21 ed—

22 (A) in paragraph (2)(B)(i), by striking
23 “168(k)(2)(D)(i)” and inserting
24 “168(k)(3)(A)”,

1 (B) by striking paragraph (3) and insert-
2 ing the following:

3 “(5) SPECIAL RULES.—For purposes of this
4 subsection, rules similar to the rules of paragraph
5 (4) of section 168(k) shall apply, except that in ap-
6 plying such paragraph—

7 “(A) the starting date shall be August 28,
8 2005,

9 “(B) the ending date shall be January 1,
10 2008, and

11 “(C) ‘qualified Gulf Opportunity Zone
12 property’ shall be substituted for ‘qualified
13 property’ in clause (iv) thereof.”, and

14 (C) in paragraph (4), by striking
15 “168(k)(2)(G)” and inserting “168(k)(6)”.

16 (d) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to property placed in service after
18 January 29, 2007, in taxable years ending after such date.

19 **SEC. 112. INCREASED EXPENSING FOR SMALL BUSINESSES**
20 **FOR 2008.**

21 (a) IN GENERAL.—Subsection (b) of section 179 of
22 the Internal Revenue Code of 1986 (relating to limita-
23 tions) is amended by adding at the end the following new
24 paragraph:

1 “(ii) TAXABLE YEARS ENDING DUR-
2 ING 2006, 2007, AND 2008.—In the case of
3 a net operating loss with respect to any eli-
4 gible taxpayer (within the meaning of sec-
5 tion 168(k)(1)(B)) for any taxable year
6 ending during 2006, 2007, or 2008—

7 “(I) subparagraph (A)(i) shall be
8 applied by substituting ‘5’ for ‘2’,

9 “(II) subparagraph (E)(ii) shall
10 be applied by substituting ‘4’ for ‘2’,
11 and

12 “(III) subparagraph (F) shall not
13 apply.”.

14 (b) TEMPORARY SUSPENSION OF 90 PERCENT LIMIT
15 ON CERTAIN NOL CARRYBACKS AND CARRYOVERS.—
16 Subclause (I) of section 56(d)(1)(A)(ii) of the Internal
17 Revenue Code of 1986 is amended to read as follows:

18 “(I) the amount of such deduc-
19 tion attributable to the sum of
20 carrybacks of net operating losses
21 from taxable years ending during
22 2001 and 2002 (and, in the case of an
23 eligible taxpayer (within the meaning
24 of section 168(k)(1)(B)), 2006, 2007,
25 and 2008) and carryovers of net oper-

1 ating losses to taxable years ending
2 during 2001 and 2002 (and, in the
3 case of an eligible taxpayer (as so de-
4 fined), 2006, 2007, and 2008), or”.

5 (c) ANTI-ABUSE RULES.—The Secretary of Treasury
6 or the Secretary’s designee shall prescribes such rules as
7 are necessary to prevent the abuse of the purposes of the
8 amendments made by this section, including anti-stuffing
9 rules, anti-churning rules (including rules relating to sale-
10 leasebacks), and rules similar to the rules under section
11 1091 of the Internal Revenue Code of 1986 relating to
12 losses from wash sales.

13 (d) EFFECTIVE DATES.—

14 (1) SUBSECTION (a).—

15 (A) IN GENERAL.—Except as provided in
16 subparagraph (B), the amendments made by
17 subsection (a) shall apply to net operating
18 losses arising in taxable years ending in 2006,
19 2007, and 2008.

20 (B) ELECTION.—In the case of an eligible
21 taxpayer (within the meaning of section
22 168(k)(1)(B) of the Internal Revenue Code of
23 1986) with a net operating loss for a taxable
24 year ending during 2006 or 2007—

1 (i) any election made under section
2 172(b)(3) of the Internal Revenue Code of
3 1986 may (notwithstanding such section)
4 be revoked before November 1, 2008, and

5 (ii) any election made under section
6 172(j) of such Code shall (notwithstanding
7 such section) be treated as timely made if
8 made before November 1, 2008.

9 (2) SUBSECTION (b).—The amendments made
10 by subsection (b) shall apply to taxable years ending
11 after December 31, 1995.

12 **Subtitle C—Extensions of Energy** 13 **Provisions**

14 **SEC. 121. EXTENSION OF CREDIT FOR ENERGY EFFICIENT** 15 **APPLIANCES.**

16 (a) IN GENERAL.—Subsection (b) of section 45M of
17 the Internal Revenue Code of 1986 (relating to applicable
18 amount) is amended by striking “calendar year 2006 or
19 2007” each place it appears in paragraphs (1)(A)(i),
20 (1)(B)(i), (1)(C)(ii)(I), and (1)(C)(iii)(I), and inserting
21 “calendar year 2006, 2007, 2008, or 2009”.

22 (b) RESTART OF CREDIT LIMITATION.—Paragraph
23 (1) of section 45M(e) of the Internal Revenue Code of
24 1986 (relating to aggregate credit amount allowed) is

1 amended by inserting “beginning after December 31,
2 2007” after “for all prior taxable years”.

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to appliances produced after De-
5 cember 31, 2007.

6 **SEC. 122. EXTENSION OF CREDIT FOR NONBUSINESS EN-**
7 **ERGY PROPERTY.**

8 (a) IN GENERAL.—Section 25C(g) of the Internal
9 Revenue Code of 1986 (relating to termination) is amend-
10 ed by striking “December 31, 2007” and inserting “De-
11 cember 31, 2009”.

12 (b) EFFECTIVE DATE.—The amendment made by
13 this section shall apply to property placed in service after
14 December 31, 2007.

15 **SEC. 123. SUSPENSION OF TAXABLE INCOME LIMIT WITH**
16 **RESPECT TO MARGINAL WELLS.**

17 (a) IN GENERAL.—Subparagraph (H) of section
18 613A(c)(6) of the Internal Revenue Code of 1986 (relating
19 to temporary suspension of taxable income limit with re-
20 spect to marginal production) is amended by striking
21 “January 1, 2008” and inserting “January 1, 2010”.

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

1 **SEC. 124. EXTENSION OF CREDIT FOR RESIDENTIAL EN-**
2 **ERGY EFFICIENT PROPERTY.**

3 Subsection (g) of section 25D of the Internal Rev-
4 enue Code of 1986 (relating to termination) is amended
5 by striking “December 31, 2008” and inserting “Decem-
6 ber 31, 2009”.

7 **SEC. 125. EXTENSION OF RENEWABLE ELECTRICITY AND**
8 **REFINED COAL PRODUCTION CREDIT.**

9 Section 45(d) of the Internal Revenue Code of 1986
10 (relating to qualified facilities) is amended by striking
11 “January 1, 2009” each place it appears in paragraphs
12 (1), (2), (3), (4), (5), (6), (7), (8), and (9) and inserting
13 “January 1, 2010”.

14 **SEC. 126. EXTENSION OF NEW ENERGY EFFICIENT HOME**
15 **CREDIT.**

16 Subsection (g) of section 45L of the Internal Revenue
17 Code of 1986 (relating to termination) is amended by
18 striking “December 31, 2008” and inserting “December
19 31, 2009”.

20 **SEC. 127. EXTENSION OF ENERGY CREDIT.**

21 (a) SOLAR ENERGY PROPERTY.—Paragraphs
22 (2)(A)(i)(II) and (3)(A)(ii) of section 48(a) of the Internal
23 Revenue Code of 1986 (relating to energy credit) are each
24 amended by striking “January 1, 2009” and inserting
25 “January 1, 2010”.

1 (b) FUEL CELL PROPERTY.—Subparagraph (E) of
2 section 48(c)(1) of the Internal Revenue Code of 1986 (re-
3 lating to qualified fuel cell property) is amended by strik-
4 ing “December 31, 2008” and inserting “December 31,
5 2009”.

6 (c) MICROTURBINE PROPERTY.—Subparagraph (E)
7 of section 48(c)(2) of the Internal Revenue Code of 1986
8 (relating to qualified microturbine property) is amended
9 by striking “December 31, 2008” and inserting “Decem-
10 ber 31, 2009”.

11 **SEC. 128. EXTENSION AND MODIFICATION OF CREDIT FOR**
12 **CLEAN RENEWABLE ENERGY BONDS.**

13 (a) EXTENSION.—Section 54(m) of the Internal Rev-
14 enue Code of 1986 (relating to termination) is amended
15 by striking “December 31, 2008” and inserting “Decem-
16 ber 31, 2009”.

17 (b) INCREASE IN NATIONAL LIMITATION.—Section
18 54(f) of the Internal Revenue Code of 1986 (relating to
19 limitation on amount of bonds designated) is amended—

20 (1) by striking “\$1,200,000,000” in paragraph
21 (1) and inserting “\$1,600,000,000”, and

22 (2) by striking “\$750,000,000” in paragraph
23 (2) and inserting “\$1,000,000,000”.

24 (c) MODIFICATION OF RATABLE PRINCIPAL AMORTI-
25 ZATION REQUIREMENT.—

1 (1) COAL PRODUCERS.—

2 (A) IN GENERAL.—Notwithstanding sub-
3 sections (a)(1) and (c) of section 6416 and sec-
4 tion 6511 of the Internal Revenue Code of
5 1986, if—

6 (i) a coal producer establishes that
7 such coal producer, or a party related to
8 such coal producer, exported coal produced
9 by such coal producer to a foreign country
10 or shipped coal produced by such coal pro-
11 ducer to a possession of the United States,
12 or caused such coal to be exported or
13 shipped, the export or shipment of which
14 was other than through an exporter who
15 meets the requirements of paragraph (2),

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

20 (iii) such coal producer files a claim
21 for refund with the Secretary not later
22 than the close of the 30-day period begin-
23 ning on the date of the enactment of this
24 Act,

1 then the Secretary shall pay to such coal pro-
2 ducer an amount equal to the tax paid under
3 section 4121 of such Code on such coal ex-
4 ported or shipped by the coal producer or a
5 party related to such coal producer, or caused
6 by the coal producer or a party related to such
7 coal producer to be exported or shipped.

8 (B) SPECIAL RULES FOR CERTAIN TAX-
9 PAYERS.—For purposes of this section—

10 (i) IN GENERAL.—If a coal producer
11 or a party related to a coal producer has
12 received a judgment described in clause
13 (iii) and has provided evidence as provided
14 under clause (iv), such coal producer shall
15 be deemed to have established the export
16 of coal to a foreign country or shipment of
17 coal to a possession of the United States
18 under subparagraph (A)(i).

19 (ii) AMOUNT OF PAYMENT.—If a tax-
20 payer described in clause (i) is entitled to
21 a payment under subparagraph (A), the
22 amount of such payment shall be reduced
23 by any amount paid pursuant to the judg-
24 ment described in clause (iii).

1 (iii) JUDGMENT DESCRIBED.—A judg-
2 ment is described in this subparagraph if
3 such judgment—

4 (I) is made by a court of com-
5 petent jurisdiction within the United
6 States,

7 (II) relates to the constitu-
8 tionality of any tax paid on exported
9 coal under section 4121 of the Inter-
10 nal Revenue Code of 1986, and

11 (III) is in favor of the coal pro-
12 ducer or the party related to the coal
13 producer.

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

19 (A) an exporter establishes that such ex-
20 porter exported coal to a foreign country or
21 shipped coal to a possession of the United
22 States, or caused such coal to be so exported or
23 shipped,

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

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

8 then the Secretary shall pay to such exporter an
9 amount equal to \$0.825 per ton of such coal ex-
10 ported by the exporter or caused to be exported or
11 shipped, or caused to be exported or shipped, by the
12 exporter.

13 (b) LIMITATIONS.—Subsection (a) shall not apply
14 with respect to exported coal if a settlement with the Fed-
15 eral Government has been made with and accepted by, the
16 coal producer, a party related to such coal producer, or
17 the exporter, of such coal, as of the date that the claim
18 is filed under this section with respect to such exported
19 coal. For purposes of this subsection, the term “settlement
20 with the Federal Government” shall not include any settle-
21 ment or stipulation entered into as of the date of the en-
22 actment of this Act, the terms of which contemplate a
23 judgment concerning which any party has reserved the
24 right to file an appeal, or has filed an appeal.

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

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

6 (1) COAL PRODUCER.—The term “coal pro-
7 ducer” means the person in whom is vested owner-
8 ship of the coal immediately after the coal is severed
9 from the ground, without regard to the existence of
10 any contractual arrangement for the sale or other
11 disposition of the coal or the payment of any royal-
12 ties between the producer and third parties. The
13 term includes any person who extracts coal from
14 coal waste refuse piles or from the silt waste product
15 which results from the wet washing (or similar proc-
16 essing) of coal.

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

23 (A) is indicated in the shipper’s export
24 declaration or other documentation as the ex-
25 porter of record, or

1 (B) actually exported such coal to a for-
2 eign country or shipped such coal to a posses-
3 sion of the United States, or caused such coal
4 to be so exported or shipped.

5 (3) RELATED PARTY.—The term “a party re-
6 lated to such coal producer” means a person who—

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

10 (B) is related (within the meaning of sec-
11 tion 144(a)(3) of such Code) to such coal pro-
12 ducer, or

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

17 (4) SECRETARY.—The term “Secretary” means
18 the Secretary of Treasury or the Secretary’s des-
19 ignee.

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

1 later than 180 days after the Secretary makes such deter-
2 mination.

3 (f) INTEREST.—Any refund paid pursuant to this
4 section shall be paid by the Secretary with interest from
5 the date of overpayment determined by using the overpay-
6 ment rate and method under section 6621 of such Code.

7 (g) DENIAL OF DOUBLE BENEFIT.—The payment
8 under subsection (a) with respect to any coal shall not ex-
9 ceed—

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

15 (2) in the case of a payment to an exporter, an
16 amount equal to \$0.825 per ton with respect to such
17 coal exported by the exporter or caused to be ex-
18 ported by the exporter.

19 (h) APPLICATION OF SECTION.—This section applies
20 only to claims on coal exported or shipped on or after Oc-
21 tober 1, 1990, through the date of the enactment of this
22 Act.

23 (i) STANDING NOT CONFERRED.—

24 (1) EXPORTERS.—With respect to exporters,
25 this section shall not confer standing upon an ex-

1 porter to commence, or intervene in, any judicial or
2 administrative proceeding concerning a claim for re-
3 fund by a coal producer of any Federal or State tax,
4 fee, or royalty paid by the coal producer.

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

12 **Subtitle D—Provisions Relating to** 13 **Housing Bonds**

14 **SEC. 131. MODIFICATIONS ON USE OF QUALIFIED MORT-** 15 **GAGE BONDS; TEMPORARY INCREASED VOL-** 16 **UME CAP FOR CERTAIN HOUSING BONDS.**

17 (a) USE OF QUALIFIED MORTGAGE BONDS PRO-
18 CEEDS FOR SUBPRIME REFINANCING LOANS.—Section
19 143(k) of the Internal Revenue Code of 1986 (relating to
20 other definitions and special rules) is amended by adding
21 at the end the following new paragraph:

22 “(12) SPECIAL RULES FOR SUBPRIME
23 REFINANCINGS.—

24 “(A) IN GENERAL.—Notwithstanding the
25 requirements of subsection (i)(1), the proceeds

1 of a qualified mortgage issue may be used to re-
2 finance a mortgage on a residence which was
3 originally financed by the mortgagor through a
4 qualified subprime loan.

5 “(B) SPECIAL RULES.—In applying this
6 paragraph to any case in which the proceeds of
7 a qualified mortgage issue are used for any refi-
8 nancing described in subparagraph (A)—

9 “(i) subsection (a)(2)(D)(i) shall be
10 applied by substituting ‘12-month period’
11 for ‘42-month period’ each place it ap-
12 pears,

13 “(ii) subsection (d) (relating to 3-year
14 requirement) shall not apply, and

15 “(iii) subsection (e) (relating to pur-
16 chase price requirement) shall be applied
17 by using the market value of the residence
18 at the time of refinancing in lieu of the ac-
19 quisition cost.

20 “(C) QUALIFIED SUBPRIME LOAN.—The
21 term ‘qualified subprime loan’ means an adjust-
22 able rate single-family residential mortgage loan
23 originated after December 31, 2001, and before
24 January 1, 2008, that the bond issuer deter-

1 mines would be reasonably likely to cause finan-
2 cial hardship to the borrower if not refinanced.

3 “(D) TERMINATION.—This paragraph
4 shall not apply to any bonds issued after De-
5 cember 31, 2010.”.

6 (b) INCREASED VOLUME CAP FOR CERTAIN
7 BONDS.—

8 (1) IN GENERAL.—Subsection (d) of section
9 146 of the Internal Revenue Code of 1986 is amend-
10 ed by adding at the end the following new para-
11 graph:

12 “(5) INCREASE AND SET ASIDE FOR HOUSING
13 BONDS FOR 2008.—

14 “(A) INCREASE FOR 2008.—In the case of
15 calendar year 2008, the State ceiling for each
16 State shall be increased by an amount equal to
17 \$10,000,000,000 multiplied by a fraction—

18 “(i) the numerator of which is the
19 population of such State (as reported in
20 the most recent decennial census), and

21 “(ii) the denominator of which is the
22 total population of all States (as reported
23 in the most recent decennial census).

24 “(B) SET ASIDE.—

1 “(i) IN GENERAL.—Any amount of
2 the State ceiling for any State which is at-
3 tributable to an increase under this para-
4 graph shall be allocated solely for one or
5 more qualified purposes.

6 “(ii) QUALIFIED PURPOSE.—For pur-
7 poses of this paragraph, the term ‘qualified
8 purpose’ means—

9 “(I) the issuance of exempt facil-
10 ity bonds used solely to provide quali-
11 fied residential rental projects, or

12 “(II) a qualified mortgage issue
13 (determined by substituting ‘12-month
14 period’ for ‘42-month period’ each
15 place it appears in section
16 143(a)(2)(D)(i)).”.

17 (2) CARRYFORWARD OF UNUSED LIMITA-
18 TIONS.—Subsection (f) of section 146 of such Code
19 is amended by adding at the end the following new
20 paragraph:

21 “(6) SPECIAL RULES FOR INCREASED VOLUME
22 CAP UNDER SUBSECTION (d)(5).—

23 “(A) IN GENERAL.—No amount which is
24 attributable to the increase under subsection
25 (d)(5) may be used—

1 “(i) for a carryforward purpose other
2 than a qualified purpose (as defined in
3 subsection (d)(5)), and

4 “(ii) to issue any bond after calendar
5 year 2010.

6 “(B) ORDERING RULES.—For purposes of
7 subparagraph (A), any carryforward of an
8 issuing authority’s volume cap for calendar year
9 2008 shall be treated as attributable to such in-
10 crease to the extent of such increase.”.

11 (c) ALTERNATIVE MINIMUM TAX.—

12 (1) IN GENERAL.—Clause (ii) of section
13 57(a)(5)(C) of the Internal Revenue Code of 1986 is
14 amended by striking “shall not include” and all that
15 follows and inserting “shall not include—

16 “(I) any qualified 501(c)(3) bond
17 (as defined in section 145), or

18 “(II) any qualified mortgage
19 bond (as defined in section 143(a)) or
20 qualified veterans’ mortgage bond (as
21 defined in section 143(b)) issued after
22 the date of the enactment of this sub-
23 clause and before January 1, 2011.”.

24 (2) CONFORMING AMENDMENT.—The heading
25 for section 57(a)(5)(C)(ii) is amended by striking

1 “QUALIFIED 501(c)(3) BONDS” and inserting “CER-
2 TAIN BONDS”.

3 (d) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to bonds issued after the date of
5 the enactment of this Act.

6 **TITLE II—TEMPORARY EX-**
7 **TENDED UNEMPLOYMENT**
8 **COMPENSATION**

9 **SEC. 201. FEDERAL-STATE AGREEMENTS.**

10 (a) IN GENERAL.—Any State which desires to do so
11 may enter into and participate in an agreement under this
12 title with the Secretary of Labor (in this title referred to
13 as the “Secretary”). Any State which is a party to an
14 agreement under this title may, upon providing 30 days
15 written notice to the Secretary, terminate such agreement.

16 (b) PROVISIONS OF AGREEMENT.—Any agreement
17 under subsection (a) shall provide that the State agency
18 of the State will make payments of temporary extended
19 unemployment compensation to individuals who—

20 (1) have exhausted all rights to regular com-
21 pensation under the State law or under Federal law
22 with respect to a benefit year (excluding any benefit
23 year that ended before February 1, 2007);

24 (2) have no rights to regular compensation or
25 extended compensation with respect to a week under

1 such law or any other State unemployment com-
2 pensation law or to compensation under any other
3 Federal law; and

4 (3) are not receiving compensation with respect
5 to such week under the unemployment compensation
6 law of Canada.

7 (c) EXHAUSTION OF BENEFITS.—For purposes of
8 subsection (b)(1), an individual shall be deemed to have
9 exhausted such individual's rights to regular compensation
10 under a State law when—

11 (1) no payments of regular compensation can
12 be made under such law because such individual has
13 received all regular compensation available to such
14 individual based on employment or wages during
15 such individual's base period; or

16 (2) such individual's rights to such compensa-
17 tion have been terminated by reason of the expira-
18 tion of the benefit year with respect to which such
19 rights existed.

20 (d) WEEKLY BENEFIT AMOUNT, ETC.—For purposes
21 of any agreement under this title—

22 (1) the amount of temporary extended unem-
23 ployment compensation which shall be payable to
24 any individual for any week of total unemployment
25 shall be equal to the amount of the regular com-

1 pensation (including dependents' allowances) payable
2 to such individual during such individual's benefit
3 year under the State law for a week of total unem-
4 ployment;

5 (2) the terms and conditions of the State law
6 which apply to claims for regular compensation and
7 to the payment thereof shall apply to claims for tem-
8 porary extended unemployment compensation and
9 the payment thereof, except—

10 (A) that an individual shall not be eligible
11 for temporary extended unemployment com-
12 pensation under this title unless, in the base pe-
13 riod with respect to which the individual ex-
14 hausted all rights to regular compensation
15 under the State law, the individual had 20
16 weeks of full-time insured employment or the
17 equivalent in insured wages, as determined
18 under the provisions of the State law imple-
19 menting section 202(a)(5) of the Federal-State
20 Extended Unemployment Compensation Act of
21 1970 (26 U.S.C. 3304 note); and

22 (B) where otherwise inconsistent with the
23 provisions of this title or with the regulations or
24 operating instructions of the Secretary promul-
25 gated to carry out this title; and

1 (3) the maximum amount of temporary ex-
2 tended unemployment compensation payable to any
3 individual for whom a temporary extended unem-
4 ployment compensation account is established under
5 section 202 shall not exceed the amount established
6 in such account for such individual.

7 (e) ELECTION BY STATES.—Notwithstanding any
8 other provision of Federal law (and if State law permits),
9 the Governor of a State that is in an extended benefit pe-
10 riod may provide for the payment of temporary extended
11 unemployment compensation in lieu of extended com-
12 pensation to individuals who otherwise meet the require-
13 ments of this section. Such an election shall not require
14 a State to trigger off an extended benefit period.

15 **SEC. 202. TEMPORARY EXTENDED UNEMPLOYMENT COM-**
16 **PENSATION ACCOUNT.**

17 (a) IN GENERAL.—Any agreement under this title
18 shall provide that the State will establish, for each eligible
19 individual who files an application for temporary extended
20 unemployment compensation, a temporary extended un-
21 employment compensation account with respect to such in-
22 dividual's benefit year.

23 (b) AMOUNT IN ACCOUNT.—

1 (1) IN GENERAL.—The amount established in
2 an account under subsection (a) shall be equal to the
3 lesser of—

4 (A) 50 percent of the total amount of reg-
5 ular compensation (including dependents' allow-
6 ances) payable to the individual during the indi-
7 vidual's benefit year under such law; or

8 (B) 13 times the individual's average week-
9 ly benefit amount for the benefit year.

10 (2) WEEKLY BENEFIT AMOUNT.—For purposes
11 of this subsection, an individual's weekly benefit
12 amount for any week is the amount of regular com-
13 pensation (including dependents' allowances) under
14 the State law payable to such individual for such
15 week for total unemployment.

16 (c) SPECIAL RULE.—

17 (1) IN GENERAL.—Notwithstanding any other
18 provision of this section, if, at the time that the indi-
19 vidual's account is exhausted, such individual's State
20 is in an extended benefit period (as determined
21 under paragraph (2)), then, such account shall be
22 augmented by an amount equal to the amount origi-
23 nally established in such account (as determined
24 under subsection (b)(1)).

1 (2) EXTENDED BENEFIT PERIOD.—For pur-
2 poses of paragraph (1), a State shall be considered
3 to be in an extended benefit period if, at the time
4 of exhaustion (as described in paragraph (1))—

5 (A) such a period is then in effect for such
6 State under the Federal-State Extended Unem-
7 ployment Compensation Act of 1970;

8 (B) such a period would then be in effect
9 for such State under such Act if section 203(d)
10 of such Act were applied as if it had been
11 amended by striking “5” each place it appears
12 and inserting “4”; or

13 (C) such a period would then be in effect
14 for such State under such Act if—

15 (i) section 203(f) of such Act was ap-
16 plied to such State (regardless of whether
17 the State by law had provided for such ap-
18 plication); and

19 (ii) such section 203(f) did not include
20 the requirement under paragraph
21 (1)(A)(ii).

1 **SEC. 203. PAYMENTS TO STATES HAVING AGREEMENTS FOR**
2 **THE PAYMENT OF TEMPORARY EXTENDED**
3 **UNEMPLOYMENT COMPENSATION.**

4 (a) **GENERAL RULE.**—There shall be paid to each
5 State which has entered into an agreement under this title
6 an amount equal to 100 percent of the temporary extended
7 unemployment compensation paid to individuals by the
8 State pursuant to such agreement.

9 (b) **TREATMENT OF REIMBURSABLE COMPENSA-**
10 **TION.**—No payment shall be made to any State under this
11 section in respect of any compensation to the extent the
12 State is entitled to reimbursement in respect of such com-
13 pensation under the provisions of any Federal law other
14 than this title or chapter 85 of title 5, United States Code.
15 A State shall not be entitled to any reimbursement under
16 such chapter 85 in respect of any compensation to the ex-
17 tent the State is entitled to reimbursement under this title
18 in respect of such compensation.

19 (c) **DETERMINATION OF AMOUNT.**—Sums payable to
20 any State by reason of such State having an agreement
21 under this title shall be payable, either in advance or by
22 way of reimbursement (as may be determined by the Sec-
23 retary), in such amounts as the Secretary estimates the
24 State will be entitled to receive under this title for each
25 calendar month, reduced or increased, as the case may be,
26 by any amount by which the Secretary finds that the Sec-

1 retary's estimates for any prior calendar month were
2 greater or less than the amounts which should have been
3 paid to the State. Such estimates may be made on the
4 basis of such statistical, sampling, or other method as may
5 be agreed upon by the Secretary and the State agency of
6 the State involved.

7 **SEC. 204. FINANCING PROVISIONS.**

8 (a) IN GENERAL.—Funds in the extended unemploy-
9 ment compensation account (as established by section
10 905(a) of the Social Security Act (42 U.S.C. 1105(a)))
11 of the Unemployment Trust Fund (as established by sec-
12 tion 904(a) of such Act (42 U.S.C. 1104(a))) shall be used
13 for the making of payments to States having agreements
14 entered into under this title.

15 (b) CERTIFICATION.—The Secretary shall from time
16 to time certify to the Secretary of the Treasury for pay-
17 ment to each State the sums payable to such State under
18 this title. The Secretary of the Treasury, prior to audit
19 or settlement by the Government Accountability Office,
20 shall make payments to the State in accordance with such
21 certification, by transfers from the extended unemploy-
22 ment compensation account (as so established) to the ac-
23 count of such State in the Unemployment Trust Fund (as
24 so established).

1 (c) ASSISTANCE TO STATES.—There are appro-
2 priated out of the employment security administration ac-
3 count (as established by section 901(a) of the Social Secu-
4 rity Act (42 U.S.C. 1101(a))) of the Unemployment Trust
5 Fund, without fiscal year limitation, such funds as may
6 be necessary for purposes of assisting States (as provided
7 in title III of the Social Security Act (42 U.S.C. 501 et
8 seq.)) in meeting the costs of administration of agree-
9 ments under this title.

10 (d) APPROPRIATIONS FOR CERTAIN PAYMENTS.—
11 There are appropriated from the general fund of the
12 Treasury, without fiscal year limitation, to the extended
13 unemployment compensation account (as so established)
14 of the Unemployment Trust Fund (as so established) such
15 sums as the Secretary estimates to be necessary to make
16 the payments under this section in respect of—

17 (1) compensation payable under chapter 85 of
18 title 5, United States Code; and

19 (2) compensation payable on the basis of serv-
20 ices to which section 3309(a)(1) of the Internal Rev-
21 enue Code of 1986 applies.

22 Amounts appropriated pursuant to the preceding sentence
23 shall not be required to be repaid.

1 **SEC. 205. FRAUD AND OVERPAYMENTS.**

2 (a) IN GENERAL.—If an individual knowingly has
3 made, or caused to be made by another, a false statement
4 or representation of a material fact, or knowingly has
5 failed, or caused another to fail, to disclose a material fact,
6 and as a result of such false statement or representation
7 or of such nondisclosure such individual has received an
8 amount of temporary extended unemployment compensa-
9 tion under this title to which the individual was not enti-
10 tled, such individual—

11 (1) shall be ineligible for further temporary ex-
12 tended unemployment compensation under this title
13 in accordance with the provisions of the applicable
14 State unemployment compensation law relating to
15 fraud in connection with a claim for unemployment
16 compensation; and

17 (2) shall be subject to prosecution under section
18 1001 of title 18, United States Code.

19 (b) REPAYMENT.—In the case of individuals who
20 have received amounts of temporary extended unemploy-
21 ment compensation under this title to which they were not
22 entitled, the State shall require such individuals to repay
23 the amounts of such temporary extended unemployment
24 compensation to the State agency, except that the State
25 agency may waive such repayment if it determines that—

1 (1) the payment of such temporary extended
2 unemployment compensation was without fault on
3 the part of any such individual; and

4 (2) such repayment would be contrary to equity
5 and good conscience.

6 (c) RECOVERY BY STATE AGENCY.—

7 (1) IN GENERAL.—The State agency may re-
8 cover the amount to be repaid, or any part thereof,
9 by deductions from any temporary extended unem-
10 ployment compensation payable to such individual
11 under this title or from any unemployment com-
12 pensation payable to such individual under any State
13 or Federal unemployment compensation law admin-
14 istered by the State agency or under any other State
15 or Federal law administered by the State agency
16 which provides for the payment of any assistance or
17 allowance with respect to any week of unemploy-
18 ment, during the 3-year period after the date such
19 individuals received the payment of the temporary
20 extended unemployment compensation to which they
21 were not entitled, except that no single deduction
22 may exceed 50 percent of the weekly benefit amount
23 from which such deduction is made.

24 (2) OPPORTUNITY FOR HEARING.—No repay-
25 ment shall be required, and no deduction shall be

1 made, until a determination has been made, notice
2 thereof and an opportunity for a fair hearing has
3 been given to the individual, and the determination
4 has become final.

5 (d) REVIEW.—Any determination by a State agency
6 under this section shall be subject to review in the same
7 manner and to the same extent as determinations under
8 the State unemployment compensation law, and only in
9 that manner and to that extent.

10 **SEC. 206. DEFINITIONS.**

11 In this title, the terms “compensation”, “regular
12 compensation”, “extended compensation”, “benefit year”,
13 “base period”, “State”, “State agency”, “State law”, and
14 “week” have the respective meanings given such terms
15 under section 205 of the Federal-State Extended Unem-
16 ployment Compensation Act of 1970 (26 U.S.C. 3304
17 note).

18 **SEC. 207. APPLICABILITY.**

19 (a) IN GENERAL.—Except as provided in subsection
20 (b), an agreement entered into under this title shall apply
21 to weeks of unemployment—

22 (1) beginning after the date on which such
23 agreement is entered into; and

24 (2) ending on or before December 31, 2008.

1 (b) TRANSITION FOR AMOUNT REMAINING IN AC-
2 COUNT.—

3 (1) IN GENERAL.—Subject to paragraphs (2)
4 and (3), in the case of an individual who has
5 amounts remaining in an account established under
6 section 202 as of December 31, 2008, temporary ex-
7 tended unemployment compensation shall continue
8 to be payable to such individual from such amounts
9 for any week beginning after such date for which the
10 individual meets the eligibility requirements of this
11 title.

12 (2) NO AUGMENTATION AFTER DECEMBER 31,
13 2008.—If the account of an individual is exhausted
14 after December 31, 2008, then section 202(c) shall
15 not apply and such account shall not be augmented
16 under such section, regardless of whether such indi-
17 vidual's State is in an extended benefit period (as
18 determined under paragraph (2) of such section).

19 (3) LIMITATION.—No compensation shall be
20 payable by reason of paragraph (1) for any week be-
21 ginning after March 31, 2009.